

**Leading for Shared Value: How leadership diversity shapes  
innovation and inclusion in South Africa's banking sector**

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## **Abstract**

Leadership diversity has emerged as a strategic lever for innovation and competitiveness in complex markets. Yet, within South Africa's banking sector, limited empirical evidence explains how diverse leadership teams influence new product development (NPD) and shared value creation. This study addresses that gap by examining the relationship between leadership composition, innovation processes, and inclusive growth outcomes. Adopting a qualitative, interpretivists and phenomenological approach, semi-structured interviews were conducted with senior leaders engaged in NPD across banks with varying leadership diversity. Thematic analysis revealed that leadership diversity enhances cognitive breadth, empathy, and market insights; which are key enablers of product relevance and adoption in underserved segments. However, the findings also highlight that inclusion must extend beyond representation to influence decision-making and organisational culture. Results suggests that while representational diversity is a strategic advantage, it only drives sustainable innovation when fully embedded in a bank's structures and relationships. This research advances theory by integrating Shared Value, DEI and resource-based perspectives and provides practical insights for banks aiming to leverage diversity for financial and social outcomes

## **Keywords**

Leadership Diversity, New Product Development, Shared Value, South African Banking

## **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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# Chapter 1: Background and Introduction

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## 1.1 Introduction

The South African banking sector, a cornerstone of the continent's economy, must innovate rapidly to navigate fintech disruption, shifting consumer expectations and a pressing national need for financial inclusion (Matsebula & Yu, 2020). In this complex environment, the success of New Product Development (NPD) is paramount (Asare et al., 2024; Iqbal & Suzianti, 2021). This research investigates a pivotal but unexplored factor shaping NPD outcomes: the diversity of leadership teams. It asks whether leaders who reflect the nation's demographic makeup are better equipped to develop products that achieve not only commercial success but also broader societal impact.

Product development broadly defined as “creating new products or changing existing products so that they seem new and offering them to new or existing markets” (Shahin & Mahdian, 2018, p. 409), is therefore a strategic imperative for banks. Successful New Product Development (NPD) requires not only technical expertise and investment in research & development (R&D), but also leadership that can anticipate and interpret diverse customer needs and align innovation efforts with them (Knudsen et al., 2023; Lorenzi et al., 2018; Asare et al., 2024). Emerging insights suggest that the composition and diversity of leadership teams play a pivotal role in determining product success, inclusivity and resonance with multifaceted markets such as South Africa (Lorenzi et al., 2018; BCG, 2025).

The risks of failed product innovation are significant. Studies show that approximately 40% of new products fail at launch, incurring major financial, reputational and operational costs (Asare et al., 2024). Only a small portion of new concepts achieve sustained commercial success, with a broader benefit for revenue streams and brand equity (Cooper, 2019). Conversely, effective NPD enables banks to diversify their income, safeguard future sustainability and shield themselves from industry shocks and competitive pressures (Centre for Sustainable Business, 2024). In this context, leadership diversity is increasingly

seen as a strategic lever for improving product success rates while ensuring greater societal relevance and inclusion (Lorenzi et al., 2018).

## **1.2 Background**

### **1.2.1 The benefit of diversity in leadership**

Extensive research demonstrates the benefits of diversity across dimensions such as gender, race, age, education and experience (Turi et al., 2022). Diverse teams bring multiple perspectives that foster balanced decision-making, strengthen innovation and create environment conducive to learning and growth (Turi et al., 2022). Loh et al. (2022) differentiate between observable and non-observable diversity, showing how varied attributes shape innovation potential and Corporate Governance. Organisations with more diverse Top Management Teams (TMT) consistently outperform their peers in financial strategy and product innovation (Loh et al. 2022).

While diversity can present challenges, such as slower consensus building, the benefits of well managed heterogeneous teams far outweigh the costs (Turi et al., 2022; Loh et al., 2022). This underscores the imperative for businesses to leverage varied leadership teams to create competitive advantage and superior returns.

### **1.2.2 Diversity's influence on NPD**

Leadership diversity critically shapes the relevance and inclusiveness of product development initiatives (Sivasubramaniam et al., 2012; Soetanto et al., 2023). Homogenous teams risk designing solutions for a narrow consumer segment, missing the broader market's needs (Soetanto et al., 2023). Inclusive, diverse teams mitigate these blind spots and encourage innovation with greater reach (Lorenzi et al., 2018).

Companies with above-average diversity realise up to 45% of their revenue from new products, compared to just 26% for less diverse peers (Lorenzi et al., 2018). Diverse leadership thus improves commercial performance and enhances the

likelihood that products will align with multiple market segments, a crucial advantage in a multifaceted society like South Africa.

### **1.3 Research Purpose**

The study explores how leadership diversity influences NPD processes and outcomes in the South African Banking sector, through the lens of Shared Value. The concept of Shared Value, advanced by Porter and Kramer (2011), argues that firms achieve sustainable competitive advantage by creating economic value in ways that also generate value for society. This perspective is particularly relevant South Africa, characterised by persistent inequality, unemployment and financial exclusion (Matsebula & Yu, 2020).

The study investigates whether diverse leadership teams, across dimensions of race, gender, experience and cognitive background, are better positioned to drive such outcomes. By reflecting the heterogeneity of South Africa's population, diverse leadership structure may be more attuned to the needs of multiple customer segments, including those traditionally underserved. This research will therefore assess how leadership impacts product design choices, the cultural and social relevance of offerings, and ultimately, their commercial effectiveness and contribution to inclusion.

### **1.4 Scope of the Study**

This research focuses on whether leadership diversity serves as a strategic asset for shared value creation in Banking. Specifically, it explores how diverse leadership influences product development outcomes that balance profitability with societal progress, especially in advancing financial inclusion. The central question is whether South African banks that embrace leadership diversity are better able to innovate in ways that strengthen their competitiveness while contributing to broader developmental goals.

## **1.5 Contribution of Study**

Framed through the lens of Shared Value, this study offers contributions for both academic scholars and industry practitioners.

From an academic perspective, while a rich body of knowledge demonstrating that diverse leadership teams outperform on innovation and financial metrics (Lorenzo et al., 2018), current literature often treats business and societal value as separate priorities. This study fills a critical research gap by directly exploring how the intersection of race, gender, experience and culture within leadership teams influences the ability to create value that benefits both stakeholders and communities (Porter & Kramer, 2011).

Practically, this research delivers implications for the field of banking. South African banks play a pivotal role in advancing financial inclusion and economic development, serving a highly segmented market, with widely varying needs (Matsebula & Yu, 2020; Omar & Madzimore, 2022). Product innovations resulting from diverse and inclusive leadership are better positioned to address pressing challenges, from extending credit to underserved populations to offering digital solutions that support savings for vulnerable groups (FSG, 2021; Lorenzi et al., 2018). Such approaches help bridge gaps in the financial system and contribute to a more equitable society, aligning business interests with those of broader society (Porter & Kramer, 2011; Gwatidzo & Simbanegayi, 2024).

## **1.6. Structure of the Report**

The report is organised into seven chapters. Chapter 1 introduces the research topic, problem and purpose. Chapter 2 presents the theoretical foundation, reviewing literature on leadership diversity, innovation and shared value creation. Chapter 3 outlines the research design, describing the interpretivist philosophy and qualitative methodological execution. Chapter 4 reports the findings, organised around the three research questions. Chapter 5 discusses the results in relation to the literature and theoretical frameworks. Finally, Chapter 6 concludes the study by summarising key insights, offering managerial recommendations, identifying limitations and suggesting areas of future research.

## **Chapter 2 – Literature Review**

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### **2.1 Introduction**

The literature review critically examines the relationship between leadership diversity and new product development (NPD) performance, with a particular focus on the South African Banking Sector. While global research highlights the benefits of diverse leadership in shaping decision making and fostering innovation, significant gaps remain in understanding how these dynamics unfold in emerging market contexts. Specifically, there is a limited understanding of how leadership diversity contributes to shared value creation. Drawing on the Shared Value framework and recent empirical findings, this chapter explores the mechanisms through which diverse leadership teams influence strategic objectives, drive innovation and shape the commercial and societal outcomes of NPD.

The review evaluates the current body of knowledge by tracing both theoretical and empirical debates, paying close attention to diversity traits such as race, gender and professional background, which are particularly salient in South Africa's socio-economic and regulatory environment. It also highlights areas of uncertainty, including the extent to which diversity leads to inclusive product innovation that advances financial inclusion. By identifying these gaps, the chapter establishes a clear rationale for the present study and positions it to contribute fresh insights into how leadership diversity in banking can unlock not only competitive advantage but also broader societal benefits, thereby contributing to both academic literature and industry practice.

### **2.2 Theoretical Foundations**

Leadership diversity has been studied through multiple theoretical lenses, including the Resource-Based View (RBV), Diversity and Inclusion (DEI) theory and Creating Shared Value (CSV) frameworks. Each provide a complementary explanation for how diverse leadership enhances organisational performance and innovation. RBV highlights diversity as a valuable and inimitable resource that contributes to sustained economic advantage (Barney, 1991). DEI scholarship focuses on the

behavioural and relational mechanisms that enable diverse perspectives to translate into creativity and learning (Shore et al., 2018). CSV extends these internal dynamics outward by framing how business can generate both economic and societal benefit (Porter & Kramer, 2011). Together, these perspectives form an integrative theoretical base for examining leadership diversity in the South African banking context.

### **2.2.1 Shared Value Theory**

The theoretical foundation of this study was anchored in Shared Value theory as articulated by Porter & Kramer (2011). Creating Shared Value (CSV) refers to policies and practices that enhance a firm's competitiveness while simultaneously advancing the socio-economic conditions of the communities in which it operates. Whereas Corporate Social Responsibility (CSR) and sustainability frameworks often treat social outcomes as peripheral to profit, CSV positions societal impact as integral to competitive strategy. This makes it especially relevant for analysing how leadership diversity can be a catalyst for innovation in product development.

In the South African banking context, where social inclusion and profitability often appear contradictory, CSV provides a lens to interrogate whether diverse leadership enhances a firm's ability to reconcile these dual imperatives. The central idea is that businesses gain competitive advantage when they address social problems directly linked to their core operations and value chain (Porter & Kramer, 2011; Lim & Lee, 2022). In this way, CSV removes the boundary between business and society, positioning social needs as opportunities for innovation and growth rather than as constraints.

While Shared Value provides a macro-level framework for linking competitiveness and social progress, it does not explicitly explain how firm-level capabilities enable such integration. Here, insights from the Resource-Based View (RBV) help position leadership diversity as a strategic capability underpinning the creation of shared value.

### **2.2.2. Resource-Based View**

The RBV asserts that sustainable competitive advantage arises from resources and capabilities that are valuable, rare, inimitable and non-substitutable (Barney, 1991). Leadership diversity satisfies these criteria because it combines heterogeneous experiences and knowledge bases that are difficult for competitors to replicate (Teece, 1997). In South Africa's evolving financial landscape, such diversity enhances a firm's ability to sense and seize innovation opportunities in underserved markets.

However, RBV's limitation lies in its primarily internal orientation, it seldom considers how the broader social context shapes the value of organisational resource. This limitation makes the integration of Shared Value theory especially relevant, as it embeds resource deployment within socio-economic realities. CSV thus extends RBV by recognising that competitiveness is interdependent with societal well-being.

Porter and Kramer (2011) outline three distinct levels at which shared value can be created (i) reconceiving products and markets, by addressing unmet social needs through innovation, (ii) redefining productivity in the value chain, by tackling environmental and social inefficiencies and (iii) enabling the development of supportive local clusters, where collaboration with stakeholders strengthens local cluster development, by building supportive ecosystems with stakeholders. Among these, reconceiving products and markets offers the most direct mechanism for shared value creation in banking, as it translates leadership decisions into tangible innovation outcomes. In mature sectors like South African banking where efficiency and regulatory compliance dominate, the ability of diverse leadership teams to reimagine products for underserved markets determines whether CSV is transformative or merely rhetorical.

### **2.2.3. Critiques of Shared Value**

While the CSV framework has been influential in repositioning business as a force for social good, critical scholars argue that it risks portraying an idealised harmony between profit and purpose. Menghwar and Daood (2021) caution that CSV often assumes the mutual reinforcement of economic and social value creation,

overlooking the structural tensions that exist between profitability and social equity. This tension is particularly evident in the banking sector, where extending services to low-income and high-risk customers may conflict with commercial imperatives. In such cases, the language of shared value can downplay the real trade-offs firms face, legitimising selective inclusion strategies that appear socially progressive but prioritise revenue-generating segments.

Lim and Lee (2022) further contend that CSV risks oversimplifying social problems as market opportunities, treating deep-seated issues such as inequality and exclusion as solvable through product innovation alone. When social complexity is reduced to commercial potential, firms may design interventions that deliver short-term reputational gains without addressing systemic root causes. This critique is particularly salient for banking, where innovation in financial inclusion can either democratise access or reinforce existing gaps depending on how social needs are interpreted and operationalised.

Moreover, CSV's conceptual overlap with CSR, stakeholder theory and sustainability blurs its distinctiveness and weakens accountability (Lim & Lee, 2022). The framework's efficacy therefore depends not merely on its theoretical coherence but on the interpretive agency of leadership, who decides what "shared value" means and whose values are prioritised. In the South African banking sector, where leadership demographics remain unrepresentative of the broader population such interpretive power becomes an area of contestation. Homogeneous executive teams may view social value through a narrow commercial lens, whereas diverse leadership compositions may bring alternative logics, rooted in empathy, contextual insights and inclusion, that challenge established notions of risk and profitability. Thus, these critiques collectively underscore the importance of interrogating how leadership diversity mediates the translation of CSV principles into authentic, inclusive practice.

#### **2.2.4 Diversity and Inclusion (DEI) Perspectives**

Diversity, equity and inclusion (DEI) have evolved from moral imperatives to strategic levers shaping organisational performance, innovation and legitimacy (Russen & Dawson, 2023; Park et al., 2023). While diversity captures the visible and invisible dimension of human difference, equity addresses systemic barriers

that inhibit fair participation, and inclusion reflects the organisational capacity to convert difference into contribution. Collectively DEI frameworks compel firms to interrogate not only who is represented but how power, voice and opportunity are distributed.

Contemporary scholarship critiques the corporate treatment of DEI as a performative exercise, one that measures representation without transforming institutional logic (Tang et al., 2021). When diversity is managed symbolically rather than substantively, it reinforces the very hierarchies it seeks to dismantle. Unconscious bias, organisational silos and entrenched power asymmetries often transform diversity from a resource into a risk, generating fault lines that fragment rather than enrich teams. The difference between friction and creativity thus lies in organisational intentionality; specifically, in whether inclusion is embedded as a systemic capability rather than an ad-hoc initiative.

In the South African banking context, this critique is particularly salient. The early rationale for DEI was grounded in redress through Employment Equity and Black Economic Empowerment (B-BBE) frameworks. Yet, the evolution from compliance to competitiveness has exposed a persistent duality; DEI as moral restitution versus DEI as strategic necessity. When the business case of DEI overshadows the moral imperative, diversity risks being commodified and valued only insofar as it drives profit or innovation. Conversely, when inclusion is approached as both ethical and strategic, it becomes a generative force that redefines decision quality, customer insights and long term legitimacy.

In addition to RBV and CSV, DEI theory explains how leadership composition shapes collective decision making. DEI perspectives emphasise psychological safety and inclusive climates that allow diverse viewpoints to be expressed and integrated (Loh et al., 2022). Research shows that when inclusion mechanisms are absent, diversity may generate tensions or slow consensus, while effective inclusion enhances creativity, innovation and team performance (Griffin et al., 2021). Within banking, inclusive leadership is thus essential for transforming demographic variety into innovation capability, connecting the human-relational level of analysis with the strategic aims of Shared Value.

### 2.2.5. Integrating Theoretical Perspectives

While the Upper Echelons Theory (Hambrick & Mason, 1984), Resource-Based View (Barney, 1991) and Dynamic Capabilities (Teece et al. 1997) offered valuable perspectives on organisational performance, their analytical focus remains largely internal, centred on firm-level resources, managerial cognition and competitive advantage. These frameworks offered limited consideration of the broader societal context in which firms operate, implicitly assuming that value creation is an intra-organisational process. This narrow orientation restricts their capacity to explain how firms respond to complex socio-economic challenges such as inequality and exclusion, which are structurally embedded rather than merely strategic. The CSV framework extended these theories by situating strategic decision-making within a socio-economic system, positioning firms as actors whose competitiveness was interdependent with societal well-being (Porter & Kramer, 2011).

Within this integrated lens, leadership diversity can be conceptualised as both a dynamic capability and an inclusive process that enhances the firm's ability to sense, seize and reconfigure opportunities for inclusive innovation. It transforms RBV's static view of human capital into a socially embedded resource; one that derives value not simply from its rarity or inimitability, but from its capacity to interpret complex social signals and translate them into market-shaping innovations. CSV also built upon the Upper Echelons perspective by broadening the cognitive framing of executives beyond firm performance metrics. Diversity within leadership not only influence strategic choices through varied experiences and perspectives; it also introduces moral and cultural intelligence that informs how social value is prioritised and operationalised. Similarly, while Dynamic Capabilities theory emphasised adaptability and learning, CSV challenged firms to extend this adaptability beyond the market domain into the social domain, aligning agility with purpose

In synthesis, RBV explains *why* leadership diversity constitutes a source of advantage; DEI clarifies *how* inclusive processes activate that potential and CSV articulates *to what end* such capability can be directed - namely, to generate mutual benefit for business and society.

### **2.2.6 Implications for the South African Banking Context**

The South African context exposes the paradox at the heart of CSV; while the framework encourages firms to integrate social objectives into core strategy, the ability to do so is constrained by institutional legacies, market concentration and entrenched inequalities. Consequently, CSV cannot be applied as a neutral or universal model, it must be interpreted through the local realities that shape what “shared value” can realistically mean. More recent scholarship recognises that the success of CSV is contingent on context-specific factors such as institutional maturity, opportunity cost and stakeholder expectations (Menghwar & Daood, 2021).

In South Africa's dual economy banks operate at the intersection of advanced digital systems and persistently excluded communities. This duality tests the inclusiveness of corporate strategy; whether leadership views underserved segments as viable markets or as unprofitable risks determines whether shared value becomes transformative or merely rhetorical. Leadership diversity, in this sense, operates not as a background demographic variable but as a strategic capability that mediates the relationship between societal complexity and corporate innovation. Diverse leadership teams can draw from broader experiential and cultural repertoires to reinterpret social inequities as strategic opportunities, bridging market insights with moral responsibility. Conversely, homogeneity at the top risks reproducing narrow commercial logics that reinforce exclusion.

For South African banks, this synthesis is particularly salient. Leadership diversity becomes not merely a governance goal but a strategic mechanism for aligning profitability with financial inclusion. By embedding responsiveness to social needs within the architecture of capability development, CSV provides a pathway for transforming innovation into a tool for market expansion and systemic redress

Ultimately, Shared Value theory provides both a framework and a paradox; it promises synergy between profit and purpose but often underestimates the organisational conditions needed to achieve it. This study therefore interrogates whether leadership diversity acts as a bridge that makes this synergy real. The central question, therefore, is not whether shared value can be achieved, but *how*

can it be operationalised in environments shaped by diversity, complexity and systemic exclusion. By examining how these dynamics unfold within the context of new product development in South African banks, the research seeks to illuminate the mechanisms through which leadership composition enables or constrains the practical realisation of shared value. Transforming CSV from aspirational theory into operational strategy within South African banking.

### **2.3 The Role of Leadership Diversity in Enhancing Innovation**

Building on the resource based and shared-value perspectives, leadership diversity represents a dynamic capability that enables firms to reconfigure knowledge and relationships for inclusive innovation. Leadership has long been recognised as a determinant of organisational innovation and performance (Tang et al., 2021; Griffin et al., 2021; Park et al., 2023; Jones et al., 2020; Sieweke et al., 2024). Yet, recent scholarship extended this understanding by shifting focus from *who* leads to *how* leadership composition enhances adaptive capacity. Across dimensions such as gender, race and cognitive background, leadership teams act as a strategic microcosm of the societies they serve. When viewed through this lens, leadership diversity ceases to be a moral or compliance driven exercise and instead emerges as a strategic capability that broadens an organisation's interpretive range and responsiveness to complexity.

Within dynamic markets, the strategic significance of leadership diversity lies in its ability to enhance sense-making and collective intelligence. Diverse teams draw from heterogeneous experiences, values and cognitive schemas that challenge conventional thinking, reduce groupthink and stimulate the creative recombination of ideas (Tang et al., 2021). This cognitive variety translates into more robust decision-making, particularly in uncertain or rapidly evolving environment where traditional approaches fail. For financial institutions, especially South African banks operating amid volatility and inequality, diverse leadership enables the interpretation of signals across socio-economic segments, converting social heterogeneity into sources of market insight and innovation potential.

Yet, diversity also introduces paradox. While heterogeneous teams are generally more creative, they experience greater friction, slower consensus formation, and coordination challenges (Loh et al., 2022; Sieweke et al., 2024). Without inclusive processes, diversity may devolve into fragmentation, undermining psychological safety and team cohesion. The real differentiator, therefore, is not diversity itself but how it is activated through inclusive leadership, psychological safety and institutional support. In this sense, leadership diversity represents both potential and paradox – a condition that can enable innovation or entrench fragmentation depending on how it is managed.

For South African banks operating in an environment of extreme heterogeneity, this paradox is amplified, leadership diversity is not only a strategic advantage but a moral and market imperative, central to designing products that resonate with a broad customer base while advancing societal inclusion. When effectively harnessed, diversity serves as a bridge between strategy and society aligning innovation capability with social relevance and Shared Value creation.

### **2.3.1 Gender Dynamics and Psychological Safety**

Gender diversity extends beyond numerical representation; it concerns the quality of interaction and the inclusivity of decision-making processes that emerge within leadership teams (Yadav & Sarikwal, 2024). Evidence suggests that gender-heterogeneous teams blend relational, empathetic and task-oriented tendencies in ways that expand problem framing and improve the handling of ambiguity (Tang et al., 2021). The value does not stem from “women think X, men think Y” binaries but from the interactional synergy that enables constructive dissent and perspective-taking, which are conditions associated with innovative performance (Griffin et al., 2021)

A central mediator is psychological safety, defined as the shared belief that team members can take interpersonal risks without fear of punishment or embarrassment, functions as the mediating mechanism through which gender diversity translates into innovation (Sieweke et al., 2024). Where leaders normalise difference, depersonalise conflict and invite challenge, gender diversity translates into creativity and learning. In the absence of such leadership diversity can devolve into defensive silence or superficial participation, negating its potential to enhance

innovation (Loh et al., 2022). Thus the mechanism is not gender *per se*, but inclusive leadership that turns cognitive tension into productive friction.

Context matters. Meta-analyses show diversity yields disproportionate benefits in volatile, innovation intensive markets (Tang et al., 2021) South African banking is shaped by digital disruption, shifting consumer expectation and regulatory change, and fits this profile. Here, gender-diverse leadership is likely to enhance resilience and customer centric innovation while strengthening moral legitimacy in a society confronting historical exclusion. Crucially, influence must accompany representation; symbolic inclusion without strategic voice undermines both innovation and legitimacy.

### **2.3.2 Racial and Ethnic Diversity**

Racial and ethnic diversity expands the interpretive repertoire of leadership by introducing alternative lenses on markets, risk and opportunity (Cook & Glass, 2015; Zhang et al., 2025). Minority representation in executive structures is associated with stronger creativity, improved stakeholder alignment and heightened cultural intelligence. Attributes that help translate social complexity into strategic insight.

Yet, the literature warns against representation without empowerment. “Non-performative diversity” (Ahmed, 2012) and glass-cliff appointments – where minority leaders are often appointed into precarious roles or during crises (Cook & Glass, 2014; Zhang et al., 2025), illustrate how formal inclusion can coexist with constrained authority. Under such conditions, diverse voices do not necessarily shape product choices, risk frames, or resource allocation. The implication is clear, demographic variety must be matched by decision rights, information access and equitable sponsorship to become innovation capability.

Diverse leadership is also linked to more ambitious Corporate Social Responsibility (CSR) and shared-value initiatives (Zhang et al., 2025). Leaders with lived experience of exclusion are often better positioned to reframe financial exclusion, debt distress and informal incomes as design inputs rather than compliance burdens, converting social insights into market differentiation.

South Africa's context sharpens these dynamics. Despite policy progress, power remains concentrated; white leaders constitute a disproportionate share of top management in financial services relative to their labour-force representation (Department of Employment and Labour, 2025). The strategic question is not only who sits at the table but whose interpretive authority defines value, innovation and risk. Authentic racial and ethnic diversity must therefore move beyond compliance to redistributing voice across the innovation lifecycle of ideation, evaluation and commercialisation.

### **2.3.3 Cultural Diversity**

Cultural diversity captures differences in values, schema and communication norms not just nationality or ethnicity (Jones et al., 2020). Properly leveraged, it broadens sense-making, challenges dominant logics and improves problem solving. Poorly managed, it can generate coordination failures and misunderstanding.

Cultural intelligence (CQ) is the capability to recognise and adapt to cultural difference, which is the enabling of meta competence (Chua et al, 2023). Leaders high in CQ treat friction as information, converting cross-cultural tensions into creative recombination rather than fragmentation. This moves teams from assimilation (fitting the dominant norm) to mutual learning.

Power asymmetries, however are often ignored. Dominant cultural norms frequently define what “professionalism” or “innovation” looks like, pushing minority groups to adapt unilaterally. Genuine intercultural collaboration requires dismantling normative hierarchies and valuing indigenous or community-rooted knowledge alongside global templates.

South Africa's “super-diverse” reality (Chua et al., 2023), intersecting race, language, class and urban-rural experience, means leadership must go beyond “managing” difference to leading inclusively. This involves building safe spaces for divergent views, balancing hierarchy with openness and making cross-cultural fluency a design criterion in innovation processes. Handled well, cultural diversity becomes cognitive capital; neglected, it reproduces historical divisions.

### **2.3.4 Transformation in the South African Context**

Transformation frameworks such as Employment Equity Act, Affirmative Action and Broad-Based Black Economic Empowerment (B-BBEE) sought to remake institutional leadership and embed Ubuntu-aligned values in corporate South Africa (Kruger, 2013). Progress is uneven. Representation has improved but authority remains concentrated, with Africans under-represented at the top of financial services and whites over-represented (Department of Employment and Labour, 2025). This signals bureaucratised transformation - scorecards without structural power shifts.

A compliance lens can stifle innovation; when diversity is pursued to tick boxes, organisations miss the interpretive agility essential for customer-relevant design. Authentic leadership diversity expands a firm's interpretive bandwidth, improving its ability to discern latent needs across heterogeneous segments. The strategic pivot is to position transformation as capability building rather than constraint; redesigning recruitment, promotion and recognition systems while cultivating leadership empathy, CQ and adaptive capacity.

For banks, the opportunity is to treat transformation as innovation infrastructure. When diverse leadership shapes product strategy and customer engagement, legitimacy and competitiveness reinforce each other. In shared value terms, transformation becomes the means of producing products that advance financial inclusion and profitability; closing the gap between representation and empowerment.

## **2.4 New Product Development as a Form of Innovation**

New Product Development (NDP) represents more than the functional act of launching new offerings; it is a strategic capability through which organisations translate insight, technology and leadership intent into market relevance and resilience (Lyu et al., 2024). The financial services sector particularly banking, highlights this imperative vividly – technological disruption, shifting consumer expectations and regulatory demands require banks to innovate continuously or

risk irrelevance. However, evidence shows that success in NPD is not guaranteed, with approximately 40% of new products failing at launch (Victory et al., 2021). This paradox underscores that innovation success is not purely technical but organisational; it depends on how firms integrate knowledge, coordinate functions and interpret customer context. For South African banks, operating in a society defined by inequality and exclusion, the challenge is dual, to compete in an advanced, digitised system while designing products that are inclusive, affordable and trusted. Leadership diversity becomes pivotal in navigating this complexity, enabling banks to interpret heterogeneous needs and reframe social challenges as opportunities for shared value creation rather than as constraints on profitability.

#### **2.4.1 Speed and Competitive Pressures**

Speed in NPD has evolved from a desirable attribute to a strategic imperative in hypercompetitive and digitally driven markets. However the notion of “speed” requires nuance. As Lyu et al. (2024) argue, speed that is unaccompanied by learning or integration capabilities risks creating fragile innovations; products launched rapidly but lacking contextual or customer alignment. True NPD agility lies not in accelerating timelines alone, but in improving a firm’s ability to absorb market intelligence, integrate cross-functional expertise and translate insights into relevant solutions. In this sense, speed is an outcome of organisational learning not simply a metric of efficiency.

“Going faster” has limited value without absorptive capacity; being the ability to translate market intelligence into relevant solutions (Lyu et al., 2024). Competitive intensity amplifies strengths and exposes weaknesses; firms that integrate technical, customer and strategic knowledge convert pressure into advantage, while reactive firms produce shallow products faster (Lyu et al., 2024). In South Africa, incumbents face both peer rivalry and fintech entrants. Diverse leadership widens the interpretive lens, helping teams know when to sprint and when to iterate for contextual fit.

In this context, speed becomes a relational construct rather than a purely temporal one; it reflects how organisations sense and respond to external complexity. The presence of diverse leadership ensures that product development is not only faster

but also smarter, ethically attuned and inclusive, aligning competitive responsiveness with shared value creation.

#### **2.4.2 Informal Competition Pressures**

Informal enterprises and fintechs compete through cost agility, proximity to users and rapid imitation (Wang & Wang, 2024). Their real disruption is cognitive; they reframe irregular income, documentation gaps or low literacy as design parameters. Banks often digitise legacy products rather than redesign around lived realities. Heterogeneous executive teams are more likely to legitimise informal patterns as opportunities, moving from imitation to inclusive innovation through community co-design and hybrid partnerships. In South Africa, where informal economies are substantial, learning from informality can yield both market share and developmental impact.

#### **2.4.3. Success and Failure Factors in NPD**

New Product Development (NPD) is widely recognised as a double-edged sword; it can secure long-term competitiveness and growth, but it is also fraught with high levels of uncertainty and risk (Malek et al., 2024). The literature consistently emphasises that NPD outcomes are shaped by a complex web of interdependent factors rather than any single determinant (Duran et al., 2022; Malek et al., 2024). Success depends on how coherently firms synchronise these levers to convert ideas into viable, scalable and meaningful products.

Empirical evidence from the Product Development and Management Association (PDMA) shows that high performing firms are distinguished less by resource abundance than by strategic clarity and learning discipline (Knudsen et al., 2023). Top innovators maintain a clear, long-term orientation that links NPD portfolios to overall strategy, balancing incremental and radical innovations across cycles (Victory et al., 2021). Weak performers, by contrast, approach NPD reactively; chasing short-term market fads or overcommitting to singular product lines. This imbalance is especially evident in banking, where the pressure for short term profitability often over shadows long-term innovation investment. Here leadership diversity acts as a counter to such practices; cognitively varied teams are more

likely to challenge dominant assumptions, broaden the definition of value and balance financial imperatives with societal impact.

Customer proximity also emerges as a critical determinant of success. Malek et al. (2024) argue that novelty alone rarely predicts adoption; rather, products must resonate with customers' lived realities. This insight holds particular weight in the South African context, where financial literacy, affordability and trust remain barriers to usage. Leadership diversity enhances "customer closeness" not through marketing proxies, but through embodied understanding - leaders who share, or at least appreciate, the socio-economic contexts of their markets can more accurately interpret latent needs. In this sense, diversity functions as a translation mechanism, converting social insight into commercially viable product design.

Execution capability further differentiates successful NPD initiatives from failures. Victory et al. (2021) and Duran et al. (2022) demonstrate that even well-conceived innovations collapse when cross-functional collaboration and communication are weak. Silos, risk aversion and compliance rigidity, which are common in banking, slow down decision-making and erode learning feedback loops. Diverse leadership teams, particularly those that cultivate psychological safety and open challenge, foster the trust and dialogical exchange needed to bridge silos. Such climates enable teams to iterate rapidly without sacrificing rigour, striking the balance between creativity and control that defines sustainable innovation (Tang et al., 2021).

Finally, failure analysis reveals that NPD risk is not distributed evenly across product categories. Victory et al. (2021) note that high-growth markets exhibit higher failure rates due to intensified competition, while "white space" markets, those underserved or ignored, often yield higher success potential when strategically targeted. For South African banks, these white spaces include youth segments, informal economies and unbanked microenterprises. The ability to recognise and legitimise these markets depends on interpretive diversity within leadership. Homogeneous teams may misread them as commercially unattractive; diverse teams are more likely to perceive untapped opportunity and innovate inclusively.

In sum, NPD success rests on systemic alignment, including strategic clarity, cross-functional integration, contextual insight and executional discipline. Leadership diversity operates as a meta-capability linking these elements; it enhances sense making, broadens evaluative lenses and embeds empathy into decision-making. For South African banks, where innovation is both an economic necessity and a moral imperative, diverse leadership becomes the mechanism through which NPD contributes not only to profitability but to genuine shared value creation.

#### **2.4.4 The Role of Creativity and Collaboration**

Creativity is the engine of NPD, but it is socially constructed; it flourishes where psychological safety, constructive dissent and cross-functional collaboration are present (Câmpian & Iancu, 2024; Ngo et al., 2021). Banking's risk-heavy culture can mute exploration. Diverse leadership widens the idea pool and with inclusive behaviours, channels dissent into breakthrough synthesis rather than conflict (Tang et al., 2021). In South Africa, creativity must be empathetic, attuned to lived realities, if innovation is to reduce, not deepen, inequality. Diversity and safe collaboration turns NPD into a lever for shared value.

The foregoing emphasises that innovation effectiveness is inseparable from sectoral realities. We therefore situate NPD within South Africa's banking context to connect micro-level processes with macro-level inclusion imperatives.

#### **2.5. South African Banking Sector and its Role in the Economy**

South Africa's financial sector stands as one of the most advanced in the Global South, capable of managing complex capital flows, supporting international trade and sustaining macroeconomic stability (Akinboade & Finfack, 2014). Its rapid reintegration into global markets following apartheid sanctions reflected deep institutional capacity and regulatory sophistication. Contributing close to 20% of national GDP, the sector, which is dominated by Absa, Standard Bank, FNB, Nedbank and Capitec, has been central to capital formation and private-sector investment. Yet this success story conceals a structural paradox; a system globally

competitive in form but domestically exclusionary in function. Financial deepening has not translated into social broadening. The persistence of inequality and financial marginalisation raises critical questions about whether South African banks are innovating *for* their markets or *around* them.

Financial inclusion in South Africa has been framed as more than access to a bank account, it signifies the capacity to participate meaningfully in the economy, build assets and escape intergenerational poverty (Ifediora et al., 2022). Its developmental centrality is underscored by its connection to several United Nations Sustainable Development Goals (SDGs), including targeting poverty reduction (SDG 1), gender equality (SDG 5), reduced inequalities (SDG 10) and decent work and economic growth (SDG 8). Domestically, the National Development Plan 2030 (NDP) identifies inclusive finance as a lever for tackling unemployment, poverty and inequality.

However, empirical evidence suggest that progress remains largely superficial. While approximately 70% of South Africans hold bank accounts, a significant portion of these accounts remain dormant or limited to basic transactional use (Matsebula & Yu, 2020). The gap between access and usage undermines the multiplier effects of inclusion, as financial intermediation continues to favour higher-income segments (Ifediora et al., 2022). Thus, the sector's success in expanding reach has not been matched by success in deepening impact.

Recent research across Sub-Saharan Africa reinforces that inclusive finance stimulates GDP growth only once adoption surpasses critical mass (Osuma, Nzimande & Ilogho, 2025). Below this threshold, access alone produces negligible developmental outcomes. South Africa exemplifies this “threshold problem”. Initiatives such as the Mzansi Account demonstrated the sector's technical capacity for innovation but also exposed its cultural and behavioural blind spots. While millions of low-income customers opened accounts, sustained usage was low – signalling limited relevance to customer realities (Matsebula & Yu, 2020). The persistence of informal financial systems such as *stokvels* and the reluctance of SME's to engage formal banking channels indicate that inclusion efforts often fail to build trust, literacy or empowerment. This points to a deeper critique: financial innovation has prioritised product design over social context. Technology and

pricing innovations have proliferated, yet the relational dimension, understanding why customers choose not to engage, remains underexplored. Inclusion, when treated as a quantitative metric, risks becoming symbolic rather than transformative.

Digital finance is often championed as a solution to the structural barriers of inclusion. Mobile money, digital wallets and branchless banking are credited with extending reach while lowering costs (Ifediora et al., 2022). Yet the South African experience demonstrates that digital access alone does not equate to inclusion. Low financial literacy, mistrust of formal institutions and the enduring perception of banks as extractive limit adoption. Technological solutions, while necessary, can easily become what Porter and Kramer (2011) would describe as “bolt-on” innovations – advancing efficiency without shifting the underlying value logic. The challenge is therefore not technological but relational; to design financial ecosystems that are trusted, relevant and empowering.

From a shared value perspective, the financial sector finds itself in a complex position: on the one hand contributes significantly to macroeconomic growth and on the other, it is yet to deliver the broad-based socio-economic transformation (Matsebula & Yu, 2020). The misalignment between financial and inclusive development suggests that institutional sophistication has outpaced social responsiveness. Shared value requires re-anchoring strategy around the intersection of economic performance and societal need. For South African banks, this means designing products that address lived realities, such as financial illiteracy, informal economies and structural inequality, rather than dismissing these conditions as commercially unattractive.

Leadership diversity emerges as a pivotal lever in this realignment. Homogeneous leadership teams tend to interpret social issues as compliance burdens; diverse teams are more likely to recognise them as strategic opportunities. Leaders who reflect the demographics and lived experiences of underserved communities are better positioned to design inclusive financial solutions, rebuild trust and reframe financial inclusion from an obligation to a competitive advantage. This aligns directly with both the NDP 2030 and the SDGs, where financial inclusion is conceived as a pathway to equity and sustainable growth.

In this sense leadership diversity functions as a translation mechanism between macro-level development imperatives and micro-level innovation processes. It enables banks to reimagine profitability and purpose not as trade-offs but as mutually reinforcing outcomes – an operationalisation of Porter and Kramer’s (2011) shared value logic within the specific institutional and socio-economic context of South Africa. Through this lens the banking sector’s contribution to GDP is not the endpoint of success but the starting point for re-evaluating how economic growth can be leveraged for inclusive prosperity.

## 2.6 Developments in the Sector

The South African banking sector is undergoing a profound transformation, driven by technological disruption and evolving competitive landscapes. Fintech has shifted advantage from physical scale and legacy infrastructure to agility, data and UX (Stringham, 2023; Zhang & Li, 2025). While this technological expansion promises greater access, it also risks creating “digital dualism”, excluding those without connectivity or digital literacy (Ifediora et al., 2022). The critical question, therefore, is not *whether* to adopt tech, but *how* to align it with inclusive outcomes. Diverse leadership can play a crucial role in interrogating who benefits from technological adoption and in anticipating harms such as algorithmic bias or the erosion of trust, thereby steering partnerships and product governance toward genuine shared value.

South African banks increasingly face disintermediation from agile fintechs and the simultaneous need for strategic partnership and convergence (Coetzee, 2018; Emuron & van der Nest, 2024). Collaboration with fintechs can blend the regulatory credibility and scale of incumbents with the agility and innovation of new entrants. However, these partnerships also raise complex risks, including cybersecurity threats and the potential for embedded bias in automated decision-making systems. In this complex environment, leadership diversity functions as a strategic absorber of complexity. Diverse executive teams are better equipped to balance the imperative for speed with the necessary prudence and a focus on equity. In practice diverse executives are often better positioned to broker

ecosystem co-creation, interpret heterogeneous needs of a fragmented client base and convert market disruption into pathways for inclusive growth.

## **2.7 Cases Demonstrating Successful Implementation of Shared Value**

The evolution of Creating Shared Value (CSV) from a conceptual ideal to a strategic practice is best illuminated through cases where firms have embedded social purpose within their core business systems. Shared value matures when purpose is embedded in strategy, leadership accountability and performance metrics, not philanthropy (Mahera & Ordonez-Ponce, 2021; Lim & Lee, 2022). International cases Bendigo Bank's Community Bank in Australia and Stockland's inclusive urban development, illustrate how reinvesting in local ecosystems can yield both profitability and legitimacy simultaneously. Similarly, Yuhan-Kimberly's long term shared value strategy in South Korea demonstrates the benefits of aligning products and partnerships with profound demographic and social change (Lim & Lee, 2022). Common ingredients across these successful implementations include participatory governance, cross-sector collaboration and the use of dual financial-social metrics.

For South African banks, the imperative is to shift financial inclusion from a set of standalone programmes to a fundamental way of conducting business. Social needs must be treated as core opportunities for value creation, not merely as exercises in reputation management. Diverse leadership strengthens empathy, cultural intelligence and stakeholder trust necessary for this shift, enabling banks to work more effectively with SMEs, community organisations and fintech partners. When inclusion is championed by leaders with diverse backgrounds and lived experiences, partnerships move beyond symbolism and become authentic drivers of market renewal and long-term impact.

## 2.8 Literature Gaps and Research Opportunities

Despite the growing body of research linking leadership diversity and new product development (NPD), several critical gaps remain that limit both theoretical and practical understanding. These gaps create opportunities for further investigation, particularly in the context of South African banking where innovation is inseparably tied to issues of financial inclusion and social transformation.

Much of the existing scholarship on leadership diversity and innovation is situated in developed economies, with limited empirical evidence from emerging markets. While global studies highlight the positive relationship between diversity and firm performance (Tang et al., 2021; Jones et al., 2020), these findings cannot be assumed to hold in contexts characterised by extreme inequality, informal competition and regulatory transformation pressures like South Africa. The distinct socio-economic realities including high levels of financial exclusion, reliance on informal finance and profound demographic heterogeneity, necessitate context-specific research to determine how leadership diversity shapes NPD under these conditions.

Although frameworks like Upper Echelons Theory and Resource-Based View provide useful insights, they stop short of addressing how leadership diversity directly contributes to societal outcomes such as inclusion and poverty reduction. Shared Value theory (Porter & Kramer, 2011) extends this by linking business strategy with social impact, yet empirical studies applying it to leadership diversity in banking remain sparse. The current literature has not fully captured whether diverse leadership teams are better equipped to design products that simultaneously generate profit and advance the objectives of Sustainable Development Goals (SDGs) and South Africa's National Development Plan (NDP)

Existing research often equates leadership diversity with demographic representation, yet evidence suggests that representation without inclusion yields limited impact (Park et al., 2023). There is insufficient understanding of *how* diverse leaders actually influence product development decisions, shape strategic priorities and overcome institutional resistance. In South African banks, where diversity is frequently framed as compliance with transformation legislation, the gap

lies in evaluating whether diversity translates into genuine influence over innovation strategy and market outcomes.

While the literature identifies numerous drivers of NPD success (e.g., customer closeness, cross-functional collaboration, portfolio balance), less attention is given to how leadership diversity specifically interacts with these mechanisms. For instance, does demographic diversity improve banks' ability to identify "white spaces" in underserved markets? Does cultural diversity strengthen cross-functional collaboration in highly regulated, siloed environments? Similarly, failures in NPD are often attributed to weak execution or poor customer fit, but little is known about whether diverse leadership mitigates or exacerbates these risks in practice.

Taken together, these gaps highlighted the opportunity for a study that placed leadership diversity at the intersection of innovation, competitiveness and societal impact in the South African banking sector. By adopting a Shared Value lens, this research not only examined *how* diverse leadership influences NPD outcomes, but also assessed *whether* such diversity enables banks to design products that advance both commercial success and inclusive development. In doing so, the study contributed to theory by extending diversity and innovation debates into emerging markets and to practice by offering actionable insights for banks seeking to align profitability with societal progress.

The literature establishes that leadership diversity operates as a dynamic capability activated through inclusive processes and expressed in new product outcomes, particularly in contexts marked by inequality and rapid change. It also reveals gaps regarding how these mechanisms play out in South African banking. These tensions between compliance and capability, profit and purpose, frame the need for empirical enquiry. Accordingly, the next chapter articulates the research questions that guide this study.

## Chapter 3 - Research Questions

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This chapter articulates the research questions that guide this study, deriving directly from the literature review and the identified gaps in Chapter 2. The central aim is to determine whether leadership teams that are representative of the markets they serve demonstrate greater understanding of customer needs and whether this understanding drives the development of products that are relevant, innovative and competitively advantageous. As Shahin and Mahdian (2018) argue, effective product development is not only a technical process but also a strategic imperative for success in dynamic environments. Leadership diversity may therefore be a critical enabler for effective innovation.

Empirical evidence in this area can provide firms with insights into how diverse leadership structures influence new product development (NPD) and enhance shared value creation. Based on the reviewed literature the research aims to answer the following questions:

### 3.1 Research Question 1

#### **How does leadership diversity influence the success of new product development in the South African Banking sector?**

This question arises from a strong body of scholarship linking diversity to enhanced decision making and innovation outcomes (Lorenzo et al., 2018; Turi et al., 2022). However, most studies are concentrated in developed markets with limited evidence for emerging contexts such as South Africa. The South African banking sector operates within an environment of high inequality, fintech disruption and shifting customer expectations (Matsebula & Yu, 2020; Coetzee, 2018). Research Question 1 therefore explores whether and how leadership composition across dimensions of race, gender, age and experience, affects the relevance, reach and commercial viability of new financial products. It tests the assumption that leadership diversity may be a determinant of NPD success in markets characterised by heterogeneity and rapid change.

### **3.2 Research Question 2**

**In what ways do observable leadership diversity traits (race and gender) impact product development decisions?**

Observable diversity traits, such as race and gender are particularly salient in South Africa, where historic exclusion and ongoing transformation have made representation a national priority (Kruger, 2013; Park et al., 2023). While demographic diversity is often linked to improved innovation outcomes (Griffin et al., 2021; Sieweke et al., 2024), some studies also highlight potential tensions such as slower decision-making or fragmented consensus (Loh et al., 2022). Research Question 2 examines whether representation at the leadership level influences which products are prioritised, for whom they are designed and how well they align with consumer needs in a demographically diverse society. The question is thus informed by both the promise and complexity of diversity as a driver of innovation outcomes.

### **3.3 Research question 3**

**How does leadership representation of the target market influence not only the commercial success and innovation quality of new products but also their contribution to creating shared value in the South African banking sector?**

The literature on Shared Value (Porter & Kramer, 2011; Lim & Lee, 2022; Menghwar & Daood, 2021) underscores that businesses can simultaneously achieve profitability and address societal needs. Within banking, diverse leadership may act as a conduit for translating the lived experiences of consumers, particularly those historically underserved, into products that are both viable and socially meaningful. Research Question 3 interrogates whether leadership teams that reflect the demographic and social realities of their intended market can identify “white spaces” in underserved segments such as youth, informal workers and financially excluded populations. It further probes whether such leadership enhances cultural relevance, product resonance and adoption rates, thereby

enabling banks to unlock new revenue streams while addressing systemic challenges of exclusion and inequality (Ifediora et al., 2022; Chua et al., 2023) Chapter 3 presented the study's research questions, positioning leadership diversity at the centre of new product development and shared value in South African banking. Chapter 4 now explains how these questions are examined: it outlines the qualitative and inductive design, the phenomenological strategy, the population, unit of analysis and sampling, the thematic analysis procedures and the measures taken to ensure ethics and trustworthiness.

## Chapter 4 - Research Methodology

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### 4.1 Introduction

This chapter presents and justifies the methodological choices that underpin the study. Methodology is central to the credibility of research, as it establishes how the study was designed, how data were collected and how evidence was analysed in order to address the research questions set out in Chapter 3. By outlining these processes transparently, this chapter ensures that the research is both rigorous and replicable, while remaining appropriate to the unique context of the South African banking sector.

This study investigates how leadership diversity influences the success of new product development (NPD) and shared value creation. As highlighted in the literature review (Chapter 2), existing scholarship demonstrates the link between diverse leadership and innovation outcomes, but limited empirical work has been conducted in emerging market contexts such as South Africa. The research questions therefore require a methodology capable of capturing both the subjective experiences of leaders and the organisational outcomes associated with product development

To achieve this, the chapter begins by clarifying the overall purpose of the research design, positioning the study as a qualitative and exploratory inquiry. It then outlines the philosophical stance adopted, the approach used to build theory and the methodological choices that shape the collection and analysis of data. Attention is given to the research strategy, the time horizon of the study and the design of the research in terms of population, unit of analysis and sampling. The instruments used to collect data are described, followed by an account of the data gathering process and the approach to analysis. The chapter further addresses the ethical considerations associated with the study, alongside the measures employed to ensure quality, credibility and trustworthiness of the findings. Finally, the limitations of the research design are acknowledged.

Taken together, these methodological decisions provide a coherent framework that links the study's theoretical foundations to its empirical execution, ensuring that the research questions are addressed in a manner that is both academically rigorous and practically relevant.

## **4.2 Purpose of Research Design**

This study employed a qualitative research design, which is appropriate for exploring and understanding complex phenomena associated with leadership diversity and its influence on new product development outcomes in the South African banking sector. Qualitative research as defined by Nasaji (2020), is a naturalistic approach that centres on non-numerical data, seeking to understand and explore phenomena rather than merely to explain or measure them. banking

The main purpose of the design was to explore the nuanced relationships between observable diversity characteristics (such as race and gender) and underlying attributes (like experience and educational background ) and to understand how these factors shaped the organisation's ability to sense market needs, seize emerging opportunities and reconfigure resources in response to changing consumer demands (Teece et al., 1997). The exploratory nature of the study justified a qualitative approach, as it sought an in-depth understanding of participants' perspectives and social dynamics, not easily captured through quantitative means (Nasaji, 2020)

Qualitative research typically began with a question and had as its ultimate purpose the goal of learning. In this study, learning occurred through gathering data in the form of words, observations and interactions, which were interpreted and grouped into meaningful patterns by the researcher, thereby transforming information into knowledge applied to practice (Rossman & Rallis, 2017). Because this topic concerned social meanings and organisational sense-making, specifically how senior leaders reasoned about product choices for heterogeneous customer segments, data collection was undertaken in natural settings, enabling the researcher to interact directly with participants through semi-structured interviews (Nasaji, 2020).

Consistent with the qualitative approach, the researcher functioned as the primary instrument of inquiry, engaging participants through interactive, humanistic methods and regularly reflecting on personal views and position during the study (Rossman & Rallis, 2017). This approach supported a sustained focus on the richness and complexity of lived experience. The iterative, emergent nature of qualitative inquiry allowed research questions, strategies and categories of analysis to be refined as new insights emerged during data collection and analysis (Creswell & Poth, 2018; Rossman & Rallis, 2017). This flexibility was essential for tracing how leadership composition was perceived to shape product relevance, inclusivity, adoption and ultimately, shared value outcomes in a sector marked by inequality and rapid fintech change.

Adopting qualitative methodology was the correct choice for this study because it enabled an exploration of the processes and meanings underpinning the relationship between leadership diversity and new product development, focusing on detail, sensitivity to context and the generation of contextually grounded knowledge rather than surface-level measurement or prediction (Nasaji, 2020; Organisation for Economic Co-operation and Development, 2013). The chosen approach provided the most defensible path to illuminate how and why leadership diversity was linked to NPD processes and outcomes in South African Banks, and to surface practice-relevant implications that a purely variable-centred design would likely have missed. This intention of the study was, therefore, to go beyond describing experiences to generate actionable understanding that organisations could apply to improve product development for underserved segments, thereby contributing to the public good (Hostetler, 2005; Crano et al., 2015).

### **4.3 Research Philosophy**

The study sought to gain insight into how the product development process played out within organisations and how leadership structures shaped both this process and the success of products launched in the market. An interpretivist approach was therefore adopted as this paradigm was rooted in the understanding that social

realities and truths were shaped by personal experiences, social background and individuals' perceptions and interpretations (Pervin & Mokhtar, 2022).

Interpretivism assumed that reality was subjective and socially constructed, rather than objective and independent from those experiencing it (Myers, 2008; Nickerson, 2024). By looking deeply into participants' lived experiences and perspectives, this approach enabled the study to uncover how leaders and teams understood, negotiated and responded to the challenges of new product development in context. Interpretivist research prioritised meaning, understanding and interpretation over the measurement or prediction of outcomes, making it particularly well-suited for qualitative studies where the focus was on exploring complex, dynamic social phenomena (Smith, 1993; Nickerson, 2024).

The interpretivist philosophy provided the analytical lens through which the richness and depth of organisational processes and leadership influences could be explored, recognising that each participant's worldview contributed to shaping the organisations approach to product development. This stance aligned well with the study's objectives.

Furthermore, this approach was justified for the research because it facilitated the collection of nuanced, context-rich qualitative data through interviews and 5lysis, fostering understanding rather than generalisation. The interpretivist paradigm also required the researcher to acknowledge their own role, background and assumptions throughout the inquiry, thereby increasing reflexivity and transparency (Myers, 2008; Nickerson, 2024). In summary, adopting interpretivism allowed the study to address its research questions in a way that was sensitive to context and complexity, and provided meaningful, actionable understanding of leadership diversity's role in product development.

#### **4.4 Research Approach**

This study employed an inductive approach, which was especially appropriate given the exploratory aim of understanding how leadership composition influences

product development outcomes in the South African banking sector. Inductive reasoning enabled the researcher to develop insights and theoretical propositions directly from the detailed data gathered from participants, rather than testing pre-existing hypotheses.

By relying on inductive analysis, the study moved from specific observations, such as the lived experiences and perspectives of leaders, to broader patterns concerning how diversity in leadership influenced the types, relevance and efficacy of banking products developed. This was crucial because limited existing theory addressed this relationship in the local banking sector, making it necessary to construct meaning from the ground up and to allow theory to emerge organically from the data itself (Woo et al., 2017).

The inductive approach was thus justified as it provided the flexibility to capture and interpret the nuanced and context-dependent ways in which race, gender, experience and educational background within leadership teams shaped innovation. This method enabled the discovery of patterns that would likely have been missed by a deductive, hypothesis-driven design and ensured that any resulting theory was firmly grounded in participants' realities (Woo et al., 2017).

#### **4.5 Methodological Choices**

This study applied mono-method qualitative approach, with data collected through semi-structured interviews to investigate how diversity and inclusion influenced new product development (NPD) processes and commercial outcomes in the South African banking sector. The mono-method qualitative design was chosen for its ability to facilitate an in-depth exploration of participants' lived experiences and for the flexibility it offered in tailoring questions to emerging insights during interviews (Saunders & Lewis, 2017; Mohajan, 2018)

Semi-structured interviews were suited to capturing the complexity of leadership diversity and NPD, as they allowed respondents to express their perspectives in detail while permitting the researcher to probe further when new themes emerged

(Kallio et al., 2016; Ruslin, 2022). This approach has been widely recognised as effective in qualitative research for eliciting nuanced and context-rich information on social and organisational phenomena (Adams, 2015).

Saunders and Lewis (2017) note that while mixed methodologies can address single-method limitations, the choice of a mono method was justified in this project due to limited time and resources, and the study's primary need for rich, focused data rather than generalisability. Similarly, Adams (2015) stresses that in-depth qualitative interviews are ideal when the aim is to understand processes, experiences or perceptions related to a specific phenomenon. Kallio et al. (2016) further support that semi-structured interviews ensure both consistency across interviews and flexibility for discovery, strengthening credibility and depth.

Thus, the mono method qualitative design aligned well with the research aim, as it enabled the generation of detailed, meaningful insights critical to understanding the interplay between leadership diversity and innovative product outcomes in banking.

#### **4.6 Research Strategy**

This study adopted a phenomenological orientation as its core strategy, aiming to explore and understand the lived experiences and perceptions of senior leaders engaged in new product development within South African banks. The phenomenological approach was ideally suited for this research because it focused on how participants made sense of their everyday realities, especially regarding the influence of leadership diversity on strategic decisions, innovation practices and commercial outcomes (Creswell & Poth, 2018).

Phenomenology, as defined by Creswell & Poth (2018), is an inquiry methodology concerned with the essence of how individuals interpret and make meaning of their own experiences. This aligns closely with the study's goal to uncover how leadership diversity shaped the relevance, responsiveness and success of product development efforts, providing nuanced insights into the interplay between personal background and organisational strategy (Alhazmi & Kaufmann, 2022).

The phenomenological lens supported the use of in-depth, semi-structured interviews as the primary method of data collection. Such interviews facilitated participants' deep reflection on how diversity within leadership teams impacted product innovation and enabled the researcher to probe key themes as they emerged, yielding detailed and contextually rich data (Kallio et al., 2016). Scholars have emphasised that phenomenological strategy allows a multi-layered, rigorous description of lived experience and is particularly powerful when little prior research exists and rich understanding is needed (Alhazmi & Kaufmann, 2022).

Overall, the phenomenological strategy was the most appropriate for this project as it aligned methodologically and philosophically with the aim of understanding social realities from the participants' perspectives and offered actionable insights into diversity's role in shaping new product development in banking.

#### **4.7 Time horizon**

Patel & Patel (2019) explained that longitudinal studies are those in which research is conducted over an extended timeframe, allowing gradual changes to be observed. By contrast, the current study adopted a cross-sectional approach, with data collected once at a single point in time rather than repeatedly over time (Patel & Patel, 2019).

A cross-sectional study is characterised by collecting data across a sample at one specific moment, making it particularly effective for assessing perceptions, experiences or associations present at that time (Wang & Chen, 2020). This type of design suited the aims of this study, as it enabled an efficient, timely snapshot of how banking leaders perceived the influence of diversity on new product development processes, without requiring extensive follow-up or long-term data collection. Cross-sectional studies are recommended when the objective is to explore prevailing attitudes or relationships in a defined population within limited resources and time (Setia, 2016).

## **4.8 Proposed Research Methodology and Design**

### **4.8.1 Population**

According to Saunders and Lewis (2017), a population is defined as the complete group of individuals relevant to a research study. The population for this study consisted of senior leaders within the South African banking sector who met several criteria:

1. Individuals who were directly or indirectly involved in new product development, including those in roles such as Senior Product Managers, Customer Proposition Managers, Marketing, and Product Heads.
2. Leaders with at least six years of experience in positions where they led or influenced the product development cycle.
3. Professionals who had successfully launched new products or propositions into the market.

Banks operating within the South African market were identified via desktop research. A purposive sample of three to four banks was selected to capture a range of organisations with both highly and less diversified top management teams, these institutions have a combined workforce of approximately 136,649 employees. The unit of analysis focused specifically on the Retail Banking Business Units, rather than considering the banks as a whole. Attention was given to those segments of the retail units in which product development and innovation fell within the span of control.

This population was chosen because it provided both strategic and operational perspectives on how leadership diversity intersected with innovation and product development outcomes, offering valuable insights aligned with the study's objectives.

### **4.8.2 Unit of Analysis**

The unit of analysis for this study was the leadership team within the organisation, with particular attention given to product development specialists and senior

management teams responsible for or leading product development functions. The unit of analysis refers to the main entity being studied, which determines the level at which data were collected and interpreted (Dovetail, 2023).

For this study, although interviews were conducted individually, analysis focused on the collective attributes and diversity composition of leadership teams, rather than on identity characteristics at the individual level alone. This approach allowed for an exploration of the composition and dynamic of diverse and less diverse leadership groups influenced decision-making related to new product development (NPD).

Participants represented both teams with high levels of diversity in top management and teams with limited diversity, ensuring insights were captured from across the diversity spectrum. Such an approach enabled the generation of meaningful findings about the role of team composition, as opposed to isolated individual effects, aligning the study's analytical focus with its broader aims (Dovetail, 2023)

Defining the unit of analysis at the leadership team level also supported robust coding decisions and enhanced the validity of conclusions regarding leadership diversity's impacts on innovation outcomes.

#### **4.8.3 Sampling Method and Size**

Lambert and Lambert (2012) emphasized that qualitative sampling seeks information rich cases to ensure saturation and researchers must robustly justify their sampling strategies in relation to study goals. Sampling strategies can be divided into probability and non-probability types. Probability sampling (e.g., random or systemic approaches) requires a complete list of the population, which was not available for this study. Therefore, non-probability sampling was most suitable, specifically purposive sampling, where researcher judgement guided the selection of participants to provide relevant insights and robust answers to the research question (Saunders & Lewis, 2017; Palinkas et al., 2015).

Banks were selected to represent points across the diversity spectrum; some with well diversified leadership and others with limited diversity. Selection criteria included listing on the Johannesburg Stock Exchange (JSE), having a national footprint and representing varied market segments within South Africa. The intended sample size was twelve, aiming for robust data saturation; however, practical constraints resulted in eight completed interviews with one participant submitting written responses. The sample size is consistent with guidance from Guest et al. (2020) who found that as few as six to twelve interviews can achieve saturation in relatively homogenous populations.

The sample covered executives and managers directly involved in product development within 4 banks of different scales. Participants were drawn from product management, innovation, strategy, marketing and client proposition teams. Recruitment was conducted in full compliance with the Protection of Personal Information Act (PoPIA), targeting experienced individuals through personal professional networks and peer recommendations using a snowball sampling approach. This method aligns with qualitative best practice for accessing knowledgeable informants (Palinkas et al., 2015; Guest et al., 2020).

Data were collected through in-depth interviews designed to explore key themes related to new product development and leadership diversity until data saturation was reached, as evidenced by no new insights emerging in later interviews. The final group size enabled sufficient representation from strategically relevant roles and diversity perspectives across banks.

#### **4.8.4 Measurement Instrument**

The primary measurement instrument for this study was a set of 12 open-ended interview questions, carefully developed to align directly with the three core research questions of the study. Each group of questions was mapped to a specific research question to ensure comprehensive coverage and theoretical alignment

Research question 1: Questions 1-4 focused on how leadership diversity influences new product development outcomes, proving topics such as the perceived impact

of leadership composition, the role of cognitive diversity and examples of product innovation linked to diverse teams.

Research Question 2: Questions 5 -8 were formulated to examine the influence of observable diversity traits (race and gender) on product development decisions, including prioritisation, design and alignment with various customer segments .

Research Question 3: Questions 9 -12 explored how leadership teams' representation of the target market relates to shared value, probing for evidence of commercial success and societal impact mechanisms within the South African banking context.

To ensure clarity, reliability and validity, the entire interview protocol underwent a piloting phase with individuals outside the main sample population. This process checked that the questions were unambiguous, clearly matched the intended research focus and could elicit deep and relevant insights (Malmqvist et al., 2019). Feedback from the pilot was incorporated, leading to further refinement of wording and sequence. The thorough piloting and iterative development of the interview guide enhanced the overall credibility and trustworthiness of the measurement instrument.

This structured, research question-driven approach to the interview protocol represents best practice in qualitative research (DeJonckheer & Vaughn; Saunders & Lewis, 2017), ensuring that data generation was tightly linked to both the study aims and the broader literature base.

#### **4.8.5 Data Gathering Process**

The data gathering process began with the identification of banks meeting the study's criteria regarding leadership composition and market coverage.

Organisations were selected to represent both diverse leadership structures, where the demographic of the leadership team aligns with the markets they server, and those with more homogenous top teams. This identification used secondary data sources, such as publicly available information about senior leadership in the banking sector.

Once suitable banks were identified, the study proceeded to the in-depth interview phase. A purposive sample of participants was drawn from a variety of roles within each bank, ensuring comprehensive insights across the stages of new product development. This approach supported a nuanced understanding of the full product development process. Each interview lasted approximately 45 minutes and was conducted virtually via Microsoft Teams to maximise accessibility.

A structured set of 12 open-ended interview questions was used, with each subset of questions explicitly mapped to one of the study's three main research questions. For instance, the first set examined the effect of leadership composition on innovation (Research Question 1), the second set focused on how observable diversity traits influenced decision-making (Research Question 2), and the third set interrogated the relationship between team representation of the target market and shared value outcomes (Research Question 3).

Interviews began with a brief ice-breaker exchange to foster rapport, then transitioned into the key thematic questions. The conversational, semi-structured format permitted flexibility to clarify and probe for depth, allowing participants to share rich perspectives, examples or themes beyond the original questions (Saunders & Lewis, 2017; DeJonckheere & Vaughn, 2019). Additional questions or follow-ups were asked to ensure comprehensive understanding to elicit in-depth, context-rich data (Goertz & Mahoney, 2012).

Data collection continued until saturation was reached, indicated by the emergence of no new information in subsequent interviews (Guest et al., 2020). All interviews were recorded and transcribed in full to facilitate rigorous data analysis and enhance overall validity.

#### **4.8.6 Data Analysis Approach**

The first step in the analysis process involved conducting interviews with participants to obtain rich, descriptive data. A systematic approach to qualitative data analysis was employed to ensure the findings were logical and credible. Data collection and analysis were conducted concurrently, allowing for refinement of

interview questions and hypotheses throughout the process to maximise effectiveness (Nicmanis, 2024; Saunders & Lewis, 2017).

Upon completion, each interview transcripts was carefully prepared, organised and stored separately. Key steps in preparing transcripts included recording the date, time and place of data collection; anonymising names and organisations; using italics to indicate interviewer questions; deploying and notation for pauses and other contextual features (Saunders & Lewis, 2017).

For analytic clarity, each participant was assigned a unique anonymous code (e.g., P1, P2, etc.) which was used throughout the coding and analysis process. This participant coding system enabled traceability of responses while maintaining confidentiality and allowed patters to be linked to specific organisational roles or leadership profiles as relevant. The coding system was documented in the analysis protocol and mirrored in data extracts and the final reporting to enhance rigour.

Data analysis then proceeded through systematic familiarisation and repeated reading to identify key ideas, codes and recurring themes (Nicmanis, 2024). In line with the study's phenomenological orientation, this process sought to uncover shared meanings and essential features of the lived experiences described by participants (Cresswell & Poth, 2018). Codes were assigned to segments of data and similar codes were organised into themes using thematic framework (Braun & Clarke, 2006; Naeem & Ozuem, 2022).

Thematic analysis followed the systemic process outlined by Braun and Clarke (2006) and refined by Naeem and Ozuem (2022) the process involved four key stages:

1. Coding: initial descriptive and interpretive codes were applied to the interview transcripts to capture meaningful segments of text
2. Theme identification: Related codes were clustered into broader categories representing patterns of meaning relevant to the research questions
3. Indexing: Transcript segments were annotated with thematic codes to ensure consistency and traceability across the dataset

4. Charting and synthesis: Data were arranged according to emerging themes and compared across participants to identify convergences and divergences in perspective.

Atlas.ti qualitative data analysis software supported this process by facilitating systematic coding, organisation of excerpts and synthesis of themes. Reflexivity was maintained throughout analysis to minimise researcher bias with emerging interpretations continuously cross-checked against the raw data to ensure credibility and dependability (Braun & Clarke, 2006; Naeem & Ozuem, 2022)

The final stage focused on mapping and interpretation, using thematic charts to explore relationships between themes, derive concepts and build explanations that answered the research questions and connected empirical findings to theory (Braun & Clarke, 2016; Nicmanis, 2024; Naeem & Ozuem, 2022).

#### **4.8.7 Research Ethics**

Ethical clearance and written informed consent were foundational to this study because they respected participant autonomy and protected confidentiality, both of which are core principles qualitative research ethics (Saunders & Lewis, 2017). Obtaining clearance from an accredited institutional review board ensured that all ethical considerations, such as voluntary participation, anonymity and data security, were formally reviewed and upheld. Participant consent, collected through signed letters, demonstrated respect for individuals' rights and enabled honest, voluntary contributions. Secure data storage for at least ten years preserved research integrity and allowed for potential auditing, which upholds transparency and research accountability. Each of these steps is essential to protect participants from harm, foster public trust and reinforce the credibility and ethical merit of qualitative research.

#### **4.8.8 Quality Controls**

Validity: This was ensured by directly linking all data collection instruments to the study's aims and research questions. By matching methods and instruments to specific phenomena, the results are more likely to authentically represent the

constructs under investigation. Using clearly defined protocols, refining questions via piloting and employing systematic data preparation all ensured that the study measured the intended phenomena accurately (Nassaji, 2020).

**Reliability:** This was supported by establishing clear, replicable processes for data collection, preparation and coding. Consistency was achieved by following interviewer best practice, protocol standardisation and detailed record-keeping.

Reliability in qualitative research also means maintaining transparency in all procedures, allowing the study to be evaluated or replicated with confidence. This minimises the influence of accidental error and ensures the findings truly reflect the conditions under which the data were collected (Saunders & Lewis, 2017).

**Bias:** Proactive steps we taken to recognise and minimise bias. Researcher reflexivity, piloting and routine debriefing all aimed to separate data interpretation from personal preconceptions. Bias was further reduced by cross-checking codes with a supervisor and leveraging member checks, ensuring finding rested on participant perspectives rather than researcher expectations. Managing bias in this way supports fairness and trustworthiness in the research findings (Nassaji, 2020; Saunders & Lewis, 2017).

**Credibility:** This was promoted credibility by ensuring the data collection allowed for deep, participant-driven reflection and triangulated perspectives from different roles and banks. Prolonged engagement and member checks heightened confidence that findings accurately reflected participant realities. Coding rigour, transparent documentation and external review further certified the believability of results (Nassaji, 2020).

**Transferability:** This was defended by the use of purposive sampling to select highly relevant participants and by providing thick, contextualised descriptions of the research setting and insights. This allowed others to judge the potential for application to new contexts, reinforcing the study's usefulness and generalisability (Nassaji, 2020).

**Dependability:** This was ensured by creating an audit trail (systematic documentation of process, field notes and memos) and upholding consistency in

coding and analytic procedures. In qualitative research, dependability replaces simple repeatability with documentation that allows others to evaluate the robustness and reliability of each analytic step (Nassaji, 2020).

**Confirmability:** This was protected by rigorous transcription, retention of all original data and maintaining findings grounded in recorded and transcribed participant views. By systematically documenting the analytic process, confirming with original records and external audit, the findings could be verified as arising from participant accounts rather than researcher bias or interpretation alone (Nassaji, 2020).

This deliberate ethical and methodological rigor ensures the trustworthiness and scientific merit of your study, aligning with best practices and scholarly consensus on qualitative research.

#### **4.8.9 Limitations**

This study is subject to several important limitations, which should be considered when interpreting the findings.

1. **Scope and Generalisability:** The scope of the research is confined to the South African banking industry. As such, the results may not be generalisable to other sectors or geographic contexts and caution should be exercised before extending these insights beyond the specific population studied.
2. **Reliance on Participant Accounts:** The qualitative approach relies on the openness, honesty and transparency of interviewees. While steps were taken to foster candid dialogue, there remains an inherent assumption that participants provided truthful and comprehensive accounts. Any degree of social desirability bias, self-censorship or reluctance to disclose sensitive information may have influenced the depth and validity of the data.
3. **Variation in Data Collection:** While most data were collected through in-depth, semi-structured interviews, one participant submitted a written response rather than participating in a live interview. This variation reduced the opportunity for probing follow-up questions and real-time clarification;

potentially limiting the richness and nuance of data obtained from that individual compared to the rest of the sample.

4. **Sample Size:** The final participant pool comprised only eight individuals, rather than the originally targeted twelve. The smaller sample may limit the breadth of insights and reduce the likelihood that findings are fully representative of the broader leadership population in South African banking. As a result, conclusions drawn should be interpreted with caution and recognised as context-specific rather than universally applicable.
5. **Single-Method Approach:** Only one method of data collection, semi-structured interviews, was employed. While this approach allows for in-depth exploration of participant perspectives, the absence of multiple data sources (such as document analysis or focus groups) restricts triangulation and may introduce a degree of methodological bias. Nonetheless, the use of a single method was pragmatic decision given the time and resource constraints of the study.
6. **Inherent Subjectivity:** As with all qualitative research, the findings reflect a particular moment in time and subjective interpretations of both participants and the researcher.

These limitations underscore the need for further research, ideally employing multiple methods and investigating additional contexts, to build a more comprehensive understanding of the dynamics explored in this study.

Having established the methodological foundations of the study, Chapter 4 demonstrated how an interpretivist, inductive, phenomenological design enabled the exploration of leaders' lived experiences of diversity and innovation within South African banks. Chapter 5 now turns to the presentation and analysis of the empirical findings that emerged from the thematic analysis of interview data. The discussion is structured around three core research questions, tracing how participants' perspectives collectively reveal the relationship between leadership diversity, product relevance, innovation outcomes and creation of shared value. Through this analysis, the chapter begins to connect the empirical insights with the theoretical framework developed in chapter 2.

## Chapter 5 – Data Analysis and Findings

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### 5.1 Introduction

This chapter presents the findings obtained from semi-structured interviews with leaders involved in product strategy, delivery, and governance within corporate South Africa. The chapter aims to analyse how leadership composition and lived experience shape the work of conceiving, prioritising, and executing new products in a high-context organisational environment. In doing so, the chapter moves beyond abstract debate to provide an empirically grounded account of the mechanisms through which diversity, representation, and organisational politics influence outcomes of interest to the firm and society.

The analysis is organised around three research questions that guided this inquiry:

1. How does leadership diversity influence the success of new product development?
2. In what ways do observable leadership diversity traits (race and gender) impact product development decisions?
3. How does the representation of the target market in leadership influence commercial success, innovation quality, and shared value?

The chapter is structured in three parts. First, an overview of the participant sample and organisational context establishes the relevance and sufficiency of the evidence. Second, the findings are presented in sections aligned to the research questions, with each section blending themes and subthemes and incorporating verbatim participant quotations to back up claims. Finally, the chapter closes with a concise summary of the findings to foreground the cross-cutting implications that are discussed in Chapter 6.

### 5.2 Overview of the Sample

The sample overview provides information on the extent of the data, the relevance of the sample, and the alignment of the empirical data with the study objectives. A total of 50 initial codes were extracted from the eight documents. These were then

refined and consolidated into 28 unique codes, which ultimately formed nine subthemes and six themes.

### 5.2.1 Summary of the Interviews

A total of eight semi-structured interviews were conducted to gather qualitative data. The duration of the interviews ranged from 45 to 60 minutes for seven participants; one provided written responses. The combined duration of all interviews was approximately 375 minutes. On average, each interview lasted about 54 minutes for the seven interviews, with one providing written responses. The longest interview lasted 60 minutes, and the shortest lasted 45 minutes (Table 1). This composition offers comprehensive insight into how products are conceived, prioritised, executed, and positioned in the retail banking context of South Africa.

**Table 1: Summary of interviews**

| Description          |          |
|----------------------|----------|
| Number of Interviews | 7        |
| Duration             | 375 mins |
| Average interview    | 54 mins  |
| Longest interview    | 60 mins  |
| Shortest interview   | 45 mins  |

### 5.2.2 Relevance of the Sample

The study subset reported here comprises eight senior and executive leaders (P1–P8) drawn from four listed South African banks (Table 2). Participants represented a variety of banks (Bank A, Bank B, Bank C, and Bank D) and held various roles, including Scrum Master, Senior Product Manager, Lead Product Owner, Head of Mass-Market Segment, and Executive: Savings & Investment. Their roles spanned several functional areas, such as end-to-end product delivery, retail banking, transactional banking, savings and investment, and marketing. The details show that the participants span the value chain, strategy and portfolio governance (P6–P7), segment leadership (P3), product management and ownership (P2, P4–P5), delivery

(P1) and go-to-market (P8) with experience ranging from 10+ to 20+ years (most 15+).

The group includes five women and three men, all African, enabling the examination of target market representation in decision-making. Institutional coverage is concentrated in Bank B (four participants), with additional perspectives from Banks C (two), A, and D.

**Table 2: Profile of Participants**

| ID | Gender | Race    | Years of experience | Employer                   | Role / Scope                       | Segment / Focus                                   | Responsibilities (summary)                                                                                                        |
|----|--------|---------|---------------------|----------------------------|------------------------------------|---------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|
| P1 | Female | African | 15+                 | Bank A<br>(listed SA bank) | Scrum Master (senior)              | End-to-end product delivery                       | Leads agile delivery from ideation to execution; extensive NPD project experience; bank positioned to serve underbanked/unbanked. |
| P2 | Female | African | 15+                 | Bank B                     | Senior Product Manager (Retail)    | Overdraft; Retail Banking (Entry-level → Private) | Manages/enhances existing products and creates new ones; launches across all retail segments.                                     |
| P3 | Male   | African | 10+                 | Bank C                     | Head of Mass-Market Segment        | Mass market                                       | Owns segment value proposition; guides what to build and how; positions offerings in market.                                      |
| P4 | Female | African | 20+                 | Bank B                     | Lead Product Owner (Transactional) | Transactional banking                             | Delivers enhancements and NPD; collaborates with PMs to track needs/trends; prior CVM lens.                                       |
| P5 | Male   | African | 15+                 | Bank B                     | Senior Product Manager (Retail)    | Retail transactional banking                      | Manages product fit and enhancements; conducts customer research; owns P&L.                                                       |
| P6 | Male   | African | 15+                 | Bank B                     | Executive, Savings & Investment    | Savings & Investment                              | Sets strategy; owns P&L; portfolio/NPD prioritisation; decides segment targeting and delivery approach.                           |
| P7 | Female | African | 20+                 | Bank C                     | Executive, Savings & Investment    | Savings & Investment                              | Strategy and P&L ownership; product/segment design choices; portfolio governance.                                                 |

|    |        |         |     |        |                        |         |                                                                                          |
|----|--------|---------|-----|--------|------------------------|---------|------------------------------------------------------------------------------------------|
| P8 | Female | African | 20+ | Bank D | Marketing<br>Executive | Digital | Supports on client research initiatives. Sets marketing and product positioning strategy |
|----|--------|---------|-----|--------|------------------------|---------|------------------------------------------------------------------------------------------|

### 5.2.3 Relevance of the Empirical Data

Visualisation of the most frequent terms in interview transcripts with senior/executive leaders of four listed banks (Figure 1). The dominance of product, leadership, diversity/representation, and banking aligns with the focus of the study, while the outcome terms commercial, value, success and process terms development, research, and management signal an end-to-end view of product development. Context markers (South African, retail, savings, credit) ground the analysis, and the presence of lived/experiences reflects findings that embodied knowledge complements formal research in shaping innovation quality and shared value outcomes.



**Figure 1: Word cloud of interview transcripts**

### 5.3 Success as an Outcome of Executive Power and Political Alignment

The first research question aimed to investigate how the composition of the leadership influences the success of product development. The research question can be recapitulated as follows:

*RQ1. How does leadership diversity influence the success of new product development?*

Analysis of the interview data generated nine codes, which were organised into four subthemes and subsequently synthesised into two themes. The first theme, *navigating hierarchy and the political landscape*, captures how hierarchical power dynamics and internal competition shape product decision-making processes. Participants described decision-making as a 'bureaucratic exercise', often driven by executives and internal politics. The second theme, *strategic drivers and performance legitimacy*, reflects how leadership approval and perceived performance credibility determine which initiatives succeed. Together, these themes illustrate the complex intersection of power, strategy, and legitimacy within the banking environment (Table 3).

**Table 3: Success as an Outcome of Executive Power and Political Alignment**

| Codes                                                                                                                                                                                                                                              | Subtheme                                          | Theme                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|--------------------------------------------------|
| <ul style="list-style-type: none"> <li>Executive Mandate</li> <li>Ideas sanctioned by a high-level executive.</li> <li>The process is described as a 'very bureaucratic exercise.'</li> <li>Success is defined by 'the powers that be.'</li> </ul> | Hierarchical power dynamics                       | Navigating Hierarchy and the Political Landscape |
|                                                                                                                                                                                                                                                    | Inter-executive competition and priority conflict |                                                  |
|                                                                                                                                                                                                                                                    | Strategic alignment for success                   | Strategic Drivers and Performance Legitimacy     |
| <ul style="list-style-type: none"> <li>Internal competition</li> <li>Leadership groups</li> <li>Difficulty in collaborating and</li> </ul>                                                                                                         | Diversity and Performance Legitimacy              |                                                  |

|                                                                                                                                                                                                                                       |  |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|
| agreeing on a unified product priority list.<br><ul style="list-style-type: none"> <li>• Prioritisation based on 'he who speaks the loudest, who shouts the loudest.'</li> <li>• Product selection involves 'politicking.'</li> </ul> |  |  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|

The four subthemes were identified throughout the dataset, each supported by three of the eight participants (Table 4).

**Table 4: Frequency table for sub-themes related to research question 1**

| Subtheme                                          | Number of participant references (mentions) | Frequency Score |
|---------------------------------------------------|---------------------------------------------|-----------------|
| Hierarchical Power Dynamics                       | P1, P5, P8 (3)                              | 3 of 8          |
| Inter-Executive Competition and Priority Conflict | P3, P4, P6 (3)                              | 3 of 8          |
| Strategic Alignment for Success                   | P1, P5, P7 (3)                              | 3 of 8          |
| Diversity and Performance Legitimacy              | P3, P4, P8 (3)                              | 3 of 8          |

### 5.3.1 Hierarchical Power Dynamics

The participants stated that the character of success was contingent on executive endorsement. Participant 1 delivery lead, resistance at midlevels often dissolves once a respected executive signals support: 'the same people... start buying into the concept once the executive says the same thing' (P1). Participant 5 called the process a 'bureaucratic exercise' requiring 'buy-in... from the powers that be' (P5), where the strategy is 'defined first before it goes to everyone on the ground' (P8). In short, ideas, however compelling, move at the speed of sponsorship. The first subtheme, *hierarchical power dynamics*, reflects the top-down nature of decision-making, where executive approval determines which initiatives progress. Participants

emphasised that decision processes were 'very bureaucratic' and heavily influenced by 'the powers that be'.

"So when it's just you pitching a concept... when you go into a session with... Your executive is saying the same thing, but coming from him, the very same people who were not buying into the concept before they start buying into the concept." (P1)

"I think it's actually quite important. The reason for this is that, you know, in any kind of organisation, especially one of this size, for lack of a better description, it's a very bureaucratic exercise. So it needs to get buy-in from a number of departments, from the risk perspective, from the compliance, from the powers that be, for anything to actually move forward." (P5)

"Leadership composition was a significant factor. Before we have the teams in the different departments, we will start the project management journey. As leaders, it is defined by them first before it goes to everyone on the ground. The empathy for the everyday financial struggles of our segment informed the decision of an RF to help customers." (P8)

### **5.3.2 Inter-Executive Competition and Priority Conflict**

Participants also described leadership forums as crowded and political. Participant 3 observed and stated that 'large groups of heads of heads' struggled 'to agree on what priority it is, which raises competition from a leadership perspective' (P3). Participant 4 summarised the prevailing dynamic concisely: 'He who... shouts the loudest, gets priority' (P4). Participant 6 stated the character of some leaders, stating, 'Because some of these stakeholders are not as forgiving or patient.' (P6); Pushing leaders toward harder-edged tactics to secure immediate backing. Taken together, these accounts suggest that while formal criteria exist, outcomes frequently hinge on rhetorical force and the coalitions leaders can assemble.

"But sometimes when you have large groups of heads of heads who are all driving different strategies and different agendas, it becomes very difficult to agree on what priority it is, even if it means a specific leader won't get their priority on the board, and that becomes difficult. So it also kind of raises competition from a leadership perspective." (P3)

"Sometimes we don't really. It's he who speaks the loudest, who shouts the loudest, who gets priority. Sometimes it's just that, and sometimes there's a bit of politicking there. So that's how we decide on what we're going to put first." (P4)

"Yeah, in an ideal world, I agree with you 100%. The reality is there's a reason why things are like that, right? Because some of these stakeholders are not as forgiving or patient, right? It's. But the reality is if you're going to look for something more sustainable, it definitely has to be over the long term, and societal benefit is something that takes much, much longer for it to eventually come back as a commercial benefit..." (P6)

The second subtheme, *inter-executive competition and priority conflict*, highlights how competing leadership agendas and internal rivalries shape project prioritisation, often resulting in misalignment and resource tension. A participant noted that the selection of products often depended on 'who shouts the loudest', underscoring the influence of internal politics.

### 5.3.3 Strategic Alignment for Success

To reduce duplication and clarify ownership, several banks moved toward tribe-like structures.

Participant 1 traced the change to a 'formation of tribes... driven from the top' to ensure 'no duplication of effort' between business units (P1). Participants also emphasised the cognitive benefits of diverse leadership. Participant 5 states that 'divergent thinking is actually what keeps you relevant and what keeps you in tune, what keeps you relevant and in tune' (P5). Participant 7 alluded to the benefit of having young talent and stated: 'While combining different experiences, perspectives with context were said to produce 'fresh... ideas' and, at times, 'killer solutions' (P7). The third subtheme, *Strategic alignment for success*, emphasises that securing executive support is perceived as essential for organisational progress. Participants associated successful implementation with visible alignment to senior leadership objectives rather than a market-driven rationale.

"So the restructuring is for the best execution of ideas, which has led to the formation of tribes, which has been driven from the top. This is to make sure that there is no

duplication of effort between the business units, and every product is owned by a single unit that will then have the full mandate to see the project through to execution." (P1)

"I think that's actually, when you look at it, divergent thinking is actually what keeps you relevant and what keeps you on tune, and what's going on in the market, because if you only have one side of the coin, you will only look at one side of the problem. And you will never solve the broader market need. So I think that's why diversity in thinking and diversity in just general representation is very important, because it allows you to solve for a bigger market need than just the one you are exposed to." (P5)

"So I think for me, leadership diversity and product development go hand in hand because you've got different experiences, you've got different perspectives. And I think when you overlay those with context, that gives you the fresh perspective, fresh ideas, and you are, you know, overlaying them with... context, and it sort of gives you these killer solutions. That ultimately, you know, makes you win or makes you relevant." (P7)

#### **5.3.4 Diversity and Performance Legitimacy**

Transformation policies amplify the expectations of newly appointed diverse leaders. The sense of need, as participant 3 noted, 'to... prove yourself' and 'runs on their scoreboards quickly'. (P3). Participant 4 cautioned that this pressure can lead some to 'inflate what their feature is going to bring' in business cases (P4). The participant poignantly states: 'Representation... age, gender, and culture in leadership would... anticipate its broader customer needs and encourage greater inclusivity.' (P8). Diversity thus operates in a loop of legitimacy and delivery: it can broaden what is proposed and who is persuaded while also heightening scrutiny on outcomes. Finally, *diversity and performance legitimacy* describe how representation, experience, and perceived credibility influence the ideas that gain traction, revealing implicit hierarchies of legitimacy within decision-making structures.

"When you start introducing, let's say, diverse leaders into a team, they have this pressure to kind of prove themselves and a tendency to prioritise quick wins to

quickly have some runs on their scoreboards quickly... so they tend to inflate what their feature is going to bring to the table." (P3)

"More diversity in it may have expanded Connect SIM bundles to include family options, or maybe student deals. Increased representation along lines of age, gender and culture in leadership would have seen the company anticipate its broader customer needs and encourage greater inclusivity." (P8)

In summary, the analysis of the interview data revealed interrelated subthemes illustrating how success in product development and delivery is shaped by executive power, political alignment, and strategic legitimacy within the banking sector. As shown in Figure 2, four subthemes—hierarchical power dynamics, inter-executive competition and priority conflict, strategic alignment for success, and diversity and performance legitimacy—collectively explain how organisational politics and leadership influence strategic outcomes.

The participants narrated that leadership diversity broadens the passage of viable ideas and the constituencies that can be mobilised around them. Yet, the success of new product development is ultimately adjudicated within hierarchical arenas where executive sponsorship and structural coherence determine momentum. When diverse leaders are embedded in clear structures (eg, tribes) and paired with accountable sponsors, participants reported faster alignment, fewer duplicates, and more contextually grounded products. Conversely, diversity without sponsorship or sponsorship without structure leaves promising concepts vulnerable to forum politics and priority churn. Collectively, these subthemes converge into two overarching themes: (1) *Navigating hierarchy and the political landscape*, and (2) *Strategic drivers and performance legitimacy*. These themes emphasise that success is less about product innovation itself and more about aligning with institutional power structures. The thematic map, therefore, conceptualises success as an outcome of executive power and political alignment, highlighting the reciprocal associations between power, strategy, and legitimacy in shaping decision-making processes across financial institutions.

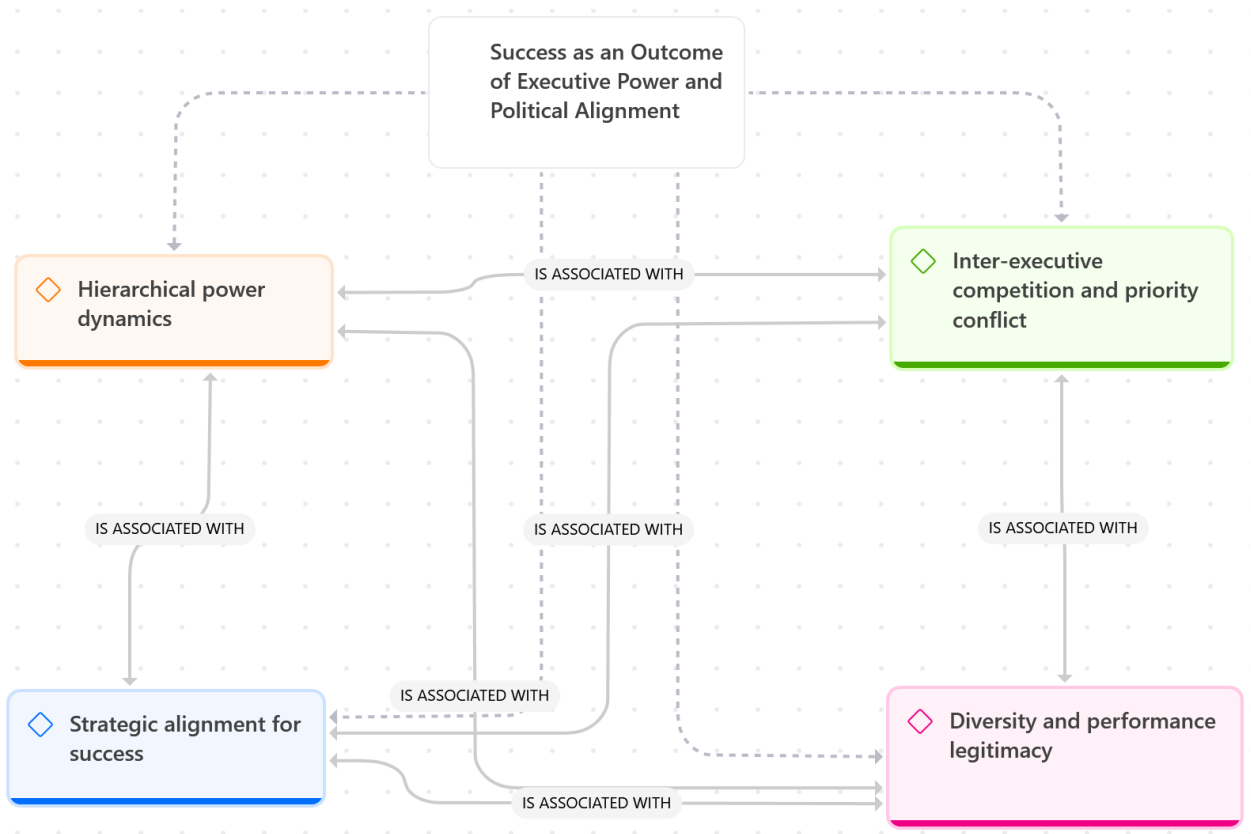


**Figure 2: Thematic map on Success as an Outcome of Executive Power and Political Alignment**

#### 5.4 Execution through Negotiation and Covert Action

The second research question aimed to investigate how the observable composition of the leadership (race and gender) impacts product development decisions. The research question can be recapitulated as follows:

*RQ2. In what ways do observable leadership diversity traits (race and gender) impact product development decisions?*

The analysis of eight participant interviews produced eight unique codes, which were organised into three subthemes and integrated into a single overarching theme. *The role of bias and informal influence* (Table 5).

**Table 5: Execution via Negotiation and Covert Action**

| <b>Codes</b>                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Subthemes</b>                                              | <b>Themes</b>                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------|-----------------------------------------|
| <ul style="list-style-type: none"> <li>• Top-Down Reorganisation for</li> <li>• Strategy is 'driven from the top.'</li> <li>• Value of divergent thinking.</li> <li>• Need for a fresh perspective,</li> <li>• Performance Pressure on Newly Appointed Diverse Leaders</li> <li>• Need for diverse leaders</li> <li>• Pressure linked to transformation</li> <li>• Tendency to 'inflate what their feature is going to bring to the table.'</li> </ul> | Diversity as a Strategic Consideration in Resource Allocation | The Role of Bias and Informal Influence |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Covert action and coalition-building                          |                                         |
|                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Cross-functional resource negotiation                         |                                         |

Three subthemes were identified under the broader theme of the role of bias and informal influence. Three participants discussed diversity as a strategic consideration in resource allocation, which highlighted how diversity and transformation initiatives influence leadership appointments and perceived legitimacy. Two participants noted covert action and coalition building, emphasising the importance of informal alliances and behind-the-scenes negotiations in shaping strategic decisions. Similarly, the negotiation of cross-functional resources emerged from two participants, reflecting the competitive nature of securing organisational support between departments (Table 6).

**Table 6: Frequency table for sub-themes related to research question 2**

| Subtheme                                                      | Number of participant references (mentions) | Frequency Score |
|---------------------------------------------------------------|---------------------------------------------|-----------------|
| Diversity as a Strategic Consideration in Resource Allocation | P3, P4, P5 (3)                              | 3 of 8          |
| Covert action and coalition-building                          | P3, P4 (2)                                  | 2 of 8          |
| Cross-functional resource negotiation                         | P2, P4 (2)                                  | 2 of 8          |

#### **5.4.1 Execution Through Negotiation and Covert Action**

Participants described execution as a relationship-intensive process that unfolds alongside, and sometimes outside, formal hierarchies. Instead of relying on positional authority, leaders advanced new product work through negotiation, identity-based access, and discreet coalition-building approaches that secured resources, reduced resistance, and kept programmes moving under constraint.

#### **5.4.2 Diversity as a Strategic Consideration in Resource Allocation**

The participants argued that while diversity is there, it is not number one when compared with commercial metrics (P3). Participant 3 stated: 'As a variable, it is there, but maybe in a hierarchy of variables it is not number one'. Participant 5 stated that decision makers tend to prefer diversity: 'The powers that be for anything to actually move forward are based on the composition or diversity of it' (P8). In one instance, a 'lack of diversity' became a 'hurdle' to adoption (P5).

Participant 4 was open about the limits of the human body. 'At some level we are human... There is some level of bias that we would have (P4). The implication is not that diversity displaces metrics, but that it silently calibrates what counts as credible, legible, and worth the risk.

"It's the nature of things that they're just easier to understand, and so when it comes to prioritising, it's not a soft variable like diversity that becomes the number one thing

|                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| to prioritise. It's the bottom line. It's the return on equity. It's things that are really hard that can be measured." (P3)                                                                                                                                                                                                                                                                                    |
| "Leadership composition was a significant factor before we had the teams in the different departments to start the project management journey. As leaders, it is defined by them first before it goes to everyone on the ground. The empathy for the everyday financial struggles of our segment informed the decision of an RF to help customers." (P8)                                                        |
| "I think that's why diversity in thinking and diversity in just general representation is very important, because it allows you to solve for a bigger market need than just the one you are exposed to. Because if you lack diversity, you are likely to have things that just become a hurdle for adoption, and people are not buying into it because they do not feel like that product speaks to them." (P5) |

### 5.4.3 Covert Action and Coalition Building

Because overt contestation could trigger backlash from some senior figures, as Participant 4 noted, 'don't like being challenged' (P4). Therefore, leaders advanced their work through discreet sequencing of conversations, informal testing of ideas, and reciprocal exchanges of support. Participant 3 observed that identity-based access often opened the first door. ('You are Xhosa, I am Xhosa,' which made it 'easier... to get in' [P3]), after which leaders would quietly 'negotiate for the skills and people' needed to move a proposal forward despite 'slashed' budgets (P4) and the fact that the teams 'did not have a mandate to touch the resources' controlled by other units (P2). In this mode, an 'inclusive leadership style' proved instrumental in accumulating 'small favours' that convert interpersonal goodwill into operational capacity (P4), without provoking status threats or formal vetoes.

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| "I think that's why it's so important to have a good working relationship with those people, because sometimes those people don't like being challenged. You know, they are used to this, you know, the way that things are done is this way, and this is the way that we're going to be doing it. But then you have to come with a different viewpoint that says, 'Actually, in the market, this is what the customer wants,' but then they don't like being challenged." (P4) |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>"I think that's why it is so important, because you could have a very good, good relationship with people and that good relationship can be informed by... you're Xhosa. I'm Xhosa. We speak the same language. We come from the same geographical area. So it becomes easier sometimes to get in through some of the features and through some of the products." (P3)</p>                                                                                                                                                                    |
| <p>"And, you know, when you have a big team, a huge team, that's not being done in your own business unit, but you're having to negotiate for the skills and the people that you're going to be using to make sure that whatever that you're saying is being done and especially when Budget has been slashed so many times, you know, where you've got this beautiful concept, but then you're told, 'But you don't have the budget for that,' you have to go back to the drawing board to see how you're going to still get it done." (P4)</p> |
| <p>"Because I also don't have the mandate to touch the resources and the other business units. So I always say you have to have a good relationship with the other business units to be able to get small favours from them, to get your project." (P2)</p>                                                                                                                                                                                                                                                                                      |
| <p>"And that's why, you know, it's always important to have that inclusive leadership style because you need to rely on people outside of your business unit. You need to rely on people outside of your direct team to be able to get those small favours that's going to allow you to convert that interpersonal goodwill into operational capacity and to be able to execute on your beautiful ideas that you've put on paper." (P4)</p>                                                                                                      |

In this way, negotiation and quiet coalition building functioned as the execution engine: they reconfigured access, assembled resources across organisational boundaries, and created a viable pathway for new product efforts amid fiscal and political constraints.

#### **5.4.4 Cross-Functional Resource Negotiation**

Resource authority was dispersed across business units, limiting direct control from product teams. As Participant 2 noted, the product teams 'did not have a mandate to touch the resources' in other domains (P2). Therefore, progress depended on lateral influence, and leaders needed to 'negotiate for skills and people while operating

under slashed budgets' (P4). Participant 4 considered an 'inclusive leadership style' to be the key to mobilising cooperation and accumulating small favours that sustained momentum (P4).

Figure 3 illustrates how subthemes within the role of bias and informal influence interrelate to explain the execution process in politically complex environments. The map shows that execution occurs through negotiation and covert action, supported by three interlinked subthemes: diversity as a strategic consideration in resource allocation, covert action and coalition building, and cross-functional resource negotiation.

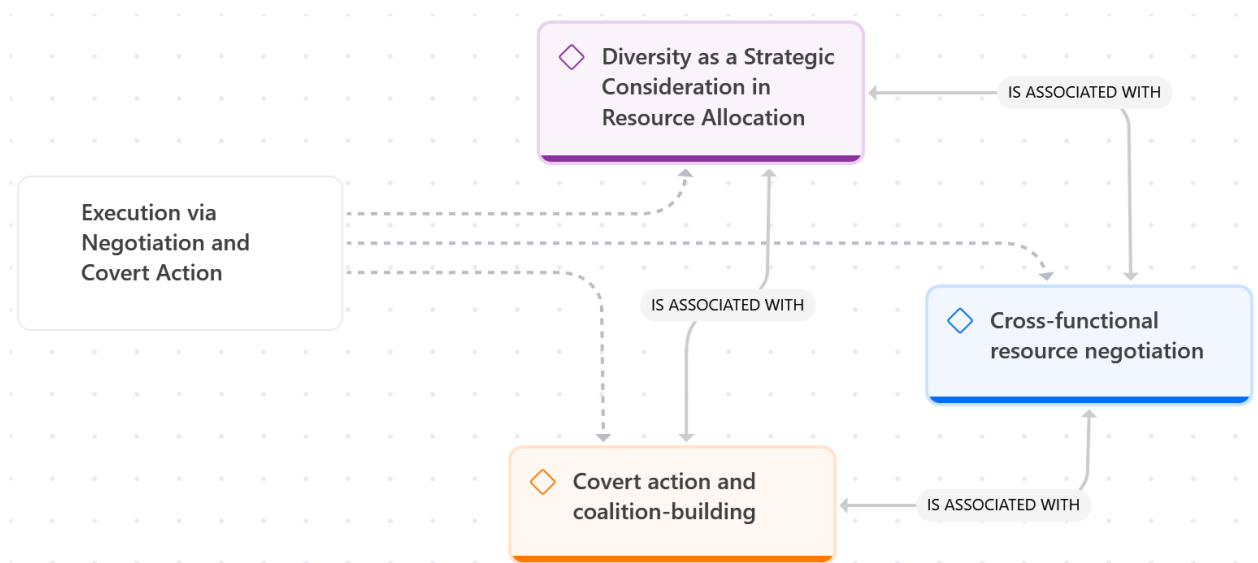


**Figure 3: Execution via Negotiation and Covert Action**

The findings of RQ2 show that observable leadership diversity (race and gender) shapes product development through execution mechanisms rather than formal authority. Diversity does not displace commercial metrics; instead, it conditions credibility and access, influencing who is heard first, which proposals appear de-risked, and how quickly coalitions form across silos. In high-context settings where an overt challenge can trigger resistance, leaders rely on identity-mediated access, discreet sequencing of conversations, and reciprocal 'small favours'. These practices convert interpersonal goodwill into operational capacity, enabling progress despite dispersed resource control and budget constraints. Three mechanisms carry the effect. First, the strategic consideration of the team composition quietly calibrates the confidence of the gatekeepers in the proposals, especially when the evidence is

ambiguous. Second, covert action and coalition building provide low-threat pathways for ideas to travel, opening doors via shared identity, testing concepts informally, and assembling the capabilities needed for delivery without provoking formal vetoes. Third, cross-functional resource negotiation translates inclusionary leadership behaviours into tangible input skills, people, and time required to execute. Together, diversity functions as a trust and coordination asset in the messy middle of execution.

## 5.5 Lived Experience and Relevance to the Product

The third research question aimed to investigate how the target-market representation in leadership influences commercial success, innovation quality, and share value. The research question can be recapitulated as follows:

*RQ3 How does the representation of the target market in leadership influence commercial success, innovation quality, and shared value?*

Analysis of interview data produced nine unique codes, which were conceptually clustered into three subthemes and then synthesised into two overarching themes. The three subthemes were lived experience as a catalyst for advocacy, lived knowledge as a complement to formal research, and shared value as an integrated but weakly enforced goal (Table 7).

**Table 7: Lived Experience and Product Relevance**

| Research Question                                                                                                                                                                                                                                   | Subthemes                                          | Themes                                 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|----------------------------------------|
| <ul style="list-style-type: none"> <li>Diversity as a Soft Variable in Prioritisation.</li> <li>Diversity is 'not number one' in the hierarchy of decision variables.</li> <li>Bias towards things that are 'a lot more understandable.'</li> </ul> | Lived experience as a catalyst for advocacy        | Lived Experience and Product Relevance |
|                                                                                                                                                                                                                                                     | Lived Knowledge as a complement to formal research |                                        |
|                                                                                                                                                                                                                                                     |                                                    |                                        |

| Research Question                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Subthemes                                                                                                                   | Themes                                                                                  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>• Lack of diversity cited as a 'hurdle' in product adoption.</li> <li>• Informal/Covert Decision-Making.</li> <li>• Decisions happen 'behind the scenes.'</li> <li>• Products delivered 'regardless of the beautiful priority board.'</li> <li>• Rhetorical strength and loudest voice determine execution.</li> <li>• Cross-Functional Resource Negotiation.</li> <li>• Lack of a 'mandate to touch the resources and other business units.'</li> <li>• Need for an 'inclusive leadership style' to get 'small favours.'</li> </ul> | <p>Shared value as an integrated but weakly enforced goal</p> <p>Shared value as an integrated but weakly enforced goal</p> | <p>The Secondary Status of Shared Value</p> <p>The Secondary Status of Shared Value</p> |

Three key subthemes emerged from the responses of the participants (N = 8). Five of the eight participants (P3, P4, P5, P7, P8) identified the lived experience as a catalyst for advocacy in the sample. Similarly, five participants referenced lived knowledge as a complement to formal research (P3, P4, P6, P7). Finally, the shared value as an integrated but weakly enforced goal was mentioned by three participants (P3, P5, P8) (Table 8).

**Table 8: Frequency table for sub-themes related to research question 3**

| Subtheme                                               | Number of participant references (mentions) | Frequency Score |
|--------------------------------------------------------|---------------------------------------------|-----------------|
| Lived experience as a catalyst for advocacy            | P3, P4, P5, P7, P8 (5)                      | 5 of 8          |
| Lived Knowledge as a complement to formal research     | 5 (P3, P4, P6, P7)                          | 5 of 8          |
| Shared value as an integrated but weakly enforced goal | P3, P5, P8 (3)                              | 3 of 8          |

### 5.5.1 Experience as a Catalyst for Advocacy

Participants offered vivid illustrations of how lived experience functions as anticipatory intelligence. Participant 3 described a colleague with township ties who keeps 'reminding me and fighting with me' because she has 'skin in the game' (P3). Participant 8 noted that leaders with exposure to younger and working-class users pushed for 'low-cost, app-driven bundles' (P8).

Everyday realities shaped the design logic, avoiding a conspicuous 'Fidelity truck' outside of one's home (P5) or understanding the trade-offs of spending the 'last 10 Rand... in a taxi' (P4). Participants also stressed that inclusion in decision forums matters operationally, not just symbolically; as Participant 1 stated, when risk and compliance were left out, they created 'noise, but when included alongside execution... business representatives, change management, [and] HC', the alignment improved (P1). The lived experience thus reduces cultural blind spots and surfaces risks early, saving cost and time downstream.

"So I'm working with a lady who lives in a township, and she's got skin in the game. And she's constantly reminding me and fighting with me on things. She said, 'If you're going to put that price point, then you clearly don't understand that these people are struggling with the ten rand taxi fare.' And because she is a participant in that segment, that argument is very much valid." (P3)

"Yes. The argument for the low-cost, app-driven bundles were pushed by leaders who have exposure to younger and working-class customers with FNB Connect

SIM. This made the product well-positioned and competitive against legacy mobile operators." (P8)

"The same way that a low-income person would not want to have a Fidelity truck sitting outside my property because then people know I have money, and that, you know, could have consequences for them. They would also not want to have a product that, you know, is supposed to solve their problem, but actually creates another problem for them." (P5)

"And that's why, you know, research helps us get so far. But if you don't know where you come from and have some kind of understanding of what the customer feels, for instance, when they have to take their last 10 Rand and get into a taxi... It's difficult for you to build products that are going to speak to them." (P4)

### 5.5.2 Lived Knowledge as a Complement to Formal Research

Participants framed user understanding as a hybrid of evidence and embodied perspective. As P4 put it, 'research helps us get so far, but there is an element of knowing where you come from and having some sort of real understanding of what the customer feels' (P4), positioning lived experience as the interpretive layer that turns data into insight. Participant 6 extended this to the breadth of the portfolio, emphasising the value of 'different perspectives in different segments, in different cultures, even what is common in them... you can only identify commonalities' (P6). At the same time, Participant 3 cautioned against extrapolating a 'segment of one' into a market generalisation (P3). Leadership appointments reflected this balance: some successful mass-market businesses were led by executives who were 'very strict with research and insight', even without direct lived experience of that segment (P3), while Participant 7 urged leaders on: 'put a face to the shareholder... that nurse... that policeman' to keep purpose visible in trade-offs (P7). While lived experience and rigorous evidence improve product fit, without scorecard parity, social outcomes remain structurally subordinate to commercial targets.

"And that's why, you know, research helps us get so far. But if you don't know where you come from and have some kind of understanding of what the customer feels, for instance, when they have to take their last 10 Rand and get into a taxi, it's difficult for you to build products that are going to speak to them." (P4)

"The reality is that you are serving different perspectives in different segments, in different cultures, even what is common in them. If you don't have diversity around the table, you will solve for that one segment, and you won't realise that you can only identify commonalities if you have different people in that space." (P6)

"The greatest risk is to take your single lived experience and mistake it for customer insight... that is the danger of putting a diverse person at the table because then they're just going to solve for their segment of one problem... We must make sure that it's not a segment of one problem... Research only helps so far." (P3)

"But that's why, at some point, you need to put a face to the shareholder. The shareholder is not just this white man sitting somewhere, you know, on a cruise ship. The shareholder is that nurse, that policeman, that teacher who is sitting somewhere in the rural areas. That is the shareholder that you are solving for. So, you need to keep that purpose visible in all your trade-offs." (P7)

### **5.5.3 Shared Value as an Integrated but Weakly Enforced Goal**

Participants indicated that social outcomes are inconsistently embedded in performance systems. Participant 3 stated that Corporate Social Investment is 'not on the scorecard' of every unit and is often treated as a 'byproduct of our main [pursuit, that is, profit]' (P3). Participant 8 concurred: 'Commercial ways come first... The social part is... an afterthought,' even when products aim at 'financial inclusion' (P8). Absent parity in measurement and incentives, the shared value remains structurally subordinate to commercial targets.

"It's almost, you know, a byproduct of our main [pursuit, i.e., profit]. Corporate social investment is definitely not in the scorecard. I don't know if every business unit is thinking about what we've been able to give back to our people every day." (P3)

"It's all about profitability, which is why the social mandate is often a byproduct. However, some product positioning is directly linked to financial inclusion, like our RF product, which is often positioned as an accessible tool to help customers start their financial journey." (P8)

Across the dataset, representation mattered as a work mechanism that shaped how problems were framed, how solutions were designed, and how decisions travelled through the organisation. The thematic map that summarises the findings of research question 3 is presented in Figure 4. First, lived experience operated as anticipatory intelligence, sharpening product-market fit and speeding execution. Proximity to everyday realities, price sensitivity, safety, and stigma, mobility constraints translated into concrete design and go-to-market choices (e.g., low-cost, app-driven configurations; discretion-preserving delivery choices). Inclusive decision forums amplified this effect, reducing the 'noise' of late-stage risk and compliance interventions and improving cross-functional alignment. These dynamics link representation to commercial success through better relevance, fewer rework cycles, and faster coalition-building around viable propositions.

Second, participants were clear that lived experience functions best in tandem with disciplined evidence. Research establishes the baseline; the embodied perspective provides the contextual reading of that evidence and helps identify commonalities between segments. Guardrails against overgeneralising a 'segment of one' protect innovation quality from anecdotal bias. Leadership appointments in high-performing contexts reflected this balance: decisiveness about research standards coexisted with practices that keep purpose visible in trade-offs. The combined effect is higher innovation quality and clearer problem definition, earlier risk surfacing, and design choices that travel across segments without losing fidelity.

Third, the influence of representation on shared value proved conditional on measurement. While leaders articulated inclusionary intent, participants reported that social outcomes lack parity in scorecards and incentives, leaving Corporate Social Investment structurally subordinate to commercial targets. Where parity is absent, purpose risks becoming rhetorical; where parity is strengthened, lived experience has a formal channel to shape priorities and resourcing, improving the likelihood that inclusion and financial health advance together.

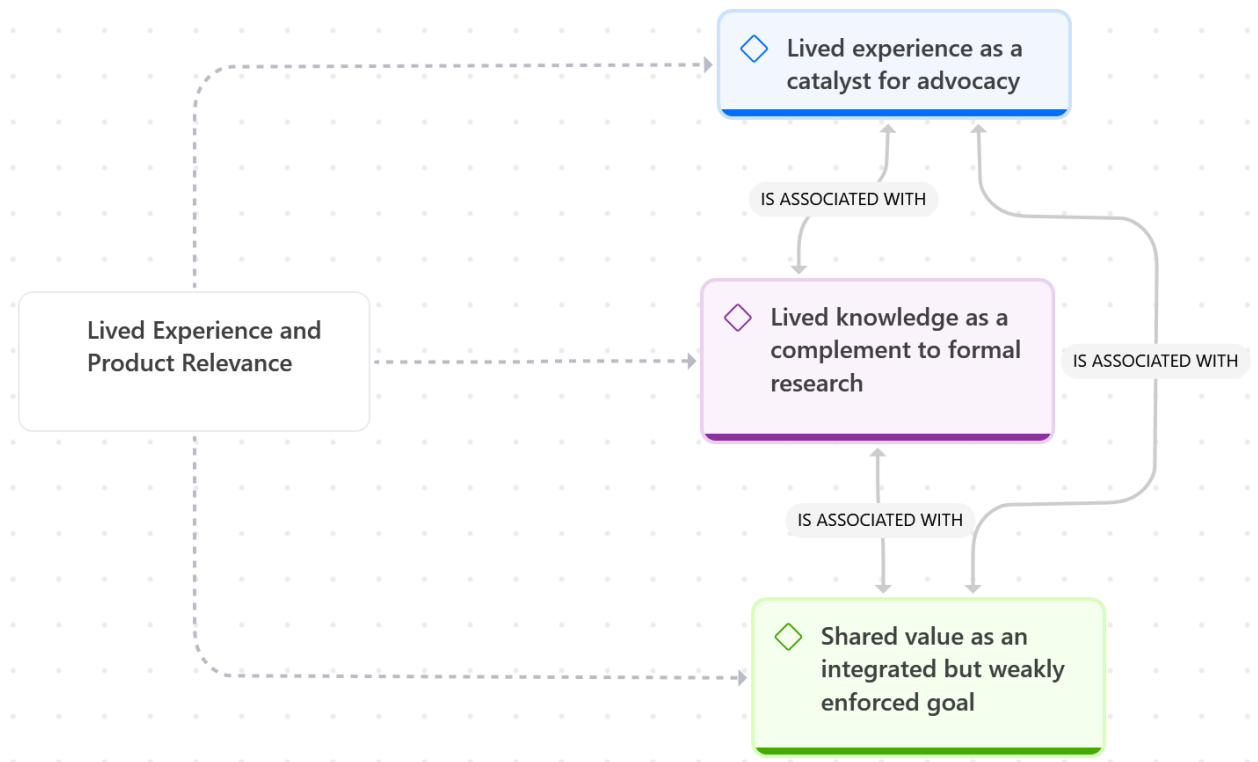


**Figure 4: Lived experience and product relevance**

## 5.6 Chapter Conclusion

The analysis demonstrates that the success of new product development is a multidimensional outcome shaped by leadership diversity, organisational politics, and the integration of lived experience into decision-making. In addressing the first research question - how leadership diversity influences new product success, the findings indicate that diversity contributes both to performance legitimacy and to a broadened scope of innovation. However, this benefit is moderated by hierarchical power dynamics and inter-executive competition, which can either enable or constrain strategic alignment for success. Diversity thus operates as both a strategic advantage and a potential source of tension within the executive hierarchy.

The second research question - how leaders execute work amid hierarchy and politics- reveals that success is often achieved through negotiation, coalition-building, and covert action. Leaders navigate complex internal dynamics where resource allocation and cross-functional negotiation become arenas of influence. The theme of execution via negotiation and covert action underscores how informal power, alliances, and tacit coordination are essential mechanisms for translating

strategy into results. These dynamics reinforce the notion that formal authority alone does not guarantee execution; rather, power is exercised through subtle political alignment and relational capital.

The third research question, how representation of the target market in leadership influences commercial success, innovation quality, and shared value, shows that lived experience and product relevance are central. Lived experience as a catalyst for advocacy and lived knowledge as a complement to formal research enhance the authenticity and market resonance of innovation. Yet, shared value emerges as a partially integrated but weakly enforced goal, revealing a persistent gap between inclusivity ideals and practical application.

Across all three questions, the analysis illustrates strong interconnections. Leadership diversity informs political alignment and influences how power is enacted; political behaviours determine the success of strategic execution; and the incorporation of lived experience bridges internal leadership perspectives with external market needs. Collectively, these findings suggest that organisational success is not a linear function of diversity or strategy alone but the product of interdependent systems of power, representation, and negotiation. The integrated framework highlights that sustainable innovation requires not only diverse leadership but also a culture that aligns power, purpose, and lived experience toward shared value creation.

## Chapter 6: Discussion

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### 6.1. Introduction

The purpose of this chapter is to interpret the empirical findings presented in Chapter 5 in relation to the core research questions, the theoretical framework reviewed in Chapter 2, and the empirical context of the South African banking sector. Structured around the primary research questions, the discussion critically interprets how the results confirm, challenge or extend existing knowledge about leadership diversity and new product development (NPD) within this distinctive environment.

The three research questions guiding this chapter are:

Research Question 1: How does leadership diversity influence the success of new product development in the South African Banking sector? This question seeks to move beyond established links between diversity and innovation documented in developed markets by examining whether and how leadership composition, across race, gender, age and experience, affects product relevance, commercial viability and innovation in a rapidly changing, heterogeneous landscape.

Research Question 2: In what ways do observable leadership diversity traits (race and gender) impact product development decisions? This questions investigates how visible dimensions of diversity shape which products are prioritised, for whom they are designed and their alignment with customer needs; exploring both the promises and complexities of leveraging demographic representation as a driver of innovation in South African banks.

Research Question 3: How does leadership representation of the target market influence not only the commercial success and innovation quality of new products but also their contribution to creating shared value in the South African banking sector? Here, the focus on whether leadership teams reflective of their target market can identify opportunities in underserved segments, thereby enhancing both financial outcomes and social impact in line with Shared Value principles.

Throughout the chapter, findings are linked directly back to literature and theory, drawing heavily on the Shared Value framework and recent diversity research; while highlighting new insights that emerge from the South African context. By doing so, this chapter aims to provide an integrated, critical understanding of how leadership diversity can shape inclusive innovation and organisational effectiveness within the banking sector.

## **6.2. Research question 1: How does leadership diversity influence the success of new product development in the South African banking sector?**

### **6.2.1. Cognitive and Strategic Value of Diversity**

The findings of this study confirm the theoretical proposition advanced in Chapter 2 that cognitive diversity within leadership teams serves as a core resource; consistent with the Resource-Based View (RBV) framework (Barney, 1991; Lorenzo et al., 2018; Sieweke et al., 2024). As established in the literature, diverse leadership enhances interpretive agility, broadens the array of problem-solving approaches, and improves the ability of executive teams to sense and respond to dynamic market conditions (Tang et al., 2021; Griffin et al., 2021). In the context of South African banking, participants consistently described how heterogeneity in cognitive backgrounds and life experiences enabled teams to anticipate emerging customer needs, generate more innovative product concepts and develop solutions that address complex market segments (Lorenzi et al., 2018)

These empirical insights corroborate earlier research by Turi et al. (2022) and Loh et al. (2022), which found that multi-dimensional diversity in top management teams fosters balanced decision-making and enhances innovation outcomes, despite the challenges of slower consensus-building and potential relational complexity. Our data further extend this literature by demonstrating that, in organisational contexts marked by historical inequality and transformation pressures, cognitive diversity is not merely beneficial; it is essential for legitimising innovation and ensuring products resonate with South Africa's multifaceted customer base (Soetanto et al., 2023)

Moreover, this study underscores the relevance of Shared Value theory (Porter & Kramer, 2011) to the South African setting. By activating diverse perspectives banks not only capture latent commercial opportunities but also create value for society through products that address financial inclusion and social impact (Matsebula & Yu, 2020; Lorenzi et al., 2018). The literature reviewed in Chapter 2 highlights that firms embracing Shared Value logic outperform peers by embedding social objectives into core business strategy; a finding mirrored by interview accounts in this project, which described successful new product innovations as those both solved business challenges and responded authentically to societal gaps (Porter & Kramer, 2011; Menghwar & Daood, 2021)

However in line with Ahmed (2012) and Park et al. (2023), this study found that diversity's cognitive and strategic benefits are contingent on organisational support structures. Where executive sponsorship is weak or incentive systems remain narrowly commercial, the ability of diverse leaders to drive sustained innovation is limited. This pattern is warning against viewing diversity as a quick fix, and supporting arguments in the literature regarding the need for intentional inclusivity and empowered participation (Sieweke et al., 2024; Ahmed, 2012)

In summary, this section's results strongly align with scholarship from chapter 2, confirming and extending the RBV and Shared Value frameworks while also highlighting context-specific barriers that mediate the benefits of cognitive diversity. Effective activation of diverse leadership remains contingent on organisations' willingness to institutionalise inclusion, reward collective innovation and prioritise both commercial and social goals.

### **6.2.2 Mediating Role of Power and Politics**

The results of this study confirm a key theme in the literature; the beneficial effects of leadership diversity on product development are contingent on organisational power structures, cultural maturity and the underlying politics within South African banks. As highlighted by Park et al. (2023) and Ahmed (2012), diversity as a resource is only realised when inclusive leadership is able to navigate and reshape political and hierarchical barriers. The Resource-Based View (Barney, 1991; Lorenzo et al., 2018) posit that diverse teams provide valuable strategic capital, but

this potential is limited when power remains concentrated or when diverse leaders lack authentic authority and sponsorship.

Empirical findings from this study substantiate Turi et al. (2022) and Sieweke et al. (2024), as participants described how formal hierarchies and entrenched coalitions often impede the activation of cognitive diversity and innovative thinking within product development teams. Diverse executives, particularly women and people of colour, reported needing to demonstrate legitimacy through incremental successes. This is a phenomenon echoing the “Glass Cliff” and intensified scrutiny documented by Cook and Glass (2015) and discussed in the literature review. This performance-legitimacy trap leads to risk aversion and incrementalism, rather than transformative innovation, aligning with critiques of non-performative diversity (Ahmed, 2012).

The discussion also extends Shared Value theory (Porter & Kramer, 2011) by illustrating how organisational politics can dilute or reinforce product initiatives designed for both commercial gain and social inclusion. While Shared Value logic suggests that products targeting financial inclusion or social impact should be championed by diverse voices, the data showed these initiatives are often deprioritised unless they align with dominant actor interests or immediate profitability (Menghwar & Daood, 2021; Matsebula & Yu, 2020). In this way, the relationship between leadership diversity, innovation and societal outcomes is continuously negotiated through power dynamics and informal influence channels.

This finding adds nuance to classic DEI arguments, revealing that representational diversity is necessary but insufficient without process-level empowerment and transparent sponsorship. When banks devolve authority, facilitate coalition-building and support informal negotiation among diverse leaders, innovative and inclusive products are more likely to be resourced and successfully launched (Griffin et al., 2021). Conversely, bureaucratic inertia and politicised decision environment frustrate the realisation of both commercial and shared value, echoing literature on institutional gatekeeping and identity-based legitimacy pressures (Kruger, 2013; Cook & Glass, 2015)

In summary this study supports and extends contemporary theory by demonstrating that the mediating role of power and politics determines whether leadership diversity in South African banking translates into competitive and social innovation, or remains a latent potential. Addressing these barriers is essential for moving beyond symbolic representation and ensuring that diversity becomes a dynamic driver of shared value creation.

### **6.2.3. Theoretical Alignment and Contradictions**

Beyond affirming the theoretical premises discussed in Chapter 2, this study reveals nuanced tensions and underexplored dimensions in how leadership diversity influences new product development (NPD) success in South African banking. While prior sections have established diversity as a valuable strategic resource and highlighted the mediating role of power and politics, this section concentrates on reflecting critically on the limits of current theory and identifying areas where empirical findings challenge or extend the literature.

Consistent with Resource-based View (Barney, 1991) and Shared Value theory (Porter & Kramer, 2011), the research underscores that diverse leadership teams enhance innovation capacity and enable products that serve both commercial goals and social inclusion. However, participants' narratives complicate the assumptions embedded in much of extant literature that diversity naturally translates into empowerment or institutional change. Echoing critiques by Ahmed (2012) and Park et al. (2023), surface-level diversity without substantive inclusion risks symbolic representation that does not shift decision-making power or organisational culture fundamentally.

In particular, this study surfaces the paradox of legitimacy pressures experienced by diverse leaders, who often must demonstrate rapid, low-risk results to justify their presence, reinforcing incrementalism rather than radical innovation. This dynamic remains under addressed in Western-centric diversity innovation frameworks but emerges as especially salient in contexts like South Africa, where transformation history and socio-political factors shape organisational expectation and leader agency (Kruger, 2013). This calls for theory to more explicitly incorporate legitimacy dynamics, cultural context and locus of innovation authority.

Furthermore, while Shared Value theory ideally links business success with societal impact, the study illustrates how financial imperatives frequently overshadow social objectives in practice, leading to trade-offs not fully captured in idealised models. This phenomenon highlights the need to treat shared value not as an inherent outcome but as contingent on leadership intention, organisational governance and contextual realities; extending theoretical frameworks toward greater emphasis on institutional maturity and enabling conditions.

Ultimately, these theoretical reflections challenge the field to move beyond static or universalist models of diversity and innovation. Instead, the findings advocate for more dynamic, context sensitive approaches recognising diversity as one element within complex social-structural systems that drive innovation outcomes. Such approaches must consider representational diversity alongside power relations, cultural norms and inclusion mechanism to understand how diverse leadership becomes a true catalyst for transformative NPD.

#### **6.2.4 Contextualizing Leadership Diversity and Innovation**

This research extends and refines established theories of leadership diversity and innovation by revealing new, context-grounded mechanisms that operate in the South African banking sector. Unlike much prior work, which treats diversity primarily in terms of static demographic representation or as a universal catalyst for innovation, this study demonstrates that diversity's theoretical value is realised only through complex, context-dependent processes that integrate cognitive, relational and legitimacy-based dimensions.

A key theoretical advancement lies in reconceptualising diversity not as a binary or input variable but as a dynamic, multi-domain enabler. The findings provide evidence for a layered model in which leadership diversity enhances firm performers firstly by broadening the collective sensemaking and problem-solving repertoire (Resource-Based View), but also by modulating the informal networks and relational capital through which innovation is operationalised (DEI and social capital theories). This relational domain, rarely treated as central in legacy frameworks, emerges here as the main conduit by which marginalised leaders

influence product outcomes via coalition-building, trust and informal legitimacy, rather than positional authority.

Another novel insight is the integration of shared value as both a strategic and a moral outcome of leadership diversity. The study supports the Shared Value framework, but crucially, shows that shared value in this setting arises not from explicit corporate social responsibility programs, but when leadership teams' lived experiences and empathetic insights shape product genesis and evaluation criteria. This bridges a gap in the literature by theorising shared value creation as a distributed, leadership-driven process, deeply intertwined with everyday practices of inclusion and the ability of firms to institutionalise diverse perspectives at every stage of innovation.

Additionally, the findings foreground the importance of institutional maturity, calling for theorists to account for how organisational capabilities such as psychological safety, empowerment systems and robust feedback loops; mediate the link between diversity and innovation. The results caution against essentialist accounts of diversity and instead urge new theory to explain how, when and for whom diversity delivers genuine value in industries marked by rapid change and persistent inequality.

In sum, this research moves beyond confirming prior perspectives by elaborating a multi-level, context-sensitive understanding of leadership diversity. It advances theory by defining diversity as a systemic, evolving capability activated through complex organisational routines and relational processes; which enables both commercial and social innovation through shared value.

### **6.3. Research Question 2: In what ways do observable leadership diversity traits (race and gender) impact product development decisions?**

#### **6.3.1. Relational and Informal Influence Channels**

Findings from this study highlight that observable leadership diversity, particularly in terms of race and gender, impacts product development in South African banks

predominantly via relational and informal channels, expanding upon the premises established in Chapter 2. Rather than exerting direct, formal authority over innovation outcomes, diverse leaders often leverage their social capital, trust networks and relational legitimacy to influence decision-making processes and resource allocation. This pattern is consistent with social capital theory, which posits that effective collaboration, coalition building and cross -functional negotiation are central to translating diversity into performance gains within complex organisations (Griffin et al., 2021; Park et al., 2023).

Empirical evidence from the interviews illustrate how, in practice, the ability of leaders who reflect the target market (in race, gender or lived experience) to advocate for customer segments and product ideas is closely tied to their informal influence within teams. This includes strategies such as private negotiation, relationship-building and alliance formation; all of which support the diffusion of ideas and the mobilisation of support across departmental boundaries. These findings add nuance to the literature by showing that informal networks and trust, not hierarchy alone, are what enable diverse leadership to impact innovation trajectories in banking contexts marked by historical inequalities and multidimensional market demands.

Furthermore, the study finds that micro-political practices, such as forging coalitions, establishing credibility and negotiating for buy-in are critical for bringing product concepts to fruition in environments where formal sponsorship is limited. This lends empirical support to Kruger (2013) and Sieweke et al. (2024) who argue that relational capital is a necessary activation mechanism for diversity's advantages to be realised in practice. Importantly, these relational channels not only facilitate collaboration and creativity, but also serve to legitimise ideas in risk-averse and hierarchical settings, thus ensuring that the voices of marginalised leaders are heard and can drive meaningful change.

In summary this section advances theory by demonstrating that the value of visible diversity in leadership is realised primarily through informal, relational mechanisms. For South African banking, where formal structural change may lag, these networks are essential for operationalising diversity's potential. Illuminating new avenues for

both future research and institutional reform focused on relationship-driven leadership development.

### **6.3.2 Convergence with DEI and Social Capital Theories**

The results reveal a strong alignment with Diversity, Equity and Inclusion (DEI) and social capital theories, as discussed in Chapter 2, but also demonstrate unique contextual nuances in the South African banking sector. These frameworks posit that the innovative capacity of organisations is accelerated when a plurality of identities is present and when those identities are actively empowered within psychologically safe and collaborative climates (Griffin et al., 2021; Park et al., 2023). This study's evidence supports the claim that visible diversity within leadership teams can enrich decision making by activating networks of trust, cooperation and knowledge exchange; key mechanisms within social capital theory that are essential in resource-constrained, complex environments.

Importantly, the interviews highlighted that relational and identity-based interactions among leaders (e.g., informal mentoring, cross-functional collaborations, advocacy for marginalised perspectives) often mediate the realisation of both creativity and inclusion benefits. This brings to the fore the empirical argument that DEI is more than a compliance benchmark; it is a lived, system-wide process that relies on structures and cultural cues to turn demographic representation into actionable learning and innovative product decisions (Sieweke et al., 2024).

However, the South African context adds a new layer, while the presence of diverse leaders enriches idea generation and adaptability, institutional politics and reward systems frequently constrain how far these benefits extend beyond symbolic outcomes. This partial actualisation of DEI and social capital potential validates local scholarship (Kruger, 2013) that cautions against over-reliance on diversity alone without parallel investments in culture, organisational routines and power-sharing arrangements. Thus the interplay between DEI principles and social capital activation is deeply influenced by both legacy structures and evolving industry norms, setting the ground work for a more dynamic, context-sensitive understanding of innovation through diversity

### **6.3.3 Navigating Commercial Priorities and Inclusion Gaps**

A distinctive insight from the study concerns the persistent tension between commercial imperatives and the goals of inclusion and transformation in new product development. While banks recognise the strategic value of diversity for generating innovative products, the prioritisation of short-term financial returns consistently risks overshadowing longer-term inclusion objectives. This pattern reflects the literature's concerns around "window-dressing" transformation efforts (Kruger, 2013) and confirms that representational diversity, without aligned incentive structures, does not always drive substantive change in product portfolios.

Interviews revealed that product decisions were often filtered through profitability metrics, with inclusion-oriented innovations championed only when their commercial viability was clear or when they received strong executive sponsorship. This supports Porter and Kramer's (2011) argument that "shared value" only emerges in organisations where leadership intentionally integrates societal impact with business strategy and where internal mechanisms reward both commercial and developmental achievements.

The South African context adds particular complexity; the dual mandate to excel financially and fulfil social transformation means banks continually negotiate trade-offs between broadening access for underserved customers and achieving attractive returns for shareholders. This trade-off frequently results in incremental, rather than radical innovation, most evident in account features or risk models designed for low-income segments that stop short of genuine inclusivity due to risk aversion or limited support in executive decision forums.

In this light, the findings encourage theoretical models to move beyond the assumption that diversity is inherently transformative. Instead, effectiveness hinges on how organisations structure their priorities, measure success and incentivise leaders to pursue inclusive innovation as central to competitiveness, not as a side objective. This research thus expands the conceptual terrain by emphasising the critical mediation of commercial logic in the realisation of diversity's full strategic and social benefits.

#### **6.3.4 Legitimacy Pressures, the “Glass Cliff” Phenomenon and Micro-political Dynamics**

The study expands existing literature by illustrating the “performance-legitimacy trap” faced by diverse executives, consistent with Cook and Glass (2015).

Participants reported intensified scrutiny and the need to prove capability through swift, tangible achievements – a pressure that can inhibit risk taking and long term innovation. The findings bring a context-specific dimension to global theory, highlighting how intersectional identities in transitional markets carry both symbolic visibility and heightened accountability, blurring the line between empowerment and exposure.

The research extends theoretical discourse by emphasising that the impact of diversity unfolds through micro-political practices – negotiation, coalition-building and trust mediation, rather than formal structures. Traditional DEI and RBV frameworks underplay such processes, often assuming organisational rationality. By exposing how power, hierarchy and identity intersect in decision-making processes, this study adds a relational and political lens to the study of innovation leadership.

#### **6.3.5 Reframing the value of observable diversity**

This study advances theory by moving beyond the view of leadership diversity as a static attribute or compliance benchmark, instead positioning it as an active, multi-level catalyst for value creation in banking innovation. The research demonstrates that the influence of diversity is best understood as a dynamic, context-dependent process, shaped by the interplay of cognitive breadth, relational trust and lived experience within senior teams, which collectively drive the formation and scaling of shared value.

A central new insight is the framing of shared value not merely as an outcome of business strategy, but as an ongoing organisational and leadership process. Rather than treating the pursuit of profit and societal benefit as parallel objectives, this work shows that genuinely transformative innovation occurs only when diverse leaders’ everyday decisions and practices actively integrate empathy, cultural intelligence and inclusive purpose into the product development cycle. In this way,

diversity is theorised as a system-level capability, one that enables banks to adapt, learn and generate social legitimacy in volatile environments.

Additionally, this research calls for theoretical models to recognise the centrality of institutional maturity, including feedback systems, empowerment structures and open communication in mediating diversity's transformative impact. The findings encourage scholars to move away from essentialist to universal accounts, urging a redefinition of leadership diversity as a process whose outcomes depend on context, agency and sustained operationalisation of inclusive decision-making and legitimacy-building.

By embedding these arguments, the study provides a template for reframing leadership diversity in emerging markets; it is not a checkbox but a strategic engine for continuous innovation, authentic market relevance and measurable social value that adapts as both organisations and societies evolve.

#### **6.4 Research Question 3: How does leadership representation of the target market influence commercial success, innovation quality, and shared value in the South African banking sector?**

##### **6.4.1 Lived Experience and Product Relevance**

This study found that leadership representation of the target market is a powerful differentiator in shaping product relevance within South African banks, directly confirming and extending central arguments from the Shared Value framework (Porter & Kramer, 2011) and the resource-based view (Barney, 1991; Lorenzi et al., 2018). As established in Chapter 2, the Shared Value approach positions companies to create competitive advantage through simultaneously advancing organisational profitability and socioeconomic conditions. The evidence from this research reveals that leaders whose lived experience aligns with their customer segments possess unique contextual intelligence, enabling more authentic identification and prioritisation of consumer needs (Menghwar & Daood, 2021)

Interviews confirmed that leaders who closely mirror the demographic and experiential realities of their target market are better equipped to decode latent customer gaps, empathise with social and economic constraints and co-create

innovative solutions with direct relevance to underserved groups. This extends the literature's conception of representation from a technical compliance metric to a strategic asset; one that enables banks to deliver products with greater market acceptance, legitimacy and social impact (Lorenzi et al., 2018; Matsebula & Yu, 2020). Participants described how their lived knowledge informed product features, feedback loops and post-launch support, which traditional research and formal analytics alone would have missed.

Moreover, this research contributes original insight by demonstrating that the authenticity of lived experience, not just its presence, amplifies the empathy-driven process at the core of shared value creation. The findings validate that when representation in leadership moves beyond superficial diversity to embedded cultural intelligence and shared context, it transforms innovation from an organisation-centric exercise into a genuinely customer-driven process (Chua et al., 2023; Sivasubramanian et al., 2012; Soetanto et al., 2023). This nuance is under-addressed in global theory and highlights the need for adaptive, contextually sensitive frameworks in emerging market banking.

In sum, the results reinforce and extend the core theoretical perspectives reviewed in Chapter 2: leadership representation is a dynamic resource for delivering commercial success and societal inclusion through the mechanisms of lived empathy, translating local insight into product relevance and legitimacy.

#### **6.4.2. Shared Value, RBV and Cultural Intelligence**

These empirical dynamics resonate strongly with the Shared Value approach which posits that authentic, market-driven social progress arises when firms reconceive products to address societal needs while securing business advantage. The mechanism whereby lived representation in top teams drives product inclusivity and commercial opportunity closely mirrors the process model outlined by Porter and Kramer (2011), and is validated by South African cases where executive community affiliation enabled penetration into excluded or scepticism-prone youth and low-income segments. Current studies affirm that such leaders, by internalising the day-to-day realities of underserved users, help banks discover

“white spaces” for innovation that would otherwise remain invisible to traditional research approaches (Menghwar & Daood, 2021).

From a Resource-Based View (RBV), this kind of contextually anchored, embodied knowledge is a rare and inimitable capability that allows firms differentiate, signal trustworthiness and reduce the risks associated with product-market mismatch (Barney, 1991; Teece, 2014). These insights align with research showing that firms with local representativeness in leadership teams deliver more sustainable innovation outcomes in emerging economies (Ifediora et al., 2022). Adding further resonance, the study dovetails with the growing literature on cultural intelligence and inclusive leadership. Chua et al. (2023) show how leaders capable of decoding nuanced social dynamics; for example, mistrust of formal institutions or sensitivities around “showing off” wealth, help financial solutions achieve higher rates of adoption and create meaningful value, a process visible in the interviews with South African executives. Still, the enduring dominance of financial scorecards as the arbiter of value affirms the critique (Lim and Lee, 2022) that Shared Value is often more aspiration than reality and that institutional inertia remains a formidable barrier.

#### **6.4.3. Operationalising Shared Value and legitimacy**

The study points to important extension and limitations within current history. It advances the Shared Value framework by detailing the operational role of leadership representation as a bridge between abstract purpose and organisational practice; something only addressed at a glance in prior literature, which tends to focus on high-level strategic intent. Here, it is the lived empathy and contextual fluency of leaders that translate macro-transformation goals into actionable business strategy, cultivating legitimacy with excluded groups through authentically tailored value proposition. Yet, these benefits become marginalised without explicit incentives to reward social objectives, highlighting the necessity for banks to structure accountability and reward systems beyond strict financial metrics.

Furthermore, by foregrounding the moral and legitimacy dimension of representation, the study critiques the RBV’s narrow focus on efficiency and competitiveness. Ethical capital, which includes stakeholder trust, legitimacy, and

perceived social justice, emerges as a strategic resource in markets like South Africa confronted with the legacies of exclusion. Leaders with authentic community ties provide organisations not just with superior sensing and innovation, but also with critical moral authority, helping anchor firms' reputation and support in volatile social climates, thus reframing legitimacy as an under-recognised but essential dimension of firm-level advantage (Prahalad & Hammond, 2002).

Lastly, while literature on cultural intelligence has traditionally emphasised global leadership, these findings spotlight its domestic applications; South African banks operating across linguistic, racial and socioeconomic divides benefit most when leadership “translates” institutional rigidities into solution resonant with everyday lives, mitigating risks of exclusionary products or tone-deaf campaigns.

Nevertheless, the persistent inability of even diverse leadership teams to embed shared-value goals in formal KPIs demonstrates that agency is necessary but insufficient ; governance architecture and deep structural reform are needed for systemic change.

#### **6.4.4. Bridging Purpose, Practice and Social Impact**

The study's core contribution to theory lies in advancing the Shared Value framework (Porter & Kramer, 2011) to account for the operational mechanisms by which leadership representation enables empathy-driven innovation and legitimacy in South African banking. Unlike traditional applications of shared value, which focus on social impact as a peripheral outcome to profitability, the study demonstrates that diverse leadership acts as the organisational channel for integrating market insight, cultural intelligence and community-driven priorities into the product development cycle (Menghwar & Daood, 2021; Lim & Lee, 2022).

Empirical evidence from the research shows that leaders who are demographically and experientially representative of their intended market serve as powerful catalysts for decoding complex consumer needs, translating latent gaps into inclusive product features and cultivating trust among historically excluded groups. This supports and extends literature that reconceives diversity as a dynamic capability, not merely a compliance metric (Barney, 1991; Tang et al., 2021; Griffin et al., 2021). The study adds significant depth by theorising lived experience and

empathy as mediators of shared value creation – leaders' ability to champion products for underserved segments arises from authentic insight and relational legitimacy, not just positional authority.

Crucially, the research addresses critiques in the literature that warn against simplistic universalist models of shared value in emerging markets (Menghwar & Daood, 2021; Lim & Lee, 2022). The findings demonstrate that the translation of representation into innovation and legitimacy is moderated by organisational incentives, cultural maturity and presence of inclusive institutional systems. This calls for theory to recognise context dependent activation conditions, wherein leadership diversity can bridge market complexity with ethical purpose, provided enabling structures for distributed authority and institutionalised feedback are present.

In sum, this study expands the Shared Value framework in three ways. Firstly, it treats leadership representation as a dynamic, empathy-driven capability that turns social complexity into innovation legitimacy. Secondly, it highlights organisational maturity, inclusive governance and culture as necessary conditions for turning diversity into sustained shared value (not merely symbolic progress). Lastly, it argues for a layered model connecting cognitive resources (Resource-Based View), relational networks (DEI, social capital) and societal impact (shared legitimacy), grounded in the realities of South African banking. This new lens sets the stage for research and practice to move beyond demographic targets toward operational and strategic integration, assuring that leadership diversity achieves not just commercial success but meaningful, measurable societal progress.

## **6.5 Integrated Theoretical Synthesis: Leadership Diversity as a Multi-level Catalyst for Innovation and Value**

This section synthesises the main insights emerging from the three research questions, offering a coherent theoretical framework that positions leadership diversity as a central mechanism enabling new product development in the South African banking sector. The analysis demonstrates that the influence of diversity unfolds through a multi-level system structured around three distinct but interconnected domains: capabilities, relationships and values.

At the capability domain (RBV), leadership diversity enhances innovation by broadening the cognitive and experiential resources available to organisations. These resources however only translate into innovation capacity when activated within the relational domain (DEI), where inclusion, trust and identity dynamics foster or constrain the flow of ideas and collaboration through social processes. Finally the value domain (Shared Value) captures how representational leadership can convert these activated resources into both commercial and societal impact, provided that organisational structures and incentives support a genuine alignment between commercial and moral imperatives.

To integrate these insights, we propose a conceptual model that positions leadership diversity as a multi-level catalyst ( Figure 6.1). At the core of this model is leadership diversity itself, which drives transformation through three interdependent domains: the Capability Domain (RBV), which provides the cognitive resources; the Relational Domain (DEI), where these resources are activated through trust and inclusion; and the Value Domain (Shared Value), where they are translated into commercial and societal impact.

Bidirectional arrows signify the dynamic interplay between these domains, illustrating that the realisation of innovation and legitimacy is a systemic process rather than a linear sequence. The model visually reinforces the integrative argument that diversity, when institutionalised across capabilities, relationships and shared value, drives both innovation performance and social legitimacy in pluralistic environments.

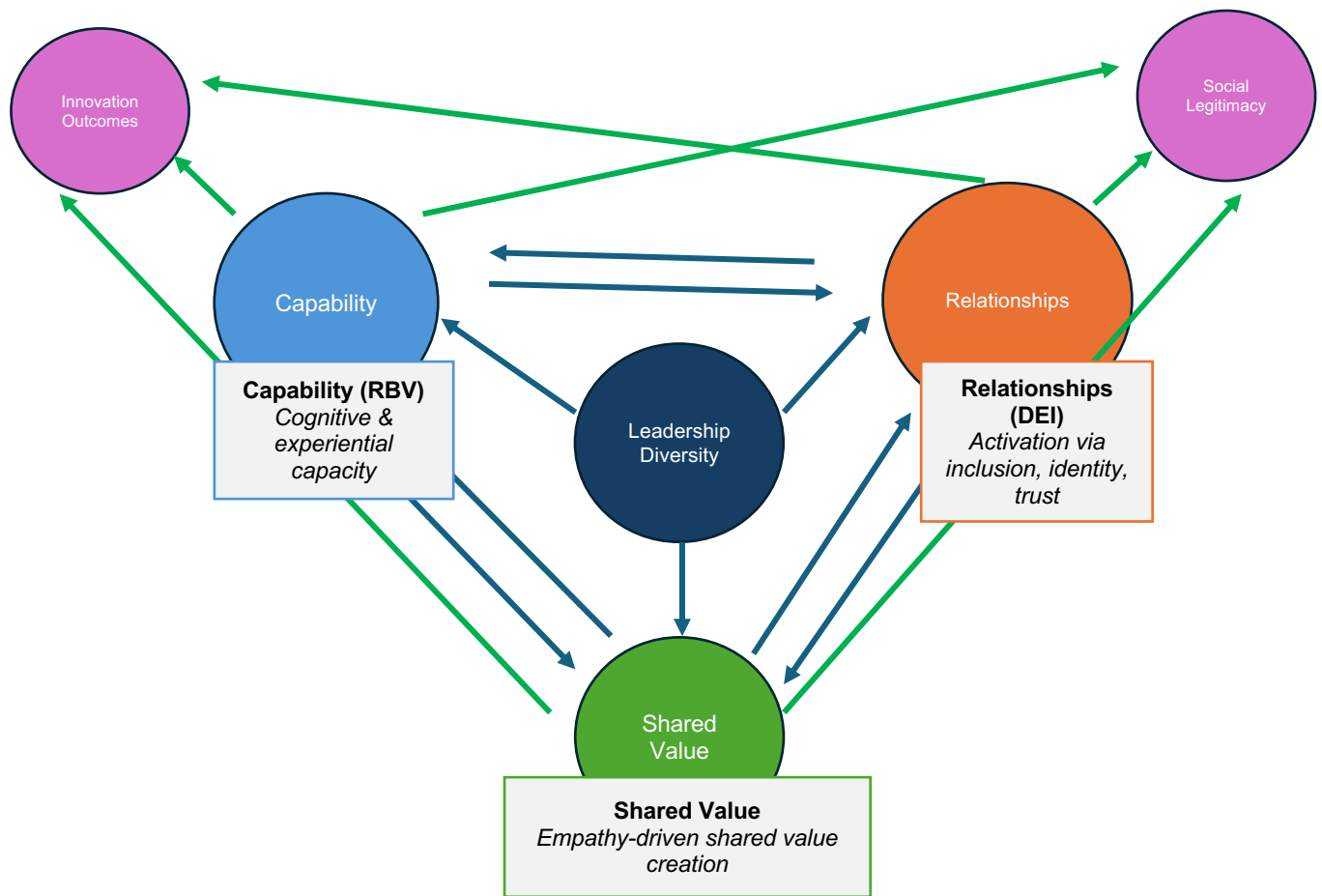


**Figure 6.1: Conceptual model – multi-level influence of leadership diversity on innovation and legitimacy in South African Banking**

The integration of these domains advances theory in four significant ways:

**Integration across paradigms:** The study bridges RBV, DEI and Shared Value, providing a holistic model in which diversity is recognised not only as a source of strategic and rare resources, but as a fundamental enabler of legitimacy, social embeddedness and moral capital.

**Contextualisation for emerging markets:** By grounding global theory in the realities of transformation inequality and legitimacy in South Africa, the findings show that diversity's impact is deeply contingent on historical and institutional context. This demonstrates the inadequacy of universal approaches and the importance of context-sensitive theorising.

Reconceptualization of value creation: Shared value is reframed from being solely an organisational outcome to becoming an ongoing leadership process; one anchored in inclusive, empathy-driven decision-making and authentic engagement with customer and community needs.

Expansion of RBV logic: the research introduces the concept of “activation conditions”; including the distribution of power, the openness of organisational culture and the sophistication of measurement systems, as necessary for converting the potential of diversity into realised innovation and value.

Collectively, these contributions establish that leadership diversity and representation are not marginal but foundational drivers of organisational performance under conditions of pluralism and volatility. The synthesis advances contemporary theory by demonstrating how sustained strategic advantage and social legitimacy are generated when diversity is both deeply institutionalised and operationalised across all organisational layers. In so doing, the analysis moves beyond static metrics, highlighting the dynamic interplay between structure, agency and context in unlocking the full potential of diverse leadership for sustainable innovation and shared societal value.

## **6.6. Chapter Summary**

This chapter systematically analysed the empirical findings in relation to established theory and the unique dynamics of the South African banking sector. The results demonstrated that leadership diversity shapes the success of new product development (NPD) through three interdependent mechanisms: (i) expanding cognitive capacity and contextual understanding, which strengthens innovation (RQ1); (ii) activating inclusion and informal relational influence as drivers of cross-functional collaboration (RQ2); and (iii) translating lived customer empathy into shared value and legitimacy through representation (RQ3). These findings collectively reveal that diversity is not a static metric, but rather operates as a dynamic collection of capabilities, relationships and values that together underpin both the quality of innovation and the legitimacy of social outcomes.

The chapter's integrated synthesis further established that sustainable competitiveness within South African banking institutions relies on deeply embedding inclusive leadership; converting representational diversity into institutionalised capability that transcends mere compliance. Through a multi-level theoretical model, the chapter contributed to the literature by: integrating resource based, DEI and shared value paradigms; contextualising global theory within the realities of South African transformation and reconceptualising value creation as a leadership process. In sum, the discussion illuminated how the most meaningful advances in innovation and legitimacy occur when leadership diversity is institutionalised as both a strategic asset and an ethical imperative. The forthcoming chapter, Conclusions and Recommendations, will consolidate these contributions, propose actionable guidance for practitioners and policymakers and identify key avenues for future scholarly inquiry.

## Chapter 7 – Conclusion and recommendations

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### 7.1 Study Overview and Rationale

This research set out to explore the influence of leadership diversity on new product development (NPD) success within the South African banking sector, a context marked by persistent transformation pressures and the imperatives to balance commercial innovation with social legitimacy. The rationale for undertaking this study is rooted in both theoretical and practical gaps. While global scholarship highlights diversity as a critical driver of organisational creativity and adaptability (Shore et al., 2018), there remains limited empirical evidence detailing how diversity within senior leadership teams translates into tangible commercial and social outcomes in the banking industry, particularly in emerging markets such as South Africa (Nkomo & Kriek, 2011; Booysen, 2023). Given that South African banks operate in a landscape defined by historical inequality, regulatory mandates for transformation and a rapidly evolving market environment, understanding the mechanisms through which leadership diversity shapes product development is of high practical relevance (Republic of South Africa, 2020)

By positioning leadership diversity as a multidimensional construct, encompassing capability (resource-based view), relationships (diversity, equity and inclusion theory) and value creation (shared value framework). This study seeks to move beyond surface-level representation and interrogate the deeper organisational and cultural processes that generate sustainable competitive advantage (Griffin et al., 2021; Park et al., 2023). The research addresses an urgent need for contextually anchored insights that can inform both banking leaders and policymakers confronting the challenge of fostering innovation in ways that are socially responsible, regulatory compliant and commercially robust. In this way, the study contributes to an emerging body of work advocating for the institutionalisation of inclusive leadership as a driver of resilient business ecosystems (Sieweke et al., 2024).

## **7.2. Research Context and Significance**

This research was situated within the dynamic and complex South African banking sector, an industry recognised for its dual imperatives of maintaining commercial competitiveness and addressing longstanding social inequalities (PwC, 2025). South African banks operate at the intersection of global financial trends, heightened regulatory scrutiny and persistent transformation mandates designed to promote greater inclusion across leadership and operational levels (Republic of South Africa, 2020). The sector's continued resilience is evidenced by robust capital positions and innovation-driven performance. Yet, significant underlying challenges remain, namely ongoing cost pressures, digital disruption and the need for authentic transformation beyond compliance (EY, 2025; Monocle Solutions, 2025)

Transformation in South African banking is not merely a regulatory requirement but a core component of sustained legitimacy and trust in a society with historical and structural inequities. The sector has witnessed an acceleration in digitalisation, with banks investing in technology and talent to meet both customer expectations and regulatory demands (EY, 2024). At the same time, new business models and a shift towards values-aligned products such as sustainable finance and social impact lending have to come to the fore, this requires leadership approaches that can navigate complex stakeholder expectations (PwC, 2025; Oliver Wyman, 2025). Placing this study within the South African context underscores the broader business and societal relevance of understanding how leadership diversity, adequately empowered and institutionalised, becomes a strategic lever for product innovation, stakeholder legitimacy and competitive differentiation.

## **7.3 Knowledge Gaps and Research Aims**

Despite a growing body of international literature on the benefits of organisational diversity, there has been a lack of granular, context-sensitive understanding of how leadership diversity directly influences innovation and new product development within emerging market contexts like South Africa's banking sector (Nkomo & Kriek, 2011; Shore et al., 2018). Prior research often foregrounded either demographic representation or focused on broad correlations with firm performance rather than

unpacking the precise mechanisms through which diverse leadership teams shape innovation outcomes (Shore et al., 2018; Roberson, 2019). This created a pressing need for locally grounded research to clarify how transformation policies, evolving customer demographics and shifting competitive pressures in the South African context interact with leadership configurations to impact real organisational outcomes (Republic of South Africa, 2020; PWC, 2025).

At the time of this study, South African banks faced simultaneous challenges - intensifying regulatory and market-driven transformation targets, heightened investor and consumer expectations regarding equity and inclusion, and the rapid adoption of digital and customer-centric product models (EY, 2025; Monocle Solutions, 2025). These developments magnified existing tensions between legacy systems and new value propositions, highlighting a gap in both academic and practical knowledge about how leadership structures can be leveraged to foster substantive rather than symbolic change (Griffin et al., 2021; Park et al., 2023). Consequently, this research aimed to address these deficits by examining not merely *whether* leadership diversity matters, but *how*, *why* and under *what* conditions leadership diversity translates into successful new product development, competitive advantage and enduring legitimacy for South African banks (Sieweke et al., 2024).

#### **7.4. Research Questions Addressed, Key Findings, and Implications**

The central research focus of this study was: “How does leadership diversity within senior management teams influence new product development (NPD) outcomes in the South African banking sector?”. In pursuit of a comprehensive understanding, the study formulated key sub-questions: How does leadership diversity influence the success of new product development in the South African banking sector? In what ways do observable leadership diversity traits (race and gender) impact product development decisions? How does leadership representation of the target market influence commercial success, innovation quality, and shared value in the South African banking sector?

These questions are grounded in gaps identified in both the literature and sector practice, particularly concerning the mechanisms by which diversity moves beyond

symbolic representation to materially affect innovation and NPD. While existing studies indicate that diverse leadership teams enhance organisational creativity and competitive advantage, few empirical works have unpacked how this plays out in the complexities of emerging markets, where regulatory transformation and digital disruption present unique challenges and opportunities.

To answer these questions, a qualitative research design was employed. Semi-structured interviews were conducted with a purposive sample of senior executives in leading South African banks, selected for their direct involvement in NPD and strategic decision-making. The interview guides were anchored in leadership diversity and the shared value frameworks, allowing the exploration of capability, relationship and value creation constructs of diversity. Each interview transcript was subjected to an iterative thematic analysis, with rigorous coding to identify recurring patterns, outliers and unique perspectives of leadership practices and innovation outcomes

The study robustly demonstrated that leadership diversity when meaningfully engaged, improves NPD outcomes through three core mechanisms: enhancing customer empathy and contextual intelligence, fuelling constructive debate and ideation, and anchoring innovation in diverse stakeholder realities. These effects, however, are strongly mediated by corporate culture, deliberative forums and an intentional approach to leveraging diverse voices; they do not result from surface-level representation alone.

The findings illuminate practical, context-sensitive routes to making South African banks' transformation agendas genuinely support innovation and stakeholder value, moving beyond compliance. The research confirmed that diverse leadership acts as a strategic capability, but its potential is often constrained by hierarchical power dynamics, inter-executive competition and persistent prioritisation of short-term commercial metrics over long-term shared value creation. A key finding was the critical importance of informal relational channels and coalition-building, through which diverse leaders exert influence and secure resources for inclusive innovation, often circumventing formal bureaucratic barriers.

## **7.5. Scholarly relevance and contributions**

This study makes important advances in the scholarly debate on leadership diversity and innovation in banking by offering context-rich, empirically grounded insights from the South African financial sector. Unlike much prior research, which emphasised generic benefits of diversity or relied on macro-level organisational outcomes, this work provides nuanced evidence on the concrete mechanisms both enabling and constraining, by which leadership diversity shapes new product development outcomes in emerging markets. Most notably, it demonstrates that diversity's value is realised not merely through demographic representation, but through the deliberate integration of lived experiences, empathetic leadership and the creation of platforms where diverse perspectives can directly inform product choices and strategy

Several original contributions emerge from this research. First, it clarifies how leadership diversity acts as a catalyst for relevance and innovation in financial products that must serve a heterogeneous population. It provides granular examples of how shared experience among leaders, whether related to race, gender, cultural background or market familiarity, results in products better tailored to the needs of underserved or excluded customer segments, achieving both commercial viability and wider social inclusivity. This stands in contrast to traditional approaches where market research alone, detached from leadership representation was insufficient to address nuanced client realities.

The research also brings to light important tensions; while diversity amplifies empathy, creativity and market relevance, it does not automatically resolve commercial vs social priorities in banking. Many leaders described short-term commercial outcomes being dominant, with social value such as financial inclusion initiatives often relegated to secondary status unless directly aligned with core performance measures. The finding advances debate by challenging the assumption that diversity alone drives inclusive, sustainable innovation, highlighting the need for intentional cultural and structural change.

By capturing detailed narratives from leaders who inhabit both privileged and marginalised positions, the study enriches understanding of how intersectionality

operates within leadership teams, affecting product prioritization, decision-making authority and strategy execution. It argues for a model of diversity that is dynamic, multi-layered and deeply integrated into leadership practices, moving beyond token compliance towards authentic inclusion

Methodologically, the study's use of rigorous, multi-layered qualitative analysis, triangulation of interview insights with organisational market data and explicit attention to transformation policies ensures findings are deeply contextualised and theoretically robust.

In sum, this research not only adds empirical substance to the academic discussion on diversity and innovation in banking, but also proposes new conceptual terrain; it advocates for diversity as a strategic lever for product relevance and societal legitimacy with real potential to transform both business outcomes and stakeholder relations in emerging markets. The South African context, marked by historical inequality, regulatory transformation and evolving customer expectations, offers a fertile ground for broader theoretical and practical advancement, making these contributions critical for scholars and practitioners alike.

## **7.6 Practical and Business Relevance of the Study**

The findings of this research yield actionable insights for South African banks, policymakers and industry leaders seeking to leverage diversity as a real driver of innovation, growth and resilience. Firstly, the evidence strongly supports that diverse leadership teams directly enhance a bank's ability to design products that are both commercially viable and socially relevant. By reflecting the diversity of the customer base within their own executive and product development teams, banks can better interpret market needs, identify underserved segments and develop solutions that resonate across demographic and cultural divides.

For banking institutions, this translates to several concrete business advantages:

Enhanced innovation and product fit: Leadership diversity foster wider-ranging ideas, prevents groupthink and allows for more nuanced, innovative approaches to product design. Teams with diverse background were able to more accurately

predict consumer needs, testing and refining products to fit complex, multi-segment markets; especially in South Africa's uniquely heterogeneous context.

Improved financial performance and risk management: Companies with strong executive diversity are consistently more profitable and resilient, significantly outperforming less diverse peers. Diverse perspectives are crucial for prudent risk assessment and for anticipating broader regulatory and societal shifts, making the banking sector more adaptable in times of uncertainty (International Banker, 2025)

Talent attraction, retention and stakeholder trust: Emphasising inclusion and diversity signals organisational values that attract top talent and foster higher levels of employee engagement. It also builds public trust and positions banks favourably with stakeholders who increasingly expect institutions to champion meaningful transformation and social responsibility (International Banker, 2025)

Additionally, the study demonstrates that merely appointing diverse leaders is not enough. The critical factor is how institutions intentionally integrate these broader perspectives through policies, forums where diverse voices shape decisions and continuous accountability for inclusion outcomes. For executives and HR leaders, this implies a shift from box-ticking to genuinely inclusive leadership development, succession planning and decision-making processes.

In a competitive, rapidly evolving market, the strategic adoption of leadership diversity is not only a means of fulfilling regulatory or moral imperatives, but is a tangible route to better, more relevant products and sustainable growth. By institutionalising these insights, South African banks have the potential to drive both profit and progress, cementing their role as engines of inclusive economic development

### **7.7. Limitation of the Study**

While this study provides valuable insights, its findings must be considered in light of several limitations as previously detailed in Chapter 4. The research employed a qualitative, cross-sectional design with the specific context of the South African banking sector, which affects the generalisability of the results. The sample size

through size, though sufficient for qualitative saturation, was modest, and the reliance on self-reported data from senior leaders may be subject to social desirability bias. The study's focus on a single sector in one country means that the identified mechanisms while potentially transferable, require validation in other emerging market contexts and industries. Furthermore, the cross-sectional nature of the data provides a snapshot in time, limiting the ability to make definitive causal claims about long-term impact of leadership diversity on NPD outcomes. Future longitudinal research could address this limitation and strengthen causal inference.

## **7.8 Recommendations and Managerial Takeouts**

Based on the findings of this study, the following recommendations for banking institutions seeking to harness leadership diversity for innovation and shared value:

**Move from Representation to Integration:** Shift the focus from demographic targets to creating structures that integrate diverse perspectives into core strategic processes. This includes establishing formal and informal forums (e.g., inclusive innovation councils, cross-functional product advisory boards) where diverse leaders have a mandated voice in NPD prioritisation and resource allocation

**Revise Performance and Incentive Structures:** To bridge the gap between commercial and social goals, banks must redesign performance scorecards and incentive systems for senior leaders and product teams. Metrics should balance financial returns with shared value indicators, such as customer financial health improvement, adoption rates in underserved segments, and product inclusivity scores.

**Invest in Relational and Coalition-Building Capabilities:** Recognise that informal influence is a critical execution channel. Organisations should actively sponsor mentorship, networking and leadership development programmes that build the social capital of diverse leaders, equipping them with the skills to navigate organisational politics and build effective coalitions for their initiatives.

**Embed Lived Experience in the NPD Process:** Systemically incorporate mechanisms to capture lived experience throughout the NPD lifecycle. This can be

achieved by ensuring diverse leadership representation on all product governance committees, creating “customer empathy panels” staffed by employees from target market backgrounds and mandating immersive customer fieldwork for all product decision-makers.

### **Challenges of Implementation**

Implementing these recommendations will not be without significant challenges. Leadership and organisational changes will be required, presenting inherent risks that must be managed:

**Cultural Resistance:** Shifting from a legacy, hierarchical culture to one of inclusive deliberation and shared authority will likely encounter resistance from established power structures and individuals accustomed to traditional decision-making modes.

**Systemic Inertia:** Large, regulated institutions like banks have deeply embedded processes and legacy systems. Aligning performance metrics and incentives with shared value goals will require overcoming significant systemic inertia and may face initial opposition from finance and risk departments

**Measurement Difficulties:** Quantifying the return on investment (ROI) for initiatives that build relational capital or the long-term societal impact of products is complex. Developing robust, credible metrics for these “softer” outcomes is a critical challenge.

**Talent and Capability Gaps:** A pivot towards inclusive leadership requires a different set of capabilities, including cultural intelligence, empathy and coalition-building. Existing leadership cohorts may lack these skills, necessitating significant in re-skilling and potentially accelerating the promotion of non-traditional talent, which carries its own organisational risks.

## **7.9 Suggestions for Future Research**

While this study highlighted the multifaceted benefits of leadership diversity for new product development in South African banks, future research can deepen

understanding in several critical areas; particularly linking diversity to shared value outcomes that combine social impact with commercial success.

**Longitudinal validation of shared value:** Future research should employ longitudinal designs to track the financial and social performance of NPD projects led by diverse versus homogenous teams over time. This would provide causal evidence for the shared value proposition and move beyond the cross-sectional, perceptual data captured in this study.

**Exploring intersectionality in shared value creation:** Given the dynamic nature of diversity, research should probe how multiple, intersecting dimensions of identity (e.g., race gender and professional background) influence the ability of leadership teams to generate both economic value and social benefit through product innovation. Understanding the nuanced dynamics of these intersections can reveal pathways for maximising shared value.

**Institutional enablers of shared value leadership:** Empirical investigation is needed on organisational practices that facilitate the integration of diverse leadership perspectives into shared value creation. Future studies can evaluate mechanisms such as inclusive governance, leadership development, stakeholder engagement platforms and performance metrics that balance profit and social impact

**Impact of digitalisation and ESG on shared value:** the interplay between digital transformation, ESG priorities, and leadership diversity warrants in-depth examination. How can diverse leadership accelerate the adoption of responsible banking technologies and ESG-aligned products that deliver shared value? What role does diversity play in balancing profit motives with broader societal goals mediated by technology and sustainability frameworks?

**Comparative cross-national studies:** To enhance the generalisability of this study's insights, comparative research across emerging markets should assess how contextual factors influence the pathways through which leadership diversity drives shared value outcomes in banking. This comparative lens can illuminate universal principles and local adaptations.

By bridging diversity, innovation and shared value, future research can generate strategic knowledge crucial for banking sectors striving to thrive commercially while fulfilling their social mandates in complex, evolving environments.

This research has demonstrated that leadership diversity, embracing differences in race, gender, background and experience, can act as a catalyst for meaningful innovation and shared value creation in South African banking. By providing empirical evidence and practical insights, the study has illuminated how intentionally inclusive leadership structures lead not only to more relevant products and competitive strength, but also to enhanced societal benefit, stakeholder trust and financial inclusion. While important questions remain and further research is needed, these findings offer a compelling case for banking institutions and their leaders to view diversity not simply as a compliance imperative, but as a core strategic asset. As the sector continues to evolve amid new technological, regulatory and social pressures, the integration of diverse voices into decision-making will be essential for advancing both organisational and societal progress; ensuring that banks contribute robustly to the economies and communities they serve.

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## Appendices

### Appendix 1: Consistency Matrix

| Research Question                                                                                                   | Data Collection Tool                                                                                                                                                                                                                                                                                                                                                                                                                         | Analysis          | Literature Review                                                                                                                                                                                                                 |
|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| How does leadership diversity influence the success of new product development in the South African Banking sector? | <ol style="list-style-type: none"> <li>1. How would you describe the influence of leadership team composition on product innovation outcomes in your organisation?</li> <li>2. In your view, does having a diverse leadership team contribute to the relevance or market success of products launched?</li> <li>3. Can you provide an example where leadership diversity either enabled or hindered the success of a new product?</li> </ol> | Thematic Analysis | Diversity drives cognitive variety, innovation, and ambidexterity (Tang et al., 2021; Griffin et al., 2021). In banking, inclusive leadership strengthens resilience under uncertainty (Ngo et al., 2023; Câmpian & Iancu, 2024). |

|                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                          |                                                                                                                                                                                                                           |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>In what ways do observable leadership diversity traits (race and gender) impact product development decisions?</p> | <ol style="list-style-type: none"> <li>1. Do you believe race, cultural and gender diversity within leadership affects how product priorities are set or resourced?</li> <li>2. How do differences in demographic backgrounds within your leadership team shape product design or market targeting?</li> <li>3. Have there been cases where race or gender representation in leadership changed the approach to product decision-making?</li> </ol> | <p>Thematic Analysis</p> | <p>Demographic diversity shapes decision-making, market targeting, and innovation quality (Park et al., 2023; Jones et al., 2020; Chua et al., 2023). Tensions exist between business-case vs social justice framing.</p> |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

|                                                                                                                                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                   |                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| How does the representation of the target market within the leadership influence not only the commercial success and innovation quality of new products but also their contribution to creating shared value in the South African Banking Sector? | <ol style="list-style-type: none"> <li>1. How important is it for leadership to reflect the demographics of your customer base when developing new products?</li> <li>2. Have you seen any link between market representation in leadership and the cultural relevance or success of products launched?</li> <li>3. In what ways do the lived experiences of leaders influence how well products connect with customer segments?</li> <li>4. Do leaders feel responsible for delivering societal as well as commercial value through product innovation?</li> </ol> | Thematic Analysis | Representation enhances cultural relevance and market fit (Victory et al., 2021). Diverse leadership improves financial inclusion, customer trust, and innovation alignment with underserved markets (Kruger, 2013; Khumalo et al., 2023). Shared Value emphasises reconceiving products for social needs (Porter & Kramer, 2011). |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

## **Appendix 2: List of Codes**

**RQ1: How does leadership diversity influence the success of new product development?**

- **Executive Power and Hierarchy**

1. Executive Mandate for Concept Approval.
2. Ideas only progress when sanctioned by a high-level executive.
3. Process described as a "very bureaucratic exercise."
4. Success is defined by "the powers that be."
5. Strategy is "driven from the top."

- **Inter-Executive Competition and Conflict**

1. Inter-Executive Competition & Priority Conflict.
2. Leadership groups are referred to as "large groups of heads of heads."
3. Difficulty in collaborating and agreeing on a unified product priority list.
4. Prioritisation based on "he who speaks the loudest, who shouts the loudest."
5. Product selection involves "politicking."

- **Strategic Alignment and Diversity Value:**

1. Top-Down Reorganisation for Execution Cohesion (e.g., "formation of tribes").
2. Value of "divergent thinking."
3. Need for "fresh perspective, fresh ideas" to create "killer solutions."
4. Fresh generational perspective

- **Performance and Legitimacy:**

1. Performance Pressure on Newly Appointed Diverse Leaders.
2. Need for diverse leaders to quickly secure "runs on their scoreboards."
3. Pressure linked to BEE and triple BEE transformation mandates.

4. Tendency to "inflate what their feature is going to bring to the table."

**RQ2: In what ways do observable leadership diversity traits (race and gender) impact product development decisions?**

- **Diversity as a Non-Formal Variable:**

1. Diversity as a Soft Variable in Prioritisation.
2. Diversity is "not number one" in the hierarchy of decision variables.
3. Bias towards things that are "a lot more understandable."
4. Lack of diversity cited as a "hurdle" in product adoption.

- **Informal Influence and Coalition-Building:**

1. Access to Influence via Shared Group Identity.
2. Shared personal attributes (e.g., "you're Xhosa. I'm Xhosa") facilitate "good relations."
3. Political influence has a bearing on product priority.
4. Some leaders "don't like being challenged."

- **Covert Action and Execution:**

1. Informal/Covert Decision-Making.
2. Decisions happen "behind the scenes."
3. Products delivered "regardless of the beautiful priority board."
4. Rhetorical strength and loudest voice determine execution.

- **Resource Negotiation:**

1. Cross-Functional Resource Negotiation.
2. Lack of "mandate to touch the resources and other business units."
3. Need for an "inclusive leadership style" to get "small favours."
4. Constant negotiation is required for skills and people.

**RQ3: How does target-market representation in leadership influence commercial success, innovation quality, and shared value?**

- **Lived Knowledge and Advocacy:**
  1. Lived Experience as Catalyst for Advocacy.
  2. Leaders "fighting" for the segment's specific needs due to "skin in the game."
  3. Lived experience provides empathy for "everyday financial struggles."
  4. Insight into cultural issues (e.g., avoiding "Fidelity truck" visibility, stokvel accounts).
- **Knowledge Validation:**
  1. Balancing Empathy/Experience with Data Validation.
  2. Risk of mistaking "single lived experience" for customer insight.
  3. Need to determine if the problem is a "segment of one problem."
  4. Research only helps "so far," requiring lived experience.
- **Commercial vs. Social Mandate:**
  1. Data/Research Over Lived Experience (in appointments/strategy).
  2. Highly successful mass-market businesses are "very strict on the research and the insight."
  3. Need for diverse voices to avoid design being "skewed towards only one segment."
  4. Solving for the shareholder who is the "nurse," "policeman," or "teacher."
- **Shared Value Status:**
  1. Shared Value as an Integrated Challenge.
  2. Social goals are treated as "a byproduct of our main [pursuit, i.e., profit]."
  3. Corporate Social Investment "definitely not in the scorecard."

## **Appendix 3: Consent Letter**

### **Informed Consent Letter**

I am currently a student at the University of Pretoria's Gordon Institute of Business Science and completing my research in partial fulfillment of an MBA. I am conducting research on leadership diversity and its impact on product development outcome. Our interview is expected to last 45 minutes to an hour and will help us understand whether having leaders who are representative of the market they look to serve have a better understanding of the market's needs and drives the development of products that are appropriate and provide the firm with a competitive edge.

Your participation is voluntary, and you can withdraw at any time without penalty. All data will be reported without identifiers. If you have any concerns, please contact my supervisor or me. Our details are provided below.

Researcher name:

Phone:

Email:

Research Supervisor name:

Phone:

Email:

*Signature of participant:* \_\_\_\_\_

*Date:* \_\_\_\_\_

*Signature of researcher:* \_\_\_\_\_

*Date:* \_\_\_\_\_