

**Overcoming emerging sustainability challenges in organisations through innovation:
a dynamic capabilities perspective**

20820039

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Abstract

The increasing pressure on organisations to transform their traditional business models to business model innovations for sustainability is high on the agenda for executives. The Financial Services industry in South Africa (SA) play a defining role in this transition as organisations often grapple with finding the balance between the drivers and barriers of Sustainable Business Model Innovation (SBMI) from the internal and external environments. The Financial Services industry is a valuable contributor to SA's GDP growth. This study aimed to gain new insights into the phenomenon of SBMI implementation. By gaining a deeper understanding of SBMI implementation, leaders can source the appropriate tools to mitigate their sustainability challenges and identify enablers in the SBMI journey. The study leveraged a dynamic capabilities perspective to understand how organisations bring innovation into sustainability strategies which lie at the juncture of SBMI implementation and strategy. This study adopted an exploratory, qualitative research design. The data was gathered from 21 semi-structured interviews with sustainability business professionals and experts across South Africa's Financial Services industry. The study concluded with a conceptual framework to provide a tool for organisations on their SBMI journey. The research outcomes of this study contribute to nascent SBMI literature.

Keywords

Sustainability, dynamic capabilities, innovation, drivers, barriers, and enablers

Declaration

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

Vasiegee Jagdessi (Samantha)

Name & Surname

Signature

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List of acronyms and abbreviations

BM	Business models
BMI	Business model innovation
CEO	Chief executive officer
COVID-19	Corona virus disease 2019
CSV	Creating shared value
CVO	Chief value officer
ESG	Environment, social and governance
JSE	Johannesburg stock exchange
KPI's	Key performance indicators
RI	Responsible investing
SRI	Socially responsible investment
SBMI	Sustainable business model innovation
SDG	Sustainable development goals
TCFD	Task force on climate-related financial disclosures
UNPRI	United Nations principles for responsible investing

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Chapter 1 – Research Problem Definition and Purpose

1.1 Business relevance of the research

Global leaders look to sustainability and innovation as drivers to foster economic, social, and financial growth (Lacy & Long, 2019). A successful business that strives to connect society's speedy transition into the complex world of sustainability needs to fully understand the elements of business models to embrace sustainability as a change driver. The year 2020 has raised the awareness and importance of sustainability practices. The COVID-19 pandemic experience, for example, presented an unprecedented opportunity for exponential growth in the collective understanding of the interconnectedness of environmental, social, governance, and financial factors (McKinsey & Company, 2020). Companies are starting to appreciate the position of embedding sustainability practices into their core business strategies (Lacy & Long, 2019). Of the 700 sustainability leaders were surveyed by GlobeScan in 2021, 21% recognised the importance of placing sustainability at the core of business models and strategy (GlobeScan & The SustainAbility Institute by ERM, 2021) and were less fixated on stretched targets. In addition, 26% of corporates recognised this as the most decisive driver when citing a leading sustainability company, while 13% recognised leadership as the 3rd most important driver.

While the world views the years 2020 and 2021 and their wake as a melancholy reminder of the price paid for failing to account for material sustainability factors, the ailing economy has forced businesses to stop, rethink and rebuild better (McKinsey & Company, 2020). Long-term sustainability is unified with the systemic conditions (economic and social) in which companies operate. Although “sustainability challenges continue to intensify”, some organisations lack implementation. (GlobeScan & The SustainAbility Institute by ERM, 2021., p. 5). Reframing management practices through innovative processes necessitates a change in behaviours and mindsets of leaders, which are important influences in transforming economic, investment and financial chains (McKinsey & Company, 2020). In this way, leaders can innovate their organisations' business models (BM) to incorporate the economic and environmental facets, creating sustainable business model innovation (SBMI). Organisations must start engaging with the SBMI process to enhance organisational growth and profitability while contributing to social and environmental upliftment (Lacy & Long, 2019). The past two years have highlighted the inextricable links between healthy people, a healthy planet, and a healthy market - this is the core of sustainability, validating that it has become more significant as a consideration as future successes are created (UN Global Compact, 2021).

1.2 Theoretical perspective of the research problem

The past two years are reflective of how organisations are adapting to the ever-changing environment. The core challenges are centred around remaining profitable, enduring competitiveness, and enriching social and environmental needs (Geissdoerfer, Vladimirova & Evans, 2018). The environment has forced organisations to redesign their strategy by innovating and enhancing sustainability practices to adapt to the changing environment (Baldassarre et al., 2017). An organisation's barriers to implementation and the success factors lie in how they remain financially viable and competitive whilst positively impacting their social and environmental outcomes (Geissdoerfer et al., 2018).

The business model (BM) notion relates to how businesses "create, capture and deliver value" (Geissdoerfer et al., 2018., p. 411), whilst business model innovation (BMI) helps organisations to transform and acts as an enabler (Evans, Vladimirova, et al., 2017) to strengthen strategic efficiencies (Schaltegger et al., 2012). Scholars Evans et al. (2017) and Schaltegger et al. (2012) argue that BMI supports the structured creation of business cases for sustainability. The way business professionals embed BMI into the core strategy from a corporate sustainability perspective remains unexplored. Furthermore, literature presents an opportunity to explore how organisations can adjust their traditional BM to incorporate a more sustainable perspective (Roome & Louche, 2016), often known as sustainable business model innovation (SBMI). BMI and SBMI are relatively new research areas in corporate sustainability, and it requires further examination due to the limited theoretical information (Foss & Saebi, 2016).

This study focuses on SBMI. These environmental changes meant that creating a sustainable, inclusive recovery and delivering significant improvements to business models enabled by dynamic capabilities was necessary for innovative initiatives (Geissdoerfer et al., 2018; Teece, 2018 & Evans et al., 2017). Although most companies have covered the basics, they need to innovate to achieve better returns by bringing innovation into sustainable practices (Shakeel et al., 2020). The benefit from basic sustainability practices often gets saturated. To achieve better or longer-term returns, companies need an approach that reintroduces the importance of sustainability in business. Some of the examples listed below assist in bringing the perspectives from literature and the practitioner world to life.

- The commercial benefits and proficiency drivers from sustainability practices need to outweigh the "costs" of implementation. In this regard, new thinking, pro-active leadership, and leadership buy-in and motivation may be necessary for this transition (Long et al., 2018).

- To compete with more prominent players requires a more extraordinary approach, namely sustainable competitive advantage as leverage to enhance performance (Geissdoerfer et al., 2018) as customers and investors compare companies approaches.
- For responsible businesses, believing in a shared value approach means taking a holistic approach to creating value for the organisation whilst investing in activities that can benefit the triple bottom line and society (Calabrese et al., 2019; Dentchev et al., 2018).
- Importantly, different sustainability strategies require different approaches for different sizes of organisations, geographies, industries and various lines of business (Bocken & Geradts, 2020).
- Given the changing environment and changing behaviour of the forces impacting systemic conditions, companies can no longer use the same or static approaches. For example, with 2020, COVID-19 was unexpected; impacts were unexpected. The future is uncertain, so we have to keep thinking of how to do things differently to prevent the spread and the effects on business survival.

Why is SBMI important

The phenomenon of Sustainable Business Model Innovation (SBMI) is a relatively new field of study in academia. However, this has broadly evolved over the past decade from concepts of business models (BM) to business model innovation (BMI) to business model innovation for sustainability (SBMI) (Bocken & Geradts, 2020; Geissdoerfer et al., 2018). SBMI was developed to address challenges relating to the creation and development of propositions that simultaneously create value for multiple stakeholders (B. Baldassarre et al., 2017). SBMI is thus an essential component of an organisation's long term strategic objectives (Bocken & Geradts, 2020). The duty of leaders to communicate the vision and strategic intent underpins the strategic importance of the SBMI implementation (Bocken & Geradts, 2020).

Business models are often challenged by innovations and digital transformation, resource depletion, environmental influences, and other cultural shifts that necessitate significant business model rethinking (Assink, 2006; Schoemaker et al., 2018). It is noted that identifying and prioritising stakeholders, realising how they are integral to the businesses' strategic goal, and evaluating the balance needed to satisfy their needs are all part of defining value (Pagani, 2013; Payne & Holt, 2001). Once the drivers, challenges and enablers have been well-thought-through, the concept of value creation that promotes sustainability becomes an essential consideration in the process of SBMI (Yang et al., 2017). Sustainable value creation is captured and delivered by BMI (Inigo et al., 2017). In sustainability, the value consists of

how organisations associate environmental and social value with economic revenue (Inigo et al., 2017; Yang et al., 2017).

The capability of a BM to adapt to changing environments is likely to influence its long-term sustainable development. Hence, organisations are thus required to build infrastructure, expertise, and capabilities appropriate to the needs of their various stakeholder groups to generate long-term sustainability (Amui et al., 2017; Miying Yang et al., 2017). Connecting value to SBMI has different meanings regarding economic, environmental, and social value to various stakeholders. Thus an aligned approach to creating shared value is needed to capture the projected value (Evans et al., 2017).

The research problem relates to this theoretical phenomenon and calls for a step change of sustainability to become a dynamic 'organisational capability' (Amui et al., 2017). It could be interpreted that organisations may not know how to move to a more sustainable business model for sustainability. Scholars Calabrese et al. (2019) and Pieroni et al. (2019) agree that this tactical change should be a guideline for decision-makers to address sustainability issues through innovation. This paper has academic significance and investigates how the drivers, barriers and enablers to innovation and sustainability contribute to an organisation's transformation. In addition, creating value for all stakeholders in the value chain and at the same time ensuring the profitability of the business.

Why are barriers, drivers and enablers significant to SBMI?

Whilst considering the phenomenon of SBMI and the business environment, it was clear that there are several areas where research can be conducted. The antecedents of barriers, drivers and enablers to SBMI were identified for this study. Barriers co-exist with drivers that enable the implementation process (Bocken & Geradts, 2020). Interestingly, barriers can also be transformed into drivers over time, evolving into a new set of enablers. Barriers and drivers can be modified to suit the commercial need for growth whilst positively contributing to sustainability outcomes (Bocken & Geradts, 2020).

Some of the key challenges that are top of mind for most organisations are the triple bottom line, creating value, reducing overhead costs and not having the right resources to drive the change management processes of sustainability. Scholars Bocken and Geradts (2020) and Evans et al. (2017) explored these challenges and others like mindset change and the lack of appropriate tools. The concept of change or change management is an important barrier to the transition to SBMs. One of the key barriers is "insufficient top management involvement" (Geissdoerfer et al., 2018). In this regard, scholars Shakeel et al. (2020) recommended further research on the SBMI implementation. Interestingly, Bocken & Geradts (2020) proposed

further research on the drivers and barriers obstructing or enabling SBMI. Shakeel et al. (2020) further highlight the importance of introducing sustainability and innovation to address BM challenges.

1.3 The research questions

The main research question (RQ) and sub-questions explored the research opportunity presented by Amui et al., 2017. These are set out below.

- **RQ:** How do organisations bring innovation into sustainability strategies? (Amui et al., 2017).
- **Sub Q1:** What are the drivers needed to innovate for sustainability? (Evans et al., 2017; Foss & Saebi, 2016).
- **Sub Q2:** What are the barriers to innovation and developing sustainability? (Geissdoerfer et al., 2018).
- **Sub Q3:** How do organisations overcome these barriers (enablers)? (Bocken & Geradts, 2020)

Key constructs: Sustainability, dynamic capabilities, innovation, drivers, barriers and enablers

1.4 The research aims

The research drew on the empirical evidence to understand how organisations transform their business models to integrate innovation into their strategies to achieve meaningful outcomes in their sustainability strategies. The **first aim** was to explore the topic by exploring the theoretical importance of SBMI - drivers, barriers and enablers. **Secondly**, to gain a deeper understanding of innovation for sustainability by identifying the drivers, barriers and enablers to innovation. **Thirdly**, this study further aimed to create new insights and knowledge and **lastly** developed a conceptual framework that explains the phenomenon of SBMI - drivers, barriers and enablers. The framework can potentially assist organisations in closing the gap between the design and implementation of SBMI.

1.5 The research contribution

This research study aimed to contribute to the nascent literature of SBMI. In this regard, this study offers a **potential contribution** across a few areas that may refine or extend the existing literature on how organisations bring innovation into sustainability strategies. Several similarities were identified when comparing the conclusions of this study to extant literature. The study also intended to refine or extend existing literature relating to the drivers, barriers, and enablers of SBMI implementation.

The **potential refinements** for the main RQ and the three sub-questions are discussed below. In respect of the main RQ, this study potentially refines existing literature by introducing responsible investing – performance trade-offs and how the role of COVID-19 has pushed the agenda on responsible investing and shared value as new themes – CSV through SBMI. In addition, sustainability is seen as an afterthought and not usually linked to an organisations core delivery model. Regarding sub-RQ1, external drivers such as exploring the mandatory regulatory approach to sustainability regulation and looking into an appropriate commercial risk-adjusted return were introduced, while the internal challenge of incentives for employees who drive sustainability agendas were introduced. Regarding sub-RQ2, the internal barrier of financial value and reward was introduced. In consideration of sub-RQ3, the enablers of having Leaders with solid values & a dominant voice and integrative thinking with balancing short-term delivery and long-term vision were introduced.

There are a few **potential extensions** to the literature, which are discussed below. In respect of the main RQ, this study potentially extends the existing literature by introducing Sustainability as a mandatory innovative business tool in SA. In respect of sub-RQ1, external drivers of in-country regulations and broader tax adjustment for green products were introduced. In addition, another potential contribution that is made is around the impact of Covid-19 was introduced as an external driver. In contrast, the internal driver introduced insufficient data of SBMI limits decision-making powers.

This study, therefore, potentially extends the existing literature by focussing on the drivers, barriers, and enablers of SBMI and considering aspects from creating shared value and responsible investing in the financial services industry.

1.6 The research scope

The **scope** of this study was to investigate the drivers, barriers and enablers to innovation and build sustainability as a DC and understand how these factors contribute to the organisation's transformation. This study focussed on organisations in the financial services industry in South Africa. Given the regulatory changes and pressure from international ambassadors (UN Global Compact and Paris Agreement), there has been increasing awareness of organisations' ability to act responsibly on sustainability matters and assess the impact this has on its value chain. The financial services industry in SA is highly regulated and has thus been identified as a data-rich industry.

1.7 Roadmap

The following section presents the literature review, which forms the foundation for understanding the key constructs of sustainability, dynamic capabilities, and innovation. It will

further be based on how dynamic capabilities can enhance competitive advantage and innovation within organisations in South Africa. The research report comprises seven chapters and supporting annexures.

Chapter 1: Sets out the research problem, definition, and purpose, including the business relevance and theoretical perspective.

Chapter 2: Provides a comprehensive literature review on the topic of this research paper. This chapter highlights innovating for sustainability, the drivers, barriers and enablers to innovation and sustainability and concludes with a conceptual framework of the explored constructs.

Chapter 3: Sets out the main research question and sub-questions that were developed to answer the main research question.

Chapter 4: Explains the research methodology that was used for this study.

Chapter 5: Sets out the analysis of the findings of the study.

Chapter 6: Discusses the findings and creates the outcomes. It further analysed and looked at the existing literature to identify the similarities and nuance of differences in the findings compared to the literature. It also presents a conceptual framework developed through the research process and an updated conceptual framework detailing the potential contribution, potential refinements, and potential extension to literature.

Chapter 7: The research study concludes by setting out the principal conclusions, the implications to business managers, limitations of the research and highlighting future recommendations. The chapter also includes the final conceptual framework.

Chapter 2: Literature Review

2.1 Introduction

With current business environments described as fast-paced, volatile, and unpredictable (Teece, 2016), the context in which organisations exist has changed. Trends, namely climate change, globalisation, and social inequality, among others, are challenging traditional business models (BM). An organisation's dynamic competencies are pivotal drivers for sustaining long-term business success (Teece, 2018). Hence, establishing organisational sustainability using dynamic capabilities is becoming an important area and a key element to an organisation's success (Yang, Vladimirova & Evans, 2017). Amui et al. (2017) noted that an integrated strategic concept of business sustainability is essential for organisational sustainability. This implies that business strategy requires embedding sustainable organisational development into long-term goals (Teece, 2018; Roome & Louche, 2016).

This study explores the underpinning constructs of dynamic capabilities (DC), sustainability, and innovation of SBMI. The literature review defines and explores three main areas of interest, namely, organisational sustainability (Amui et al., 2017), dynamic capabilities (Teece, 2017, 2018) and innovation (Amui et al., 2017; Bocken & Geradts, 2020) based on the research problem and goals outlined in Chapter 1, and their relevance to theoretical themes, their linkages, and their integration as a basis for this study.

The literature review will focus on DC as one of the primary constructs and DC as a theory. Eisenhardt and Martin (2000), and more recently, Amui et al. (2017) and Teece (2018) back the perspective that 'performance and competitive advantage' is a product of the changes made to an organisations process and resources. These are referred to as primary concepts of DC theory, which was applied to the phenomenon (Amui et al., 2017; Teece, 2018). The theory helps explain how organisations respond to ever-changing environments. In the latter stream of work by Amui et al. (2017), introducing dynamic capabilities to sustainability creates an opportunity to use the theory for further research.

The literature review is designed based on the research question and sub-questions set out in 1.3. The section starts with an overview of the theory, reviews the constructs, and examines the drivers, barriers and enablers of innovation and sustainability. The review ends with a conclusion. The graphical illustration of the layout that connects to this study's purpose is included in Figure 1.

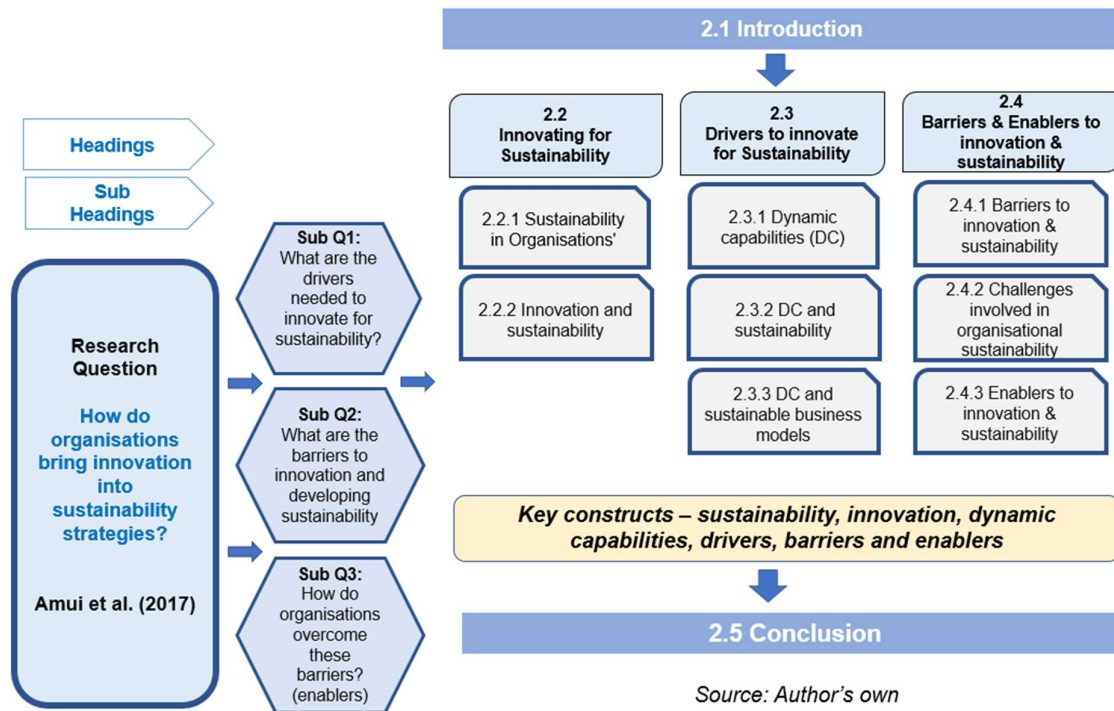


Figure 1: Roadmap of Literature Review

2.2 Innovating for Sustainability

2.2.1 Sustainability in Organisations

Sustainability has become an ongoing challenge for organisations in many ways and plays a significant role in an organisation's strategy and plan (Geissdoerfer, 2019; Kennedy et al., 2017) as organisations address ever-changing business environments. Pieronsi et al. (2019) and Geissdoerfer et al. (2016) have penned the concept of sustainability as a fast-growing emergent theme. Sustainability originated in the French verb *soutenir*, "to hold up or support" (Geissdoerfer et al., 2017, p. 758). Johnston et al. (2007) elaborated further that sustainability is defined in approximately three hundred ways. Thus, many definitions for sustainability indicate the broad and often contrasting views on how sustainability is defined and adopted in practice. Similarly, Moore et al. (2017) & Amui et al. (2017) have also elaborated on the differences across the sustainability definitions and called for a standard definition.

The Brundtland report (1987) is recognised as the universal entry point to sustainability for researchers and practitioners (Bradley et al., 2020; Geissdoerfer, 2019). The standard definition is: "Development that meets the needs of present generations without compromising the needs of future generations" (WCED, 1987; Geissdoerfer et al., 2017). Sustainability has since become an essential part of business, economics, and ethics concerning the grand

challenges of environmental, social and governance. The Brundtland definition is often used for countries and governments and sustainable development rather than sustainability in a business context. However, aligned with the Brundtland definition, scholars Evans et al. (2017, p. 597) looked at the practical approach of sustainability in the business context, which often “implies modification, innovation or alteration of an entity concerning the supporting environment”. Maniora (2018) further elaborated that sustainability in business activities refers to the environmental, social, governance magnitudes on an organisation’s ‘operations and performance’ and calls for a more deliberate approach in embedding sustainability strategies.

Business strategy discipline is progressive and includes embedding sustainable development into long term goals (Evans et al., 2017). For example, sustainability integrates economic, environmental, and social drives into an organisation’s goals and activities (B. Baldassarre et al., 2017). According to França et al. (2017), sustainable strategies focus on redefining business conditions due to the social-ecological changes within the 21st century. Similarly, Mousavi and Bossink (2017) indicate that sustainable development and sustainable strategies provide an organisation with the tools to create long-term value for the organisation, its stakeholders, and the broader society in future years. Ritala et al. (2018) concluded that sustainable strategies are recognised as a ‘win-win situation’ amongst corporate accountability and organisational performance within larger corporates.

However, what should be understood is that sustainable development within businesses has been slow, indicating the necessity for more solid leadership for them to act purposefully and effectively (Ritala et al., 2018). It is concluded from the literature review that organisational sustainability comprises an array of dimensions applied in the execution of sustainable strategies, including 1) sustainability, 2) innovation, and 3) dynamic capabilities, which is further discussed below. Given the wide use of the words ‘sustainability and ‘organisational sustainability’ in literature, these constructs will be used interchangeably in this study. The multiple views are acknowledged and based on the analysis above, the Brundtland commission's definition closely resonates with the research topic.

2.2.2 Innovation and sustainability

Business model (BM) is a well-respected strategic business tool across theory and practice as it supports how strategy is adopted in real-world business activities (Inigo et al., 2017). Teece (2018) defines a BM by how organisations produce and distribute value to clients and the instruments used to capture a portion of that value. BM should not be dormant. A transformational approach is required for a successful business model to respond to the ecosystem changes (Inigo et al., 2017). That is, BM reflect how an organisation rethinks about

creating, delivering, and capturing value (Foss & Saebi, 2016), and the method of finding new ways to develop, produce, and capture value is known as business model innovation (BMI) (Geissdoerfer et al., 2018).

BMI has advanced from the concept of business models and integrates sustainability (Geissdoerfer et al., 2018; Bocken & Geradts, 2020; Evans et al., 2017). This statement indicates the research topic sustainability is one way to enhance or progress innovation, in other words, "revolutionizing the value creation, delivery and capture instruments of firms to lure clients into paying for value and converting these into revenue" (Bocken & Geradts, 2020, p. 1). However, Geissdoerfer et al. (2018) concluded that there seems to be a lack of clarification, conceptual agreement, and continuity in BM usage, value creation and SBMs when describing business model innovation for sustainability (Roome & Louche, 2016). Although, Amui et al. (2017) opine that sustainability is a fundamental component of transforming a business. Thus, there seems to be no consensus on these principles' interpretation, description, and context, resulting in a dispersion of viewpoints that significantly inhibits and even halts advancement in these fields (Bradley et al., 2020). Even though BMI for sustainability can unlock unlimited opportunities to respond to historic sustainability issues (Foss & Saebi, 2016), organisations lack sustainable business models (Bocken & Geradts, 2020). Amui et al. (2017) and Ritala et al. (2018) affirm that more meaningful guidance is required for organisations to operate purposefully and efficiently in a sustainable manner necessary for innovation.

In conclusion, Amui et al. (2017) and Bocken & Geradts (2020) further elaborated that to address organisations' critical problems in securing a sustainable future, a shift towards a proactive business strategy rather than a reactive approach may mitigate undesirable organisational performance. Evans et al. (2017) further highlight the roles of innovation and sustainability in BMI and suggests opportunities for future research.

2.3 Drivers to innovate for Sustainability

2.3.1 Dynamic Capabilities approach

Pisano (2017, p. 748) broadly defines an organisation's dynamic capabilities (DC) as the "capacity to reconfigure and extend their competencies", that is, the ability of an organisation to be agile and respond swiftly and effectively to the ever-changing environment. A similar definition is provided by Teece (2018), who describes DC as an organisation's ability to "integrate, build and reconfigure internal and external resources" (Teece, 2018, p. 40) to address and adapt to fluctuating business environments. DC allow organisations to explore and shape opportunities to create competitive advantage.

DC's are seen as an extension of an organisation's resource-based view (RBV) (Samsudin & Ismail, 2019). According to the RBV, postulated by Barney (1991) cited in (Samsudin & Ismail, 2019), organisations within similar industries perform differently due to their different resources and capabilities. However, the RBV remains static and fails to explain how organisations remain sustainable within changing business environments (Samsudin & Ismail, 2019). Pisano (2017) argues that RBV had little to say about the dynamics of capability creation. On the other hand, dynamic capabilities consider the subtleties within an ever-changing business environment (Samsudin & Ismail, 2019). Teece (2018) affirms that dynamic capabilities are thus an essential element of business models. It further empowers organisations to improve their ordinary capabilities and builds sustainable competitive advantage and, consequently, organisational sustainability (Teece, 2018). Interestingly, Clauss et al. (2019) also has a similar view to Teece (2018) but add that dynamic capabilities "are higher-order capabilities that an organisation uses to shape and deploy (orchestrate) its resource base to meet the current and anticipated needs of the market" (Clauss et al., 2019, p. 2).

Teece (2017) elaborates that DC are about looking ahead. It further requires a holistic view of current drivers, barriers and enablers whilst planning for the future sustainable model of an organisation. Teece (2018, p. 40) further affirms that the constituents of "DC, BM and strategy are connected"; in other words, DC is associated with business strategy through the business model and its execution. DC has been examined as an essential part of business models and strategies and, they are often viewed as fundamental to business model innovation (Bocken & Geradts, 2020). Through organisational design, a business model can influence an organisation's DC (Teece, 2018). Still, organisations must adopt which new capabilities are worth creating and which prevailing ones are worth preserving (Pisano, 2017).

Based on the above analysis, the definition by Teece (2018) relates closest to this study as dynamic capabilities will be used as a theoretical lens to explore innovation and sustainability as an essential part of the process. While the relationships of BMs, dynamic capabilities, and strategy are understood theoretically, further empirical work (Teece, 2018) must understand the connection to sustainability in the dynamic organisational context.

2.3.2 Dynamic Capabilities and Sustainability

Studies have indicated that DC can increase organisational growth and performance (Teece, 2017). DC for sustainability can assist organisations in creating and adopting strategies that respond to sustainability challenges (Amui et al., 2017). Teece (2018) and Erevelles et al. (2016) have opined that such capabilities allow an organisation to respond effectively to new opportunities, enabling the creation of new value, which is vital in ensuring organisational

sustainability (Erevelles et al., 2016). Sustainability has become an important area and a key element to an organisation's business strategy (Calabrese et al., 2019; Yang et al., 2017). Organisations have battled with longstanding sustainability issues, which indicate that an organisation needs to develop DC to maintain growth in an ever-changing environment once it has extracted maximum value from its existing resource base.

Hence, there is growing interest in understanding the connection between dynamic capabilities and organisational sustainability. Studies such as the ones by Lin and Wu (2014) suggest that dynamic capabilities contribute to organisational performance and sustainability in changing environments, which has prompted organisations to assess and understand how to use their dynamic capabilities to remain sustainable (Pisano, 2017).

2.3.3 Dynamic capabilities and sustainable business models

Most business models primarily focus on generating, distributing, and seizing value, with no environmental and social values considered (Evans et al., 2017; Yang et al., 2017). The changing market environment, a broader spectrum of stakeholders participating in industry negotiations, resource constraints, and a focus on businesses' social responsibilities have increased the need for long-term value creation (Evans et al., 2017). According to Teece (2018), the foundations of a BM must be aligned internally, intelligible, and further aligned to the company's management model to provide value. Thereby indicating that extreme changes in business models to accommodate disruptive changes will fail to prosper short of significant financial resources and management support.

Studies such as the one by Teece (2018) indicate that dynamic capabilities enable the design and application of a business model, which can result in high-payoff endeavours. Furthermore, an organisation's dynamic capabilities are a determinant in the speed and capability of a firm to align its resources and BM with customer needs and aspirations (Teece, 2018), promoting organisational sustainability. Using dynamic capabilities enables organisations to continuously sense and grasp opportunities within a volatile business environment. Bocken and Geradts (2020) indicate that dynamic capabilities are relevant for innovating business models and building and improving an already strong business model guiding organisational transformation. Hence, there is an implication that the integration of dynamic capabilities into business models proves positive for organisational sustainability and growth.

Even though literature recognises that organisations need dynamic capabilities to modernise their BMs for sustainability, SBMs are increasingly viewed as critical drivers for competitiveness and sustainability performance (Bocken & Geradts, 2020). Similarly, organisations may struggle to create dynamic capabilities required for sustainable business

models. It is not always evident how sustainability can be created by integrating dynamic capabilities as a driver of innovation (Bocken & Geradts, 2020). In conclusion, current academic research on dynamic capabilities for sustainability is limited (Bocken & Geradts, 2020).

2.4 Barriers and enablers to innovation and sustainability

2.4.1 Barriers to innovation and sustainability

Innovation is recognised as a critical driver of competitive advantage and organisational sustainability within organisations (Bocken & Geradts, 2020). Additionally, Kennedy and Bocken (2020) indicate that innovation is at the core of the business and is seen as a primary vehicle for discovering opportunities. Dynamic capabilities seem to play a pivotal role in ensuring SMBI. Similarly, Bocken and Geradts (2020) note that within changing environments, dynamic capabilities are critical for organisation's to improve and transform their BMs, that is, to introduce innovation. Amui et al. (2017) also indicate a link between innovation and sustainability by noting that sustainability is a fundamental component of innovation for a business. Businesses are essential stakeholders in creating a more sustainable economic system (Geissdoerfer et al., 2018), and innovating BMs impacts commercial organisations' performance (Foss & Saebi, 2016). Although technology improvements towards sustainability are increasing, many organisations struggle to meet their sustainability objectives (Geissdoerfer et al., 2018) and often default to the out-of-date innovative sequences aimed generally at business development and fiscal goals (B. Baldassarre et al., 2017)

However, there are several barriers to innovation and sustainability, as noted by Bocken & Geradts (2020). A key barrier includes the strategic barriers of the firm, i.e., the rules or beliefs that guide organisations with specific emphasis on functional strategies and short-term profitability. In this instance, innovation and dynamic capabilities could be seen as a barrier to current business operations (Bocken & Geradts, 2020). Such strategic barriers also affect the organisation's ability to identify opportunities for innovation. An older study by Chesbrough (2010) indicates innovation; specifically, BMI may conflict with more "traditional configurations of firm assets" (p. 358). This likely results in resistance to approaches that may intimidate the firm's value in any way. In newer literature, Inigo et al. (2017) connect sustainability as a critical driver for innovation in the BMI process. A further connection from BMI into SBMI is necessary as SBMI aims to toughen an organisations' capability to pursue sustainable growth by incorporating sustainability goals into traditional BMs and simultaneously securing revenue and progressively influencing the social order and the environment (B. Baldassarre et al., 2017).

Bocken and Geradts (2020) argue that it could be possible that the barrier to innovation is the actual conflict between the business model, which has already been established for current technology and approaches, as opposed to new and emerging ones. Overall, one of the main barriers to innovation and the use of dynamic capabilities for sustainability seems to conflict with current or existing business models and assets that favour the current business model (Inigo et al., 2017). These outdated models have significant economic influences on organisations and further interrupt the implementation of sustainability solutions (Geissdoerfer et al., 2018). SBMI is a fast-growing approach to advancing competitive advantage while solving societal and environmental issues (Bocken & Geradts, 2020). Thus, more analysis is needed to include the sustainability lens, and this section has been further developed.

2.4.2 Challenges involved in organisational sustainability

The sustainable development of organisations comes with its challenges and limitations (Dentchev et al., 2018). It is accepted by Lozano et al. (2016) that without clear sustainable strategies in place, achieving organisational sustainability will be a challenge. Lozano et al. (2016) further elaborate that organisational sustainability calls for a holistic perspective where organisational elements interrelate as part of an organisation's purpose, providing businesses with the techniques and technology to compete in today's competitive economy. Increasingly, organisations recognise the inter-dependencies and relationships between the economic, social and environmental aspects (dimensions of sustainability) for their short and long-term development (Ritala et al., 2018). It is clear and can be concluded that organisational existence will be inhibited if the requisite resources and clear sustainable development is not in place (Dentchev et al., 2018).

Sustainable strategies imply strategic management within organisations, requiring competitive advantage development. For example, organisations often capitalise on opportunities and minimise challenges; hence, good sustainable strategies could either pose a challenge or become an enabler to organisational sustainability (Mousavi & Bossink, 2017). Additionally, note that a clear target definition in sustainability within an organisation enhanced advancement in sustainable development. The implication is that many organisations are challenged in defining a clear target for sustainable development. Furthermore, the review indicates that most organisations focus merely on one dimension of organisational sustainability: the economic metrics rather than a holistic view, and fail to include the values related to financial and environmental responsibilities (Lozano et al., 2016).

There are many obstacles to implementing organisational sustainability. Dentchev et al. (2018) affirm that most organisations have different sustainability issues and business models, each with unique maturity levels, challenges, and limitations, meaning their learning and

development needs may differ. As noted in Bocken and Geradts (2020, p. 3), sustainability challenges require the “mobilisation of resources” to realise the prospects and threats and reap the monetary benefits of organisational sustainability.

2.4.3 Enablers to innovation and sustainability

2.4.3.1 Internal and external enablers of dynamic capability deployment

Although dynamic capabilities enhance organisational performance and growth, that is, sustainability (Lin & Wu, 2014; Teece, 2017), it is still directed at creating future resources, making them vulnerable to short-term pressures to cut costs. Dynamic capabilities require cognitive and operational costs and high levels of time, energy and commitment from leaders, which could constrain the integration of dynamic capabilities within an organisation (Ambrosini & Bowman, 2009). Ambrosini and Bowman (2009) have argued that dynamic capabilities are developed to “realise strategic advances” (p. 20); hence there is no guarantee for organisational success or sustainability should they be created. The debate is carried through in the current literature. Bocken & Geradts (2020) defines SBMI as the changes an organisation makes when conducting its business to create a competitive advantage while supporting commercial and societal issues. Despite the prospect of unlocking value, there is a lack of adoption of SBMI by organisations (Bocken & Geradts, 2020). Thus organisations may struggle with the creation of dynamic capabilities required for SBMI as 1) it is not always evident as to how financial value can be created through sustainability; 2) addressing the historic sustainability challenges and compromising on the short term financial gain and 3) cost determinations to innovate for sustainability (Bocken & Geradts, 2020) is overpowered by other business needs.

Dentchev et al. (2018) argued that SBMI acts as a supportive tool to 1) define an organisation's sustainable worth to its stakeholders, 2) generate and distribute shared value, and 3) demonstrate how it acquires commercial value while retaining and developing economic wealth outside the core BM. Businesses require an active approach to adopting more sustainable related strategies to bring about financial and economic change and upliftment; by designing and refining their value propositions (Geissdoerfer et al., 2016). The skill needed to alter sustainability calls for an intentional business capability (Evans et al., 2017). Given that organisations compete in a highly competitive and saturated market, the dynamic capability (for organisational sustainability) construct is relevant to this study, primarily because current organisations operate in business environments dominated by constantly changing customer needs and markets. Also, dynamic capabilities are critical for long-term sustainability, but the function of strategic management in the implementation of such

capabilities still need to be established. More analysis is necessary, and this section will be further developed.

2.5 Conclusion

Addressing sustainability issues attracts challenges and presents opportunities for transformation across all facets of a business, starting with implementing the core strategy. Amui et al. (2017) raised the significance of understanding an organisation's ability to respond to sustainability challenges and its impact on the circular economy. In addition to creating opportunities, sustainability strategies enable organisations to achieve financial, environmental, and societal rewards, generating value in the future. Literature further states that sustainability must be a fundamental component of innovation to a business. Although innovating BMs to achieve sustainability goals is evidenced in the literature review, it has limitations. BMI and sustainability are interconnected; their prototypes represent the broad continuum of how businesses need to function to build sustainability practices for the future. There is also a direct association between DC and sustainability; based on the literature review DC should be a core component of sustainability strategies. Through the adoption of DC, enhancements to BMs are recognised as an integral method of understanding advances for sustainability. Robust DC can provide a solid underpinning for sustainable competitive advantage (Teece, 2018). It is difficult for competitors to replicate DC as they are built on eccentric physiognomies and organisational culture (Teece, 2018).

Extant literature thus indicates that organisations should incorporate sustainability as part of their strategy to achieve long-term sustained results and build towards a new source of competitive advantage (Geissdoerfer et al., 2016). Organisational sustainability is needed to ensure growth and competitive advantage in unpredictable business environments. As a strategic tool, BMI can assist organisations in recognising where their time has been spent and how they could better influence sustainability into their models, thus contributing to the welfare of societies and the environment for this generation and future ones (Geissdoerfer et al., 2016). An organisation's ability to brand sustainability and innovation as change drivers by converting it into a business strength is a gap to be deliberated and aligns to the research question (Amui et al., 2017). Based on the data triangulation, adopting a conceptual framework can be an enabling source to help organisations on their sustainability journey to map out conduits to profit maximisation. This section presented the relevant literature on dynamic capabilities theory, application, and organisational sustainability and further revealed the need to unpack how DC can enable sustainable strategies in organisations. A summary conceptual framework would result from the research.

Based on the literature review on how organisations bring innovation into sustainability strategies, the chapter concludes with a conceptual framework. Figure 2 presents the conceptual framework highlighting the constructs and key insights that impact sustainability strategies. The framework is congruent with the research aims discussed in section 1.

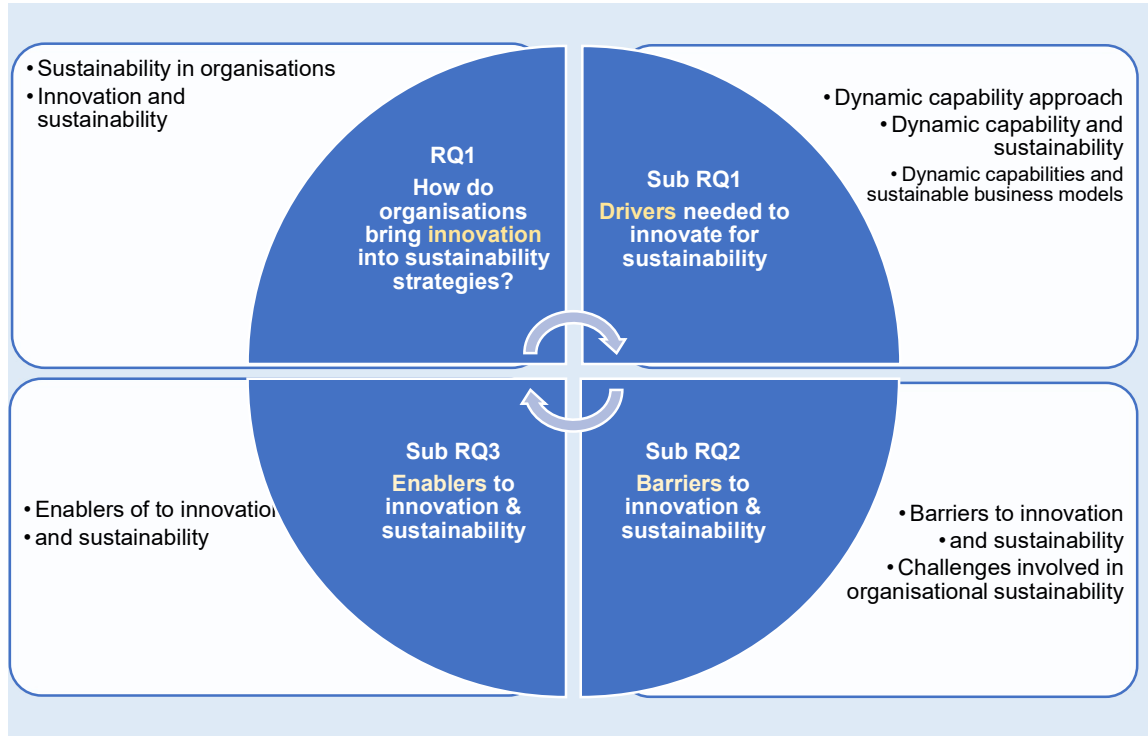


Figure 2: Conceptual Framework - based on literature review

Chapter 3: Research questions

3.1 Introduction

The research question and three sub-questions were designed based on the research aims. These questions were formed from the literature review as presented by Amui et al. 2017 in Chapter 2. The research looked to identify organisations' drivers, barriers, and enablers as they move towards adopting innovation into sustainability strategies. This study focuses on organisations in the Financial Services Industry in South Africa. The interview protocol was formulated to gain insights into the broad research questions and draws from professional and expert opinions. The interview protocol is tabled in Chapter 4.

3.2 Research question 1

How do organisations bring innovation into sustainability strategies?

Research question 1 aimed to identify how organisations in the Financial Services sector move towards including sustainability into their business model. Furthermore, this question tried to gain insights into how and to what extent innovation is evident in how the business model has and is changing.

The following questions were designed to explore the detail and collect data from the Financial Services Industry organisations to operationalise the main research question.

3.3 Sub-research question 1

What are the drivers needed to innovate for sustainability?

This question aimed to identify the external and internal drivers for organisations in the Financial Services Industry as they move towards innovating for sustainability. By collecting data on the drivers needed for innovation, this question provided insights into how organisations transform and become early adopters. The results could motivate or guide peer organisations or different industries in their transformational sustainability journey.

3.4 Sub-research question 2

What are the barriers to innovation and developing sustainability?

This question has been included to gain insights into the barriers business professionals and experts face in light of innovation and developing sustainability models. The aim was to identify the external and internal challenges at an organisational level that business professionals currently face in achieving this move towards sustainability. This creates an opportunity to raise awareness about these challenges and for the business professionals to implement proactive solutions.

3.5 Sub-research question 3

How do organisations overcome these barriers? (enablers)

This question was designed to identify how organisations in the financial services industry overcome the challenges and assess the outcomes. Furthermore, to assist the business professionals in navigating how organisations in the financial services industry incorporate sustainability into their business model. This can shift the focus of having a limited view to a broader understanding of how the enablers can be used as a tool to overcome the barriers to adoption.

Chapter 4: Methodology and Design

4.1 Introduction

Chapter 3 identified the research question and sub-questions this study intends to answer; to gain better insight and an in-depth understanding in answering the phenomenon of how organisations in South Africa bring innovation into sustainability strategies. This chapter sets out the research methodology that was used to answer the research and sub-questions. This chapter will end with the limitations of this study.

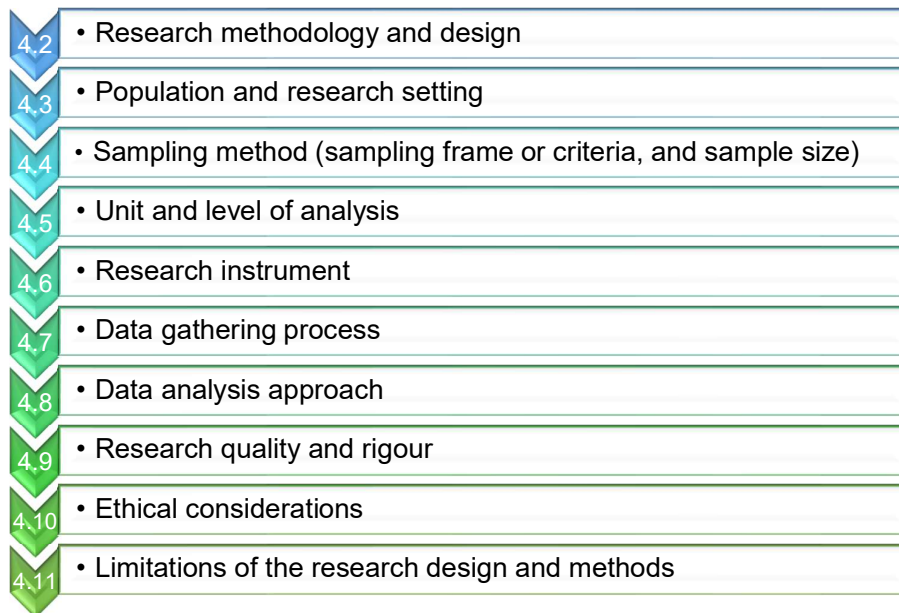


Figure 3: Roadmap of Chapter 2 Source: Authors own

4.2 Research Methodology and Design

There are two types of **philosophical research foundations**, ontology and epistemological (Bell et al., 2019). According to Bell et al. (2019), ontology is about understanding what reality is. The **ontological approach** used for this study is one of social constructionism as it best supported the dynamic nature of organisations and their multitude of moving parts (Bell et al., 2019). The ontology helps form how research is conducted, reflects multiple realities, and creates realities collectively (Bell et al., 2019). The relationship and interaction of individuals socially create their various realities. Thus, the need to collect data from experienced individuals who innovate and drive sustainability agendas in organisations links to the phenomenon.

Epistemology follows on from ontology and is about how knowledge is created from reality (Bell et al., 2019); it helps to improve the understanding of reality. The epistemological assumptions are based on the interpretive approach and are built on the theory of how knowledge is created (Bell et al., 2019). The interpretive approach is reinforced by a '**social constructionist ontology**' (Bell et al., 2019) which means that people interactions create reality.

Thus, the **philosophy** of this research was **social constructionism**. A socially constructed reality may apply an interpretive method to understand the interviewees' viewpoint as they share their personal experiences (Bell et al., 2019). The interpretive approach involves the interaction between different constituents and features within a multifaceted arrangement resulting in ideas (Bell et al., 2019) and works well with social constructionism. Social constructionism goes further into the social interactions that 'co-create knowledge'; therefore, it is a more 'social' form of interpretation at a collective level. Bell et al. (2019) further stated that qualitative research is inductive and interpretive (Eisenhardt et al., 2016; Gioia et al., 2013).

According to Eisenhardt et al. (2016, p. 1113), **inductive** approaches support creating improvements to grand challenges. In addition, Eisenhardt et al. (2016) claimed that scholarly papers using inductive approaches are among the most quoted and most thought-provoking at the Academy of Management Journal (p. 1113) due to their ability to work through multifaceted topics. An inductive view refers to the connection between 'theory and research' (Bell et al., 2019). Inductive approaches are a means by which researchers try to create theory from the data collected (Eisenhardt et al., 2016) and depend on academic sampling. They are linked to 'how' research questions (Eisenhardt et al., 2016) and help researchers generate new ideas. The inductive approach was used under the data analysis section, followed by the deductive approach.

The foundation for an exploratory, qualitative approach is created on this phenomenon being an emerging field of study, making exploration a suitable method (Creswell & Creswell, 2018). Bell et al. (2019) defined qualitative research as an exploration plan that emphasises words rather than figures in gathering and examining information. Qualitative research also refers to discoveries as an outcome of actual events that occurs naturally. Gehman et al. (2018) further added that qualitative research is built on a profound involvement across several data types, which helps disclose the pivotal phenomenon. This type of research involves a varied set of methods instead of a single process (Gehman et al., 2018).

The type of study depended on the research question and how it has been answered. This study requires a 'how' question to collect data responding to the phenomenon. According to

Bell et al. (2019), a 'how' question is exploratory. Accordingly, Bell et al. (2019) and Gehman et al. (2018) affirms that a 'how' question relates to exploratory, qualitative research. Hence, a qualitative research strategy was a suitable design for this study.

The design for this study was retrospective, which means that the data was collected at a point in time and set out in a narrative of words that described an interviewee's views and experiences. Interpreting the discoveries from the interviewees' viewpoint was essential, which led to aligning the results to the research problem (Creswell & Creswell, 2018). Qualitative research further allowed the researcher to explore deeper into issues through exploration and then described the problems back as understood by the interviewees (Bell et al., 2019). This study explored the research question through a **mono method** (single qualitative approach). There is limited empirical evidence on how organisations in the financial services industry in South Africa bring innovation into sustainability strategies. Figure 4 sets out the proportional, interconnected relationships that were applied in this study's research methodology and design.

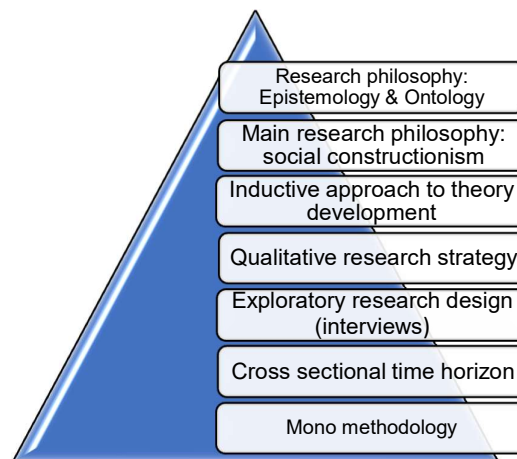


Figure 4: Graphical representation of research methodology and design.

Source: Authors own, adapted from lecturer slides Mamabolo, A (2021)

4.3 Population and Research Setting

According to Bell et al. (2019), the term population has a comprehensive meaning in sampling. The wide range of components from the sample was carefully chosen. The sample identified for this research study was business professionals and subject matter experts in sustainability. The research setting was organisations in the Financial Services industry in South Africa (SA), as information was available in the public domain from which the sample was collected. The

research setting aimed to collect data to understand how organisations bring innovative sustainability strategies into the core business practice.

4.4 Sampling method

In connection to the research philosophy of social constructionism, the selected sample helped the researcher develop multiple perspectives on the phenomenon. According to Bell et al. (2019), purposive sampling is grounded on specific criteria to match the sample to the research objectives (Etikan, 2016). Purposive sampling was used for this study. This technique sought out leaders from two sampling groups to gather diverse perspectives, one with the subject matter expert knowledge and the other with professional expertise and experience in the phenomenon explored. The samples were drawn from the research dataset as set out in Table 1 due to the difference of opinion in sustainability practices.

	Sample Type	Description	Criteria
Dataset 1 15 Interviews were conducted	Business Executives/ Professionals in South Africa (SA)	Individuals who have expertise and experience in the field of Sustainability.	1) SA Corporates/Organisations 2) Finance sector in SA. Industry insurance, corporates, and NPO's/asset managers (these may change) 3) Senior/exec leaders who have experience in innovating their organisations to incorporate sustainability
Dataset 2 Six interviews, were conducted	Subject matter experts	Individuals not working in a corporate environment. Can be classified as professionals/ academic Dr's and scientists who advise or are advisors in sustainability, innovation, DC?	1) SA & International based organisations 2) Finance sector in SA. Industry insurance, corporates, and NPO's/asset managers 3) Expert opinions of the research they have engaged in with innovating to incorporate sustainability.

Table 1: Sample type and criteria. Source: Authors own

This study used the non-probability technique of purposive sampling Based on the ontology of social constructionism (Bell et al., 2019). The researcher created two datasets, each with a different interview protocol. Dataset one collected data on the interviewees' experience and business expertise on the phenomenon. Dataset two focussed on the interviewees' expert opinions of the phenomenon.

Twenty-two organisations were initially identified for this study. The researcher reached out to the executives who were involved in sustainability and innovation agendas to participate in this study. Of the 22 organisations, 17 organisations agreed to participate in the study. The researcher used her formal and professional networks of individuals based on experience,

levels of influence and willingness to participate in the research. The researcher mitigated participation bias by inviting people who are not colleagues nor have regular engagements with. The researcher used a matrix approach for a varied and multi-perspective sample across the two sample groups. The sampling set achieved 21 one-on-one interviews (Rubin & Rubin 2015) with the business professionals and subject matter experts in sustainability. The data was collected based on these individuals' experience and expert insights and not on a specific organisation. The names of the participants and organisations were therefore anonymised.

4.5 Unit and level of analysis

The unit of analysis for this study was the individuals within the organisations who agreed to participate in the study. The choice of individuals as business professionals and subject matter experts in sustainability allowed the researcher to collect data and gain an in-depth understanding of their experiences for dataset one and expert opinions and perspectives for dataset two by exploring the research question and sub-questions. The level of analysis was the organisation.

4.6 Research instrument

Rubin & Rubin (2015) and Brinkmann & Kvale (2018) identified the instrument of 'interviews' as a standard tool in qualitative research. Semi-structured qualitative interviews create the platform for researchers to examine complex issues deeply. The one-on-one interviews further allowed personal thoughts and experiences to be shared openly and reduced the risk of influence from others (Rubin & Rubin, 2015). Semi-structured interviews were used for this study as they allowed the researcher to collect information and build new insights (Bell et al., 2019; Rubin & Rubin, 2015).

The researcher designed the interview protocol based on the principles of Rubin & Rubin (2012) and Kvale & Brinkmann (2014); the questions were be adapted from Rauter et al. (2017) and Geissdoerfer (2019). The interview protocol helped the researcher to understand the procedural and ethical considerations linked to interviewing (Kvale & Brinkmann, 2014). The researcher conducted the pilot interview with a colleague as a validity, and quality check to test the instrument before the data gathering process began. The design included the opening question to understand how participants become involved in sustainability practices. The limited broad interview questions related to the research question and sub-questions are set out in Appendix 1.

Creating simple, open-ended interview questions were essential (Rubin & Rubin, 2015). The interview was an instrument for the data collection and formed the input required for the

research analysis. The researcher acted as a facilitator in conducting the interview and collected the data for the study. The researcher designed exploratory questions and a process that allowed participants to talk and share their knowledge and experiences in a safe space.

4.7 Data gathering process

The data gathering process collected information from business professionals in organisations within the financial services industry in SA and from experts within SA and abroad. The semi-structured interviews collected data based on the interviewees' professional experiences, expert knowledge, and insights where the researcher had an explicit topic to explore (Bell et al., 2019). The researcher followed a process of asking a set of limited prepared questions in line with how organisations innovate to incorporate sustainability into their strategies (Rubin & Rubin, 2012). The researcher used the interview protocol for all interviews, which were carried out in a semi-structured manner to allow flexibility in collecting meaningful data (Bell et al., 2019; Creswell & Creswell, 2018). The semi-structured interviews allowed the interviewees to respond based on experience, knowledge and expert opinion instead of closed questions with 'Yes' or 'No' options (Creswell & Creswell, 2018). The researcher avoided leading questions and listened carefully without too many interruptions (Rubin & Rubin, 2012).

The interviews were conducted through an online video platform, Microsoft Teams. The researcher followed the process as set out below:

1. The researcher contacted the participants telephonically or by email to request and secure a date for the interview.
2. Once the date was confirmed, the researcher sent an email to the participant with the invitation and consent letter. In research and collecting data, ethical conduct is essential. The emails are stored in a private drive and password protected.
3. At the interview, the researcher shared the scope of the study. The researcher asked the participant to read the informed consent and address any questions they may have had. The consent letter was signed. The process began with a formal introduction and clear communication to set the scene based on the interview protocol.
4. The researcher clarified the confidentiality and anonymity terms.
5. Participants were then asked for consent to record the interview. The interview was then recorded on two devices. The interviews were scheduled for 45 to 60 minutes each. Each interview ranged between 27 and 91 minutes, with the average interview taking approximately 42 minutes.
6. Post the interview, the researcher sent an email to thank the respondent for their time and contribution.

4.8 Data analysis approach

As part of qualitative research, a thematic analysis method (Braun & Clarke, 2006) was applied to the raw data from which first-level coding, categories and themes were derived and further analysed to create an opportunity to build theories (Gioia et al., 2013). The analysis was an iterative process (Braun & Clarke, 2006) that commenced when the researcher started to look for patterns or themes in the data and ended with the report describing the themes. The six-step approach was applied to the data analysis in conducting a thematic analysis. In summary, the steps as set out by Creswell & Creswell, 2018 and Braun & Clarke (2006. p. 87) were applied: '1) the researcher familiarised herself with the data, recordings and transcribed the interviews, 2) the data were systematically grouped into different dimensions and then organised the data applicable to each code, 3) the researcher clustered the analysis into potential themes and code through the inductive method for steps 1 and 2 and after that applied the deductive method, 4) reviewing the themes and created a thematic map, 5) Continued analysis to refine the details of each theme to ensure that the themes and analysis describe a complete story; lastly, 6) created a report of the analyses'.

The researcher used the software transcription functionality on the Microsoft Teams platform to generate the initial transcripts. Thereafter the researcher listened to the audio recordings to correct and update the transcripts to ensure accuracy. The researcher experienced a few problems with poor quality recording due to some participants network issues and accents. These audio recordings were sent to an independent third-party professional transcriptionist for transcription post the signing of the NDA. The researcher was responsible for checking the transcribed manuscripts against the audio recordings for accuracy and quality and uploaded them onto a disk for storage without identifiers. Once all the transcripts were edited, the researcher used the Atlas.ti tool for the analysis. The process started as inductive, with 263 codes generated. The inductive coding was descriptive and reflected the participants' voices.

The list of descriptive codes of this study is presented under Annexure 4. The codes were organised into first-order categories using the inductive process and deductive coding to reach the final themes. The analysis converted from inductive to deductive in the 3rd and 4th stage to align with the theoretical lens as set out in Figure 2, chapter 2 (conceptual framework). The data saturation is reached when the interviewee responses become similar to others. The number of new codes fluctuated across the two sample sets but decreased as the interviews progressed. This was reached at the 20th and 21st interviews. This meant that the analysis revealed no new codes or themes, and no further insights were discovered (Bell et al., 2019).

4.9 Research quality and rigour

As with any qualitative research study, it was essential to check for completeness and evaluate the quality of the data and the process of the interviews by applying reliability and validity measures. Research quality and rigour (example validity and reliability) are connected. Internal validity is about sense-making and checking the legitimacy and soundness of the data (Bell et al., 2019). According to Bell et al. (2019), validity is a sense-making process applied to the data and interview process. The subjective nature of qualitative research allows for a study to be affected by biases (Bell et al., 2019). The interviewee and interviewer biases were considered with the reliability and validity testing. The use of purposive sampling has implications in that there is a limitation in the difference of possible perspectives. The researcher improved the study's validity and authenticity by using data triangulation and analysis of the business professionals (compliance and governance with advocates in sustainability) and the expert participant groups. For example, the data triangulation helped reduce biases and improved findings by strengthening the analysis and insights from multiple perspectives. The diverse sample group also built up and supported the rigour and validity of the research design.

The researcher considered external and internal reliability factors for the study (Bell et al, 2019). Reliability is about ensuring that the data collection and analysis process results in consistent findings. The process allows for the study can be replicated. Keeping an 'audit trail' or record of the research processes followed is one way of demonstrating the study's reliability. This is evidenced using the interview protocol and recordings, the transcripts and the ATLAS.ti reports. The interview protocol was used as a standard tool to gather data from the interviews to improve data quality. The interview protocol was not changed post ethical clearance. The researcher did not share the interview questions before the interviews.

4.10 Ethical considerations

Ethical considerations have an essential role in the research process. As part of the process, the researcher sought informed consent from the participants before engaging them in interviews. The researcher clarified the confidentiality and anonymity terms. The researcher allowed interviewees to withdraw at any point during the interview if they wished to, which was also set out in the standard consent letter. The participant's permission to record the interview was attained before the interview began. The researcher recorded the interview (raw data) on two devices, and the consent letter was signed and saved.

The participants' names and their organisations were anonymised to assure anonymity. Storage and reporting are two crucial components of the process. The audio recordings and transcriptions have been stored in an accessible format without any identifiers and include password controls and privacy measures. Storage complies with the Protection of Personal Information Act, 2013 (POPIA) and will be kept for a minimum of ten years per GIBS requirements.

4.11 Limitations of the research design and methods

Qualitative research is often viewed as subjective by collecting data based on personal experiences. Often interviewees will share information in an unstructured way attracting personal biases (Bell et al., 2019). Limitations are connected to the sample size and individual (interviewer and interviewee) biases in the sample set. In addition, the researcher is a beginner in data collection. These factors could affect the quality of data collected. The subjective nature of qualitative research makes provision for personal biases (Bell et al., 2019). These biases and limitations have been considered and managed through the control process. The researcher conducted the pilot interview with a colleague as a validity and quality (clarity and timing) check to test the instrument before starting the data gathering (Creswell & Creswell, 2018).

The sample size of this study was only 21 interviews. This could be regarded as a limitation in terms of the impact of general applicability. In addition, the study only focused on business professionals in organisations in the financial services industry in South Africa and the experts. This could potentially limit the applicability to another sector or geographical location like emerging markets.

Chapter 5: Presentation of Results

5.1 Introduction

This chapter describes the primary themes and key insights gleaned from the interviews conducted as part of the research and the research questions and objectives stated in Chapter 3. A total of 21 interviews with industry professionals and specialists of corporate sustainability were undertaken. The chapter provides a brief description of the interviewees, followed by a discussion of the researcher's data collecting and measurement techniques to ensure data confirmability, and finally, the findings on solving emerging sustainability challenges within organisations. The findings reported in this chapter are addressed and analysed further in Chapter 6.

5.2 Description of the interviews

This study used purposive sampling techniques as the researcher did not have access to the entire interest set. Twenty-one semi-structured interviews with subject matter experts and business professionals from the targeted sector were performed. Interviewees included stakeholders from various South African (SA) and international organisations and subject matter experts in the field of sustainability. Out of the 21 participants interviewed, 15 were categorised as business/executive professionals – these were individuals who have expertise and experience in sustainability. Two participant groups from the business professionals emerged from the data analysis. Group 1 (shaded in peach) was represented by participants from sustainability compliance and governance backgrounds, and Group 2 (shaded in light green) was represented by participants who are advocates of sustainability practices. The details are presented in Table 2. The expert group will be coloured in yellow for ease of reference throughout this chapter.

	Business Professionals in South Africa (Participants)		Experts
Category	<i>Group 1: Compliance & Governance</i>	<i>Group 2: Sustainability Advocates</i>	<i>Group 3: Experts</i>
Number of participants	8	7	6
Role Description	Sustainability compliance and governance orientated	Advocates of sustainability. Influential and action orientated.	Advisors in the field of sustainability

Table 2: Summary of participant grouping

Participants were asked a background question regarding their involvement in sustainability to understand the participant's role and experience in sustainability (Q1 of the interview guide). The interview protocol is presented under Appendix 1.

Participant	Position	Involvement in sustainability	Group
P1	Executive Director	<i>"focusing on ESG and impact advisory for corporate clients, whether they are listed companies or with their funds' managers, pension funds or non-governmental organizations seeking to achieve an impact...."</i>	2
P2	Executive Director	<i>"I have a specific role of focusing on engagement with corporations, and basically that's about trying to reduce risk on behalf of our clients, and trying to add value using engagement tools to achieve that."</i>	2
P4	Non-executive Director	<i>"I'm a trained Environmental Scientist with a Masters in Environmental Science and Engineering background. Now ten years at my current company in the field of Responsible Investing."</i>	2
P5	Non-executive Director	<i>"particular listed corporate South Africa on the ESG strategies and the risk mitigation and also looking at opportunities. That has evolved over the years to formulate a formal stewardship role, developed a capability and track record in stewardship to a point where we can offer the service to the market in the form of a listed equity stewardship service."</i>	2
P7	Non-executive Director	<i>"I head up the sustainability function at Company R; this covers all areas of responsible investing, taking into account ESG integration into the investment process. Oversee more in terms of reporting process around impacting investment."</i>	1
P9	Executive Director	<i>"we spoke deeply tensely about the subject of sustainability when we wrote King IV."</i>	1
P10	Non-executive Director	<i>"I'm the head of strategy for company A, which spans all the countries we operate in, which means I'm involved in everything from shaping the input that the board debates to facilitating executive discussions; at one point was accountable for innovation."</i>	1
P11	Executive Director	<i>"I'm a senior policy adviser at company B, a board member for the Integrated Reporting Committee of South Africa. Involved on all matters relating to responsible investment, ESG, sustainability - sustainable finance and the climate-related issues."</i>	1
P13	Executive Director	<i>"I led the sustainability programs at company A and company B, now looking at our business partnerships at company C. I have quite a good perspective on both sides of the sort of corporate-NGO relationship and spectrum."</i>	2

P14	Executive Director	<i>"looking at ESG aspects across all our investments in Africa in private equity, integration of ESG and sustainability across teams and clients."</i>	2
P15	Non-executive Director	<i>"in the group strategy team, work across the business looking at various projects focusing on responsible business, risk and climate change project."</i>	1
P16	Executive Director	<i>"I'm the chief sustainability officer of company A. My role is essentially overseeing company A's sustainability approach across the board. So for the company A group and understanding how we integrate that into our strategy as an organization."</i>	1
P17	Executive Director	<i>"I head up sustainable finance solutions within company A. And I pioneered and led several innovative instruments in this market, which includes South Africa's first renewable energy bonds and subsequently followed on by Green Tier 2 capital instruments and some climate-related dollar funding as well."</i>	1
P18	Executive Director	<i>"CFO and PO at company A. So, my role is more of oversight and monitoring and reporting in terms of this broader sustainability concentration. I got involved in sustainability years ago."</i>	1
P21	Executive Director	<i>'my role as the managing consultant is to advise pension funds and coordinate the advisor on ESG activism and ownership. We pioneered this whole responsible or ESG."</i>	2

Table 3: Summary of business professionals

The remaining six participants were classified as subject matter experts. They did not necessarily work within the corporate environment; instead, they were professionals, academics or scientists who are advisors in sustainability and innovation in SA and abroad. The interview details are presented in Table 4.

Participant	Position	Role and function of the participant	Location
P3	Non-executive Director	<i>"I am a development economist. I've focused my career today on sustainable socio-economic development projects. More recently, I've also done ESG advisory for private equity investors in Africa doing the SDG diligences, social and environmental management systems and also done work on integrated development plans for the IPP projects in South Africa and also spent the last three and a half years as head of Africa and the Middle East for Company A - working with investors on integrating ESG into their investment processes and active ownership."</i>	International

P6	Executive Director	<i>“as a development anthropologist, I started looking at these issues 40 years ago at Country X and at that time I did my doctoral work on brain drain in Country Y. Now, busy with the responsible finance initiative, advisor to leading world organisations and other.”</i>	SA & International
P8	Executive Director	<i>“So I developed a consulting service for company A clients on disclosure, and that then moved into supporting a branch of advisory work around sustainable investing in sustainable finance. And so since then, I've worked with financial sector regulators and banking associations in emerging markets to promote sustainable finance standards. I also have a business that has developed a tool to make it easier for smaller companies to be scored on environmental, social governance factors to help private equity investors.”</i>	International
P12	Executive Director	<i>“And my role as the CEO is I'm responsible for the global operations of company A. It was formed out of the UN system to bring sustainability to capital markets.”</i>	International
P19	Non-executive Director	<i>“what I do, it's trying to help the organizations that I work with figure out how to deal with this beast that we call sustainability. And I do that mostly through looking at policy and regulations and governance kind of work, and increasingly, working in the education and awareness space around. So, my background is as a lawyer. My experience range from working in a legal kind of profession of providing opinions on actual risks, on projects, like renewable projects, to working with governments on energy efficiency policy, figuring out how to drive energy efficiency, scaling up renewable energy, content for executives, looking at the how sustainability impacts their business and different ways that they can look at it.”</i>	SA & International
P20	Executive Director	<i>“I'm a managing partner at company A where I head up a consulting practice called shared value and impact, and our whole consulting business is built around the positive impact of the private sector on SoC.”</i>	SA, Africa and International

Table 4: Summary of experts

Interviews were recorded with permission from the participants and were conducted in the order of the participants' availability. Aligned to the nature of qualitative studies as indicated by Saunders and Lewis (2012), interviews were conducted until the number of new insights revealed reduced or the theoretical saturation point was reached. An implication is that no

further insights or contributions emerged from participants during the interviews. The participants' access was sourced through the researcher's own professional network within the SA and international financial sector and through gaining access from listed company websites. The interviews were analysed concurrently, and the identified codes were grouped appropriately through the coding process described below.

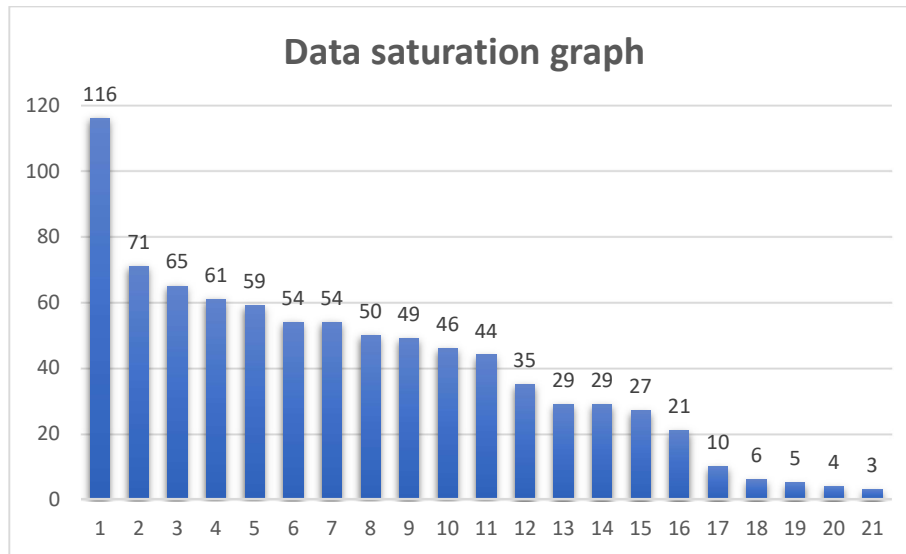


Figure 5: Saturation graph of 21 participants

5.3 The coding processes

Atlas.ti, a qualitative analysis software, was used to code the transcribed interviews. Before coding, the researcher established set themes based on the information selected during the interviews for ease of interpretation. Being cognisant of existing literature, themes that emerged frequently were noted. Absolute frequency counts (across all interviews) of the occurrences were used to determine the key themes from the data. In relation to participant responses, these frequency counts are listed in rank-ordered tables presented further in this chapter.

The two-step coding process is set out below was followed. The coding process has two inductive steps, i.e., first-order coding and first-order categories (grouping the first order codes). The code is the unit of meaning. The first order codes (initially 417 codes, then revised to 263) indicated the research questions, while the second-order categories reflected 116 groups. Steps three and four followed the deductive mapping process. Step three was at the theme level, and step four was at the construct level. The categories were grouped into 21 themes. The themes were then clustered into the four key RQ and recorded in the conceptual

framework. Appendix 4 presents the detailed code list categorised according to the mentioned coding process.

5.4 Presentation of results

The findings are provided in line with the research questions posed in Chapter 3. It's worth noting that the data were analysed separately for each study topic based on the primary themes discovered. The data was utilised to determine its role, i.e., whether it was an indication of a favourable or unfavourable effect, or even if there was any contribution at all, using frequency counts of the occurrences. The constructs identified were assigned codes in line with the research question and sub-questions. The researcher separated the analysis according to each of the sub-questions that were addressed within each of the research questions for convenience of presentation and to guarantee that each question was investigated and analysed carefully. The findings are presented in-depth, but only the results that the researcher believes are most significant to addressing the four primary research questions are reviewed in Chapter 6.

5.5 Findings: Research Question 1

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

RQ. How do organisations bring innovation into sustainability strategies?

This question aimed to understand how organisations move towards sustainable strategies within their business model through innovative ideas. This interview question was subdivided into two interview questions to gain more transparent and concise responses. The themes that emerged under this question relate to integration across functions, core to organisational strategy, leadership buy-in and responsible investments. The participants described how innovation is evident within their business models to reach sustainability.

In addition to enquiring about sustainability within an organisation's business model, it was essential to understand how and to what extent innovation was being incorporated within business models to achieve sustainability. Interesting insights were shared. However, it was evident that most organisations are still looking for more innovative methods for sustainability. Several themes emerged, including using sustainability metrics for innovation. Key results are presented in the following sections.

Rank	Theme	Abs. Frequency	Group 1: C&G	Group 2: SA	Group 3: Experts
1	Placing sustainability as the core to organisational strategy	47	14	18	15
2	Leadership buy-in and motivation	44	21	15	8
3	Shared values (new theme)	39	12	16	11
4	Responsible investing (new theme)	36	13	11	12
5	Strategic allocation of capital and human resources	32	11	14	7
6	Integration across functions	28	13	10	5

Table 5: RQ 1 main themes - Innovation in sustainability strategies

5.5.1 Placing sustainability as the core to organisational strategy

Participants across all groups highlighted that movement towards sustainability within the business model was made possible by viewing sustainability as core to the entire organisational strategy and not merely viewing it as a support or marketing function. Findings showed that the organisation's approach towards sustainability also determined the extent to which innovation was evident. Responses from the participants indicated that innovation is dependent on sustainability being a part of the organisational strategy. The participant illustrative quotes are presented in Table 6 and Table 7.

Evidence from Professionals

Group	Participant	Description of Quote
1	P17	<i>"intentionality towards impact and sustainability, and that really is where this field has innovative."</i>
1	P9	<i>"sustainability be part of the DNA of the organisation."</i>
2	P1	<i>"...innovation is evidenced by the progressive approach to sustainability, the fact that it needs to be front and centre of the organisation's strategy."</i>
2	P2	<i>"executives are tone-deaf to the importance of integrating sustainability and innovating, and, and ensuring that you have a sustainable business model. I think that's the biggest issue."</i>
2	P13	<i>"...So that it wasn't just an afterthought or kind of added issue, it seemed to be more core to the delivery of people across the organization, and that takes time again, an effort, but I think it is worth the investment...."</i>

Table 6: Summary of participant quotes - Core to organisational strategy

Analysis of Professionals

Participant 9 expressed that it was important that *“sustainability be part of the DNA of the organisation”* and that it was important not to create silos within an organisation in the hope to achieve meaningful sustainability outcomes: This thinking also alluded to the need for integration across functions within the organisation by participant 13 who also emphasised the importance of sustainability to be at the core. As noted by participant 1, *“innovation is evidenced by the progressive approach to sustainability, the fact that it needs to be front and centre of the organisation’s strategy”*. Participant 13 indicated the reason that innovation within business models is limited when it comes to sustainability results from the fact that *“a lot of people did see it [sustainability] as a sort of side-line aspect, maybe not core to their kind of day to day business and bringing people on board to understand why it’s critical to what they do and sort of explaining their role in the management of sustainability issues has taken a lot of time and a lot of sort of influence and change management”*.

Participant 17 indicated that *intentionality towards impact* is where most of the innovation is taking place. Participant 13 further highlights that innovation is present and being seen in those companies that have taken the initiative to have sustainability at their core. For example, *“each of the big banks over the last year and a half have appointed specific sustainable finance people or teams. Most of them have developed, you know, climate risk committees within the organisation consisting of a broad range of internal stakeholders that weren’t there in the past”*. What is interesting though, was the perception that participant 2 shared. Participant 2 opined that *“executives are tone-deaf to the importance of integrating sustainability, and innovating, and, and ensuring that you have a sustainable business model”*.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<i>“sustainability is seen as an additional or sort of afterthought approach as opposed to something that should be core to the strategy-setting of the business.”</i>
3	P12	<i>“we have to be very careful that we don’t have sustainable people doing sustainability reports and looking at sustainability, and suddenly we’ve got a whole silo that has, that’s doing all theoretical work, and practically has no clue what’s happening in the organisation”</i> .

Table 7: Expert illustrative quotes - Core to organisational strategy

Analysis of Experts

Participant 3 indicated that a significant reason why the move towards sustainability within organisations is problematic is that *“sustainability is seen as an additional or sort of afterthought approach as opposed to something that should be core to the strategy-setting of the business”*. Similar sentiments were shared by participant 12, who also emphasised the need for practical implications and importance of sustainability to be at the core. An interesting opinion offered by one of the participants was that to move towards sustainability effectively, sustainability needed to be *“part of the requirements for directors, just like we mandate things like ethics training, we need to mandate that you understand sustainability issues or broadly so that you can make the right decisions”*.

Comparison of Professionals and Experts

There was consensus among the participants that there needs to be a shift in perception that sustainability is part of support services such as marketing or communication. It should rather be core to the organisation. The professional groups spoke about setting intentions to create purpose and impact sustainability strategies. The expert group affirmed that sustainability needs to be managed from the core but replicated across the entire operational function.

Conclusion

Based on the responses from the participants, it is evident that to move towards sustainability within organisations; this needs to be realised as core to the organisation’s strategy and not merely seen as a support service. The responses from the participants indicate that there is a need for sustainability to be made part of the core strategy even though currently it is still viewed as a side-line event. The expert group supports this view

5.5.2 Leadership buy-in and motivation

A fundamental understanding across participants was that sustainability could only be enforced if leadership motivates and has a passion for the cause. The table of illustrative quotes is presented in Table 8 and Table 9.

Evidence from Professionals

Group	Participant	Description of Quote
1	P15	<i>“it’s various EXCO leads that are involved in getting it off the ground.”</i>

2	P1	<i>“executive management teams or boards to really help them to see the value from sustainability to have that top-down buy-in.”</i>
2	P2	<i>“...you have to have the right leadership, you need the leaders who are actually listening, thinking, reading...”</i>
2	P14	<i>“to ensure that we have sustainability...it was from a leadership perspective.”</i>

Table 8: Participant illustrative quotes - Leadership buy-in and motivation

Analysis of Professionals

Groups 1 and 2 shared strong views. As indicated by participant 15, *“it’s various EXCO leads that are involved in getting it off the ground”*. Participant 1 also opined that working with *“executive management teams or boards to really help them see the value from sustainability to have that top-down buy-in”* is essential to move towards sustainability within the organisation. This need was further reinforced by participant 14, who alluded that leadership needs to take responsibility for achieving sustainability, i.e., *“to ensure that we have sustainability...it was from a leadership perspective”*. Participant 2 then highlighted that leaders need to be thought-driven and identify the needs of sustainable practices.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<i>“there’s a lack of diversity in thinking in leadership...”</i>
3	P19	<i>“...and unless you’ve got buy-in from leadership at the top, it’s going to be very difficult for this to move beyond the kind of tick-box exercise because it is going to involve difficult decisions and difficult trade-offs; It is going to require resources, and you know it’s going to require investments in terms of skills, probably finances as well, so you need to have the backing of your leadership.”</i>

Table 9: Expert illustrative quotes - Leadership buy-in and motivation

Analysis of Experts

Participant 3 offered a different but interesting insight about leadership and indicated that often, there is a *“lack of diversity”* on executive boards. This incapacitates leaders from coming up with innovative ideas for sustainability. This participant introduces *“the same way of thinking”*, which is not conducive to innovation within business models for sustainability. Participant 19 offered a decisive view of the impact of leadership buy-in on decision-making

and finding the balance between the capital needed to invest in developing new skills versus the trade-offs.

Comparison of Professionals and Experts

Across the 3 participant groupings, similar sentiments were shared regarding leadership and their role in moving towards sustainability. It is key that there be leadership buy-in for sustainability to be readily accepted and implemented within business models.

Conclusion

Overall, it is evident from the data that leadership buy-in and motivation are critical factors driving sustainability. The expert group of participants further reinforces this. It was apparent in their views that there is a direct relationship between leadership buy-in and decision-making. In the absence of one, the other cannot be successful. Therefore, adopting sustainability cannot be successful without the proper buy-in from the key leading players.

5.5.3 Shared value

The theme of shared value emerged quite frequently in the findings. Participants speaking to this theme alluded that innovation does not necessarily require the business model to change; it comes by incorporating processes that improve shared value. Illustrative quotes are presented in Table 10 and Table 11.

Evidence from Professionals

Group	Participant	Description of Quote
1	P9	<i>“Chief Financial Officer to Chief Value Officer moving into a world where it’s not only about the one capital of planning, that person creates value for all of the stakeholders, not just profit”</i>
2	P1	<i>“Shared value as a business strategy, how can a business or organisation benefit, but at the same time make sure that there are also genuine benefits to their customers, employees, society....”</i>
2	P4	<i>“I don’t see the business model changing so much, but I think that the levers we have at our disposal to enable better-shared value outcome, that’s where the innovation sits”.</i>
2	P5	<i>“more efficient in terms of production which has direct costs implications to the underlying product that the service they are selling and by retraining and reskilling the workforce....”</i>

Table 10: Participant illustrative quotes - Shared Value

Analysis of Professionals

Participant 4 highlights this by stating that *“I don’t see the business model changing so much, but I think that the levers we have at our disposal to enable better-shared value outcome, that’s where the innovation sits”*. Participant 5 indicated that innovation is evident as organisations are trying to be *“more efficient in production, which has direct costs implications to the underlying product that the service they are selling. And by retraining and reskilling the workforce to get to those points and also to identify where the consumer that changes and the consumer behaviour that is driven in need to change their product line”*. This implies that creating shared value is an innovative approach to the traditional business model that is only concerned with the “bottom line”, but instead creating value for all stakeholder as shared by participant 9. This view was reinforced by participant 1.

Evidence from Experts

Group	Participant	Description of Quote
3	P6	<i>“financial service companies...don’t think holistically about the individual.”</i>
3	P20	<i>“...shared value or sustainability lens as the driver of...profits and products.”</i>

Table 11: Expert illustrative quotes - Shared Value

Analysis of Experts

Participant 6 further opined that a significant issue when it comes to being innovative is that *“financial service companies...don’t think holistically about the individual”*; hence, they often fail to see the value in creating shared value. Interestingly, participant 20 shared the perception that there is not a lot of sustainability *“being led by innovation”* because there is no emphasis on the use of *“shared value or sustainability lens as the driver of...profits and products”*.

Comparison of Professionals and Experts

Shared value was mentioned across all participant groups as a factor that determines to what extent innovation is embedded within sustainability.

Conclusion

Overall, the findings indicated that the focus on shared value was one-way organisations are seeking to be innovative when it comes to sustainability and is when there is a shared benefit.

5.5.4 Strategic allocation of capital and human resources

Innovation was seen to come across in the people within the organisation. The table of illustrative quotes are presented in Table 12 and Table 13.

Evidence from Professionals

Group	Participant	Description of Quote
2	P1	<i>"...are there financial metrics that can back up the strategic allocation of human resources and capital to sustainability."</i>
2	P2	<i>"have the capacity, have the culture." "...you can let loose resources, your people to help you to create that future, that sustainable business model of the future and the innovation and the creativity..."</i>
2	P13	<i>"...each of the big banks over the last year and a half have appointed specific sustainable finance people or teams. Most of them have developed...climate risk committees within the organisation".</i>

Table 12: Participant illustrative quotes - Strategic allocation of capital and human resources

Analysis of Professionals

People or human resources were an essential criterion for innovation across participants. According to participant 13, *"each of the big banks over the last year and a half have appointed specific sustainable finance people or teams. Most of them have developed...climate risk committees within the organisation"*. Similar sentiments were shared by participant 2, who further indicated that innovation is present when organisations *"have the capacity, have the culture"* needed to promote sustainability because *"your people help you create that sustainable business model of the future and the innovation and the creativity..."*. Participant 10 had a different perception and shared that they have *"created innovation spaces...dedicated resources; it hasn't always worked well as we'd like"*.

Evidence from Experts

Group	Participant	Description of Quote
3	P19	<i>"that ability to collaborate allows you to draw on diverse skills, new skills, different skills."</i>

Table 13: Expert illustrative quotes - Strategic allocation of capital and human resources

Analysis of Experts

Participant 19 highlighted that innovation was evident within the business model because having the right resources allows *“that ability to collaborate, allows you to draw on diverse skills, new skills, different skills”*, and bring about innovation.

Comparison of Professionals and Experts

Investing in people has become a top priority as organisations start their innovation journeys. This is evident in how some of the big banks in SA are recruiting for sustainability outcomes. According to the expert group, these investments will help to keep an organisation and its people relevant and skilled.

Conclusion

The data shows that organisations need to strategically place their capital and have the right human talent to ensure innovation is incorporated into their business models for sustainability.

5.5.5 Integration across functions

A key theme that emerged was that of ‘integration across functions. It is clear from the illustrative examples; the participants spoke about the move towards sustainability within their organisations’ business models needing to be integrated across functions and capabilities within the business, rather than a function on its own. The illustrative quotes are presented in Table 14 and Table 15.

Evidence from Professionals

Group	Participant	Description of Quote
2	P13	<i>“deciding about the issues that are important to you for ESG, and then how you’re going to plug them into and integrate them into your process.”</i>
2	P14	<i>“every single capability, so every fund, every product, has an ESG element in it.”</i>

Table 14: Summary of participant quotes - Integration across functions

Analysis of Professionals

Participant 13 shared the view that it is about “*deciding about the issues that are important to you for ESG, and then how you're going to plug them into and integrate them into your process*”. This detail was further emphasised by participant 14, who indicated that “*every single capability, so every fund, every product, has an ESG element in it*”. It was clear from the responses provided by the participants that integration of functions is a necessary element to moving towards sustainability and adaptation thereof into current business models.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<i>“embedding and understanding of the relevance of sustainability in new operations”</i>
3	P12	<i>“integration with risk functions and various organisations to enable that to happen in practice all the way.”</i>

Table 15: Expert illustrative quotes - Integration across functions

Analysis of Experts

According to Participant 3, sustainability is not often identified as essential and is seen as a tick-box exercise. Sustainability not only needs to be integrated into existing functions but into new functions as well for existing business models to change- “*embedding and understanding of the relevance of sustainability in new operations*”. Similar sentiments were shared by participant 12, who indicated that there needs to be “*integration with risk functions and various organisations to enable that to happen in practice all the way*”.

Comparison of Experts and Professionals

The theme of ‘integration across functions’ flows across professionals and experts. They both speak about how important it is for sustainability to form an integral part of current and future business operations. In addition, by knowing and understanding the relevance of sustainability, functions can put them into practice and embed them in their processes.

Conclusion

There is a common understanding from Group 2 that moving towards sustainability within business models can only be achieved through an integrated practice through all functions within an organisation. The expert group validates this view.

5.5.6 Responsible investments

Some participants indicated that the need for responsible investments was one of the reasons to move towards sustainability within the business model. The Table of illustrative quotes are presented in Table 16 and Table 17.

Evidence from Professionals

Group	Participant	Description of Quote
1	P7	<i>“innovation around adapting your investment process continues to ensure that it's not only considering the financial aspects but that its concerning broader sustainability issues.”</i> <i>“invest in certain sectors that promote sustainability, promote social and developmental impact, how do our investments link to the SDG.”</i>
2	P1	<i>“The rise of ESG in the last two years, especially given the pandemic, there's been a lot of financial inflows into sustainable or ESG branded funds which are looking for more responsibility or more sustainable businesses....”</i>
2	P14	<i>“...companies you know we won't be invested in because it's purely, you know, it has a negative sustainability impact, so we will be looking for companies that have a neutral or positive sustainability impact, you know....”</i>

Table 16: Participant illustrative quotes: Responsible Investments

Analysis of Professionals

Participant 1 and participant 7 indicated that the rise of ESG has seen organisations making responsible investment decisions based on ESG factors and investing in sectors to promote sustainability. Participant 1 indicated that *“there's been a lot of financial inflows into sustainable or ESG branded funds which are looking for more responsibility or more sustainable businesses”*, especially given the current pandemic. The same notion was expressed by participant 14, who noted that leaders are increasingly looking for companies that have a *“neutral or positive sustainability impact”*.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<i>“... what is the impact of my investment on broader socio-economic and environmental stability - be a responsible investor.”</i>

3	P12	<p><i>“So there's a lot of things about how the traditional investment world works, how people are incentivised, how people are paid that hasn't changed enough to think in a responsible investment world where you need to think long term. It is moving. It has moved, but it hasn't moved enough.”</i></p> <p><i>“I see that eventually, we will not need to talk about responsible investment because all investment will be responsible. All investment will incorporate ESG factors, and it will just be the norm.”</i></p>
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Table 17: Expert illustrative quotes: Responsible Investments

Analysis of Experts

According to Participant 12, signatories to the UNPRI are beginning to think seriously “about responsible investments”. It is clear from the findings that investors are beginning to “choose organisations that are sustainable”. According to participant 3, *“investment decisions have been made around core ESG factors and in and amongst all the other issues that have arisen...”*. This is an interesting insight offered by the two participants as it indicates that the pandemic is also a sort of driver for the move towards sustainable practices.

Comparison between Professionals and Experts

Several participants across the three groups followed similar chains of thought. According to these participants, one of the core reasons business models moved towards sustainability is a movement towards responsible investments and how they link to SDGs and ESG considerations.

Conclusion

Most participants highlighted one key factor in moving towards sustainability within their business model through responsible investing. The expert group indicated that the role of COVID-19 has pushed the agenda on responsible investing across the globe, giving rise to SDG adoption and ESG considerations and the need for impact.

5.5.7 Conclusion of RQ1

The findings show that organisations within the financial sector are moving towards sustainability within their business models. This movement is a result of a combination of factors such as the integration of sustainability throughout the functions and capabilities of an organisation. It was also evident that sustainability needs to be seen as core to the organisational strategy and not just as a ‘tick box’ exercise as alluded to by participant 3.

Furthermore, there is a heavy emphasis that leadership plays a key role in enabling the move towards sustainability. If there is no leadership buy-in or motivation, it is improbable that there will be a culture of sustainability within the organisation and its portfolios.

The three main factors that participants indicated influenced the extent of innovation included the organisation's outlook on shared value, their strategic use of capital and human resource allocation (having the right people), and whether sustainability was placed as a core function. Other factors raised included the fact that there needs to be leadership motivation for organisations to be innovative. A thought-provoking insight, however, was provided by participant 12, who opined that the reason organisations do not embed innovation as much as they should be because the vision was merely short-term and not long-term, i.e., *“where you're trying to go over the longer term and then have shorter-term plans because between now and 2050, a lot of things are going to change. Innovation will happen, new technologies will come on board, etc., that aren't there yet”*.

Another unique insight was that regulations and policies bind certain companies, hence are limited when it comes to innovation. As inferred by participant 18, *“pension funds are highly regulated, so this is minimal scope in terms of innovation for the business model because the basis of a pension funding”*. Finally, some participants indicated that the recent COVID-19 pandemic also played a role in pivoting many organisations to become more innovative because *“that's changing the nature of work and how companies are interacting internally and externally quite rapidly”*. Overall, this was a key theme that was highlighted by the expert group as well.

Research question 1 sought to understand how organisations bring innovation into sustainability strategies. From the findings, it can be concluded that the organisations' attitude towards sustainability, i.e., whether it is seen as a core part of the organisational strategy or not, plays a vital role in the extent to which innovation is incorporated. Furthermore, there is a need for appropriate leadership motivation and buy-in on sustainability. There needs to be a shared value thinking and progressive approach as well. As implied in the results, this could suggest integrating functions across the organisation to meet sustainability objectives. A summary of the significant first-order themes across the different groups is provided in Table 18.

Sustainability in business models	Group 1: C&G	Group 2: SA	Group 3: Sustainability experts
Placing sustainability as the core to organisational strategy	Frequent	Frequent	Frequent

Integrate across functions	High	Frequent	Low
Leadership buy-in and motivation	Frequent	Frequent	Frequent
Responsible investments	Some	Frequent	Frequent
Shared value	Frequent	Frequent	Frequent
Strategic allocation of finances and human resources	Some	Some	Low

Table 18: Summary for RQ1: Innovation in sustainability strategies

The key findings for research question 1 are summarised in Figure 6.

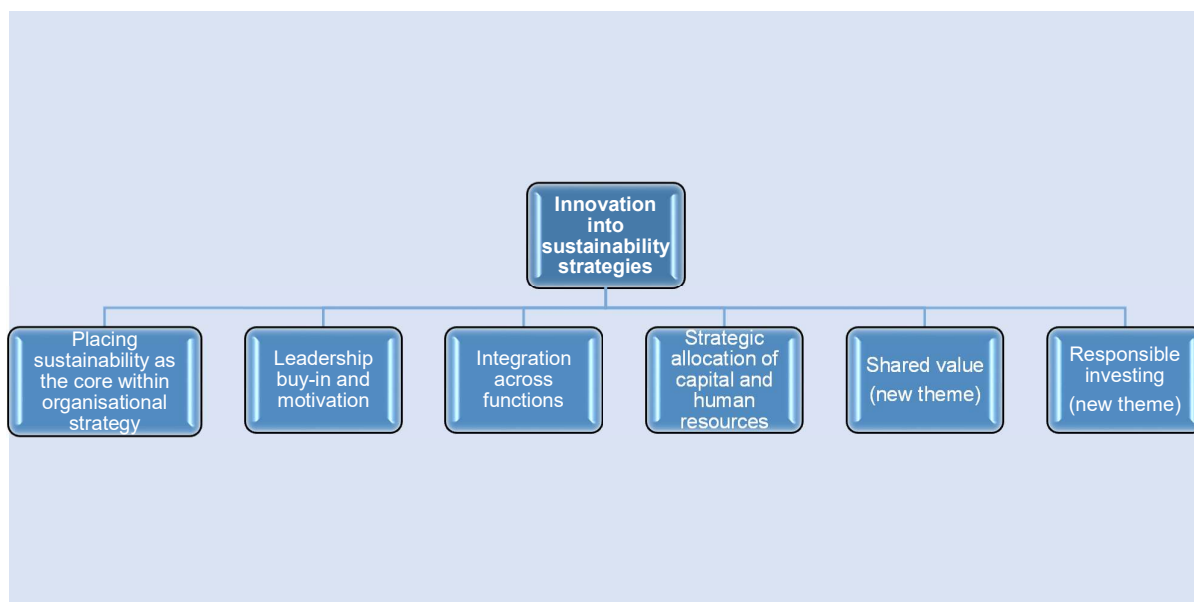


Figure 6: Innovation in sustainability strategies and their relationships

5.6 Findings for Research Sub-Question 1

Research sub-Q1: What are the drivers needed to move towards sustainability?

Research sub-question 1 sought to understand the drivers of sustainability within organisations. The focus was placed on understanding both external and internal drivers of sustainability. Table 19 presents the frequency counts for the main themes across research question 2.

Rank	Theme	Abs. Frequency	Group 1: C&G	Group 2: SA	Group 3: Experts
1	Increasing client pressure	43	12	20	7
2	Regulations and policies	41	17	16	8
3	Risk mitigation	35	19	12	4
4	People	32	13	7	12
5	Shareholder and investor requirements	29	6	13	10
6	The role of leadership	27	11	13	3
7	Alignment to global initiatives	21	9	11	11

Table 19: Main themes for sub-Q1 - Drivers of sustainability

The main drivers included investor requirements, client requirements, regulations and policies, and aligning to global initiatives. A summary of the themes has been consolidated as per Table 20 and are discussed in more detail.

Sustainability in business models	Group 1: C&G	Group 2: SA	Group 3: Experts
External drivers			
Increasing client pressure	Frequent	High	Some
Regulations and policies	High	High	Frequent
Shareholder and investor requirements	Some	Frequent	Frequent
Risk mitigation	High	Frequent	Frequent
Internal drivers			
People	Frequent	Low	Frequent
The role of leadership	Frequent	Frequent	Low
Alignment with global initiatives	Some	Some	High

Table 20: Summary - Drivers of sustainability

5.6.1 External Drivers

5.6.1.1 Increasing client expectations & pressure

This theme emerged to be the main driver identified by participants when asked about the drivers of sustainability. According to most participants, client requirements and pressure were

a pivotal drive for sustainable practices within organisations. Illustrative quotes from participants are shown in Table 21 and Table 22.

Evidence from Professionals

Group	Participant	Description of Quote
1	P17	<i>"...you also want to make sure you're providing products that appeal to your client base."</i>
2	P2	<i>"...our clients are making a clear that they expect this, and this is what they want. So, I thought the industry was tone-deaf for a while, but they are listening now. They're moving; they're taking action...."</i>
2	P14	<i>"So, the massive thing on our side or our clients, so a lot of our clients are now are asking for us to report more on these issues an element. And you know, making sure that we are striving towards sustainability."</i>

Table 21: Participant illustrative quotes - Client expectations and pressure

Analysis of Professionals

Participant 2 and participant 13 highlighted an expectation from clients that the organisations they associate themselves with should consider sustainable practices. Interestingly, participant 2 points out that *"the industry was tone-deaf, but they are listening now. They're moving, they're taking action"*. Participant 17 indicated that moving towards sustainability is essential because *"...you also want to make sure you're providing products that appeal to your client base..."*. Participant 9 highlighted that clients must know that their money is invested in a company with sustainability at its core. Companies should do this because *"putting it into a company, which is not sustainable, and which it just isn't going to survive and you're going to have to explain to me why you lost my money...."*

Evidence from Experts

Group	Participant	Description of Quote
3	P13	<i>"...there's an expectation from other investors, from shareholders, from staff, from clients...."</i>

Table 22: Expert illustrative quotes - Client expectations and pressure

Analysis of Experts

Participant 3 highlighted that clients are now asking “for more disclosure, transparency, and impact. They want to understand, what are you doing with my money? Right. What kind of world am I retiring into? And what are you doing with my money to create that world?”.

Comparison of Professionals and Experts

This was a significant theme that emerged among most of the participants. When asked about external drivers for sustainability, 12 out of the 21 participants identified that client requirements were a significant driver.

Conclusion

Overall, this theme emerged as one of the strongest when asked what drives sustainability within organisations.

5.6.1.2 Regulations and policies

One of the main themes that emerged as a significant driver for sustainability was regulations and policies. Illustrative quotes from the participants have indicated in Table 23 and Table 24.

Evidence from Professionals

Group	Participant	Description of Quote
1	P11	<i>“...regulatory changes are always big drivers to cement something and then allow people to innovate around it. So, it's putting it into place, and that will very often spark people's creativity, which brings the innovation.”</i>
2	P5	<i>“There's been a big shift recently in our political policymaking environment, as well as regulatory change. So, it's been a bit of a carrot and a stick situation if you ask me because, on the one hand, legislation has come out that says you must consider these factors. so the pressure is being poured from [Indistinct] onto Asset Managers.”</i>
2	P13	<i>“Most of the big financial institutions have got pretty clear policies around their financing, and now even the investment kind of considerations around those specific sectors....”</i>

Table 23: Participant illustrative quotes - Regulations and policies

Analysis of Professionals

Participant 13 indicated that financial institutions have “*clear policies*” about financing and investment considerations. Participant 11 also agreed with the above sentiments and suggested that “*regulatory changes are always big drivers to cement something*” and “*spark creativity and innovation*”. An interesting insight proffered by participant 5 is that regulations and innovative sustainability practices are a bit of a “*carrot and a stick situation*”. The implication is that organisations will only focus on sustainability if something motivates them.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<p>“...The second thing that each takes from that is that even though South African financial institutions acknowledge that not integrating sustainability to leverage is exposing them to unnecessary risk in their portfolio, they are still waiting to be regulated into having to do it, which makes absolutely no sense to me....”</p> <p>“So, the research shows they completely understand that this is an important thing to do to minimise risk, and yet they won't do it unless they're mandated to, by law, to do....”</p> <p>“...then policy and regulation, like whether you want to or not, you are going to be made to do so. So I think those are probably the biggest drivers....”</p>
3	P6	<p>“Nobody in financial services will move towards whatever this is that we're talking about, sustainability, and most are clients ask them to unless they're required to unless the regulator asks them to....”</p>

Table 24: Expert illustrative quotes - Regulations and policies

Analysis of Experts

Participant 3 expressed frustration at the fact that organisations often do not think about innovation or sustainable practices unless they are compelled to by regulations or policies to do so; “*financial institutions acknowledge that not integrating sustainability to leverage is exposing them to unnecessary risk in their portfolio, they are still waiting to be regulated into having to do it, which makes absolutely no sense to me...*”.

Comparison of Professionals and Experts

More than two-thirds of the participants brought up regulations and policies as one of the primary key drivers of sustainability.

Conclusion

From participant responses, regulations and policies are key drivers in establishing sustainability practices and innovation. The expert group agrees and further supports the view of country-led regulations and policies aligned to the international best standards.

5.6.1.3 Shareholder and investor activism

From the data, it was evident that investor requirements were another key driver for sustainability. Illustrative quotes from the participants are indicated in Table 25 and Table 26.

Evidence from Professionals

Group	Participant	Description of Quote
2	P1	<p><i>“The rise of ESG in the last two years, especially given the pandemic, there's been a lot of financial inflows into sustainable or ESG branded funds which are looking for more responsibility or more sustainable businesses.”</i></p> <p><i>“...one of the key drivers is investors and investors who are becoming more demanding of management teams....”</i></p> <p><i>“There's higher accountability required by companies by investors, of companies in terms of their sustainability impacts and their approach....”</i></p>
2	P21	<p><i>“...you have got stakeholders that have been pushing for this sustainability to be evidenced by the companies that we invest in and by the asset owners and the asset managers. So, there's that pressure from stakeholders and then also the demands of the environment.”</i></p> <p><i>“...but investors and investors cannot ignore those pressures that are coming from a pandemic like this. It means that we have to take into account all sustainability issues special from a social perspective so that pressure is, and I will say it's an external pressure....”</i></p>

Table 25: Participant illustrative quotes - Shareholder and investor activism

Analysis of Professionals

According to participant 1, investors are becoming “one of the key drivers”, and they are becoming more and more demanding from management teams. This is pushing organisations towards sustainability as it seemingly is becoming a requirement for funding. Participant 1 also

indicated that “*higher accountability is required by companies and investors*” – a further indication that investors are using sustainability practices as a prerequisite for funding. An interesting observation was shared by participant 21 – the COVID-19 pandemic has seemingly projected the need for companies to become sustainable, which investors and other stakeholders can not ignore.

Evidence from Experts

Group	Participant	Description of Quote
3	P8	<p>“...one of the recent ones is obviously shareholder activism...”</p> <p>“So, this expectation that at shareholder meetings, that somehow the board needs to have the competency and, you know, no conflict of interest around climate risk, and that there should be a commitment for the company to adopt a climate risk management strategy and a core divestment strategy and disclosure. So that's a big one....”</p>
3	P19	<p>“But key investors, shareholders that are putting pressure on companies to move towards sustainability.”</p>

Table 26: Expert illustrative quotes - Shareholder and investor activism

Analysis of Experts

Participant 19 indicated that investors are indeed “*putting pressure on companies to move towards sustainability*”. Furthermore, participant 19 indicated that international bodies have tremendous pressure to become sustainable, further adding to the pressure faced by investors when choosing which organisations to fund.

Comparison of Professionals and Experts

A common theme that emerged from the findings was investor and shareholder activism. When asked about external drivers for sustainability, it was noted that this was a key driver.

Conclusion

Overall, investor requirements emerged as a key external driver of sustainability within organisations.

5.6.1.4 Risk mitigation

Another theme that emerged from the findings was that of risk mitigation. Participants opined that another reason for sustainability is to reduce risk. Illustrative quotes on this theme are shown in Table 27 and Table 28.

Evidence from Professionals

Group	Participant	Description of Quote
1	P7	<i>"... is always around achieving an appropriate commercial risk-adjusted return for our clients. That we manage risks, identify risks and mitigate it as fast as possible and so where the innovation comes in around...."</i>
1	P9	<i>the fact that you could be taking my retirement money and putting it into a company, which is not sustainable, and which it just isn't going to survive, and you're going to have to explain to me why you lost my money.</i>
1	P15	<i>"just risk perspective. You know, in terms of the risk we manage and monitor."</i>
2	P1	<i>"the risk for the established older players not seen to be doing enough is that you're almost inviting disruption into your sector, and that's why a lot of short term insurers buying a lot of these more disruptive start-ups because they're managing their risks."</i>

Table 27: Participant illustrative quotes - Risk mitigation

Analysis of Professionals

Participant 7 indicated that it is important to *"...identify risks and mitigate them as fast as possible* to bring in innovative solutions. Participant 9 raised an important point about investing asset owner *(retirement) funds in organisations that are sustainable*. Lastly, Participant 1 called for disruptive models to *manage risks better*.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<p><i>“in every market, the number one driver was risk mitigation focus. So, understand that if I don't account for these things now, I will pay for them later. Right. We know that that's the main driver.”</i></p> <p><i>“So, the framework itself asks that you look at things like your governance structure, your strategy, your risk mitigation approach and then targets and metrics as they relate to the core or material climate risk that your business faces and that includes the physical risk you might face as well as the transition risks and then communicate.”</i></p>
3	P12	<p><i>“Well, I think the external drivers to me for investors are about risk. They're about risk, and they're about the opportunity. And internally, they're also about well; they're also about who your clients are and what they want.”</i></p>

Table 28: Expert illustrative quotes - Risk mitigation

Analysis of Experts

As participant 3 so strongly stated, one of the main drivers is risk management because “...in every market, the number one driver was risk mitigation focus. So, understanding that if I don't account for these things now, I will pay for them later...”. Participant 12 also spoke along the same wavelength and indicated that “investors are about risk”, which is something clients require – the need to manage risk as far as possible. None of the participants cited any contradictory statements to this theme.

Comparison of Professionals and Experts

Responses indicated that another key driver of sustainable practices is the need to mitigate risk; one must keep an open mind to the decisions taken now and the impact this will create in the future, i.e., be it the risk of losing out on investment opportunities or the harm done to the environment. New or disruptive models are needed to reduce the risk associated with sustainability and innovation.

Conclusion

Overall, there is a joint agreement among both groups of participants that risk management is also another driver for sustainability. The expert group reinforced this.

5.6.1.5 Conclusion on external drivers

Several interesting themes emerged when asked about the external drivers of innovation for sustainability. The four most important drivers were client requirements, regulations and policies, shareholder and investor requirements, and risk mitigation. There was agreement among both groups (professional and experts) on these themes.

5.6.2 Internal drivers of Sustainability

5.6.2.1 People

Responses indicated that one primary internal driver for sustainability was the people within the organisation, be it leadership or employees. Illustrative quotes for this theme are presented in Table 29 and Table 30.

Evidence from Professionals

Group	Participant	Description of Quote
1	P9	<i>"...human beings with a soul...So, forget about all the theory of the drivers; the drivers are the human beings."</i>
1	P18	<i>"if you haven't got that individual or individuals that is got this driving passion for this thing, it's very difficult to kind of get it is going"</i>
2	P1	<i>"the internal drivers it's probably very many people-focused. So, the people and their values and how that translates into corporate values and how we do things in a business."</i>

Table 29: Participant illustrative quotes – People

Analysis of Professionals

According to participant 1, *"people and their values and how that translates into corporate values and how we do things in a business"* plays a vital role in incorporating sustainability within an organisation. Participant 18 adds that *"if you haven't got that individual or individuals that have got this driving passion for this thing, it's very difficult to kind of get it going"*.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<i>"...a person or a few people within an organization that is exceptionally passionate about the issue..."</i>
3	P8	<i>"People. Staff morale because people get so excited about these topics, particularly in the financial sector, so financial services staff are talented and passionate. They're going to go to employers that have sustainability."</i>

Table 30: Expert illustrative quotes - People

Analysis of Experts

Participant 3 further opined that there need to be people who are passionate about such practices to enable it, i.e., *"...a person or a few people within an organization that are exceptionally passionate about the issue..."*. Participant 8 also offered a different perception and likened that people who are passionate about such topics seek employment at organisations, especially within the financial sector, who *"have that sustainability"* – like attracts like.

Comparison of Professionals and Experts

Participant responses showed that a huge driver internally was the people.

Conclusion

Overall, there is a clear consensus that the drivers are the human beings - the type of people, i.e., leadership or employees who are passionate about the issues, can contribute towards sustainability within organisations.

5.6.2.2 The role of leadership

In line with the previous theme, where people were a primary internal driver for sustainability, participants highlighted leadership as another driver. This theme stands on the back of the first theme introduced in this section – people. Illustrative quotes for this theme are presented in Table 31 and Table 32.

Evidence from Professionals

Group	Participant	Description of Quote
1	P5	<i>"the shift in the thinking of the leadership teams that are running the business."</i>
2	P1	<i>"I've already mentioned employees, but again employees can only take up the challenge if they are given the authority and mandate to do so by the executive management and board of the company."</i>
2	P2	<i>"Most critical issue is at that leadership level. Suppose the leadership do not understand how important this is, and do not communicate to the organization that they believe it's important. In that case, they do not share how this will fit into the organisation's business model, what the strategy is, what the projects are, and who will be responsible. It will forever remain something that everybody talks about and includes in their greenwashing way of doing things."</i>
2	P14	<i>"...leadership really is pushing this quite firmly from the top, and you know, it's now kind of trying to differentials different ourselves from others that we can have this information provide these products that really target these specific sustainable products."</i>

Table 31: Participant illustrative quotes - Leadership

Analysis of Professionals

Participant 1 and participant 2 both noted that it is not merely enough to have the right employees, but there needs to be a drive and passion for issues such as sustainability from the top level down. Participant 1 highlights that *"...employees can only take up the challenge if they are given the authority and mandate to do so by the executive management and board of the company..."*. Participant 2 noted that if leadership do not share the same vision or *"...do not understand how important this is, and do not communicate to the organization that they believe it's important; they do not communicate how this is all going to fit into the business model of the organization, what the strategy is, what the projects are, who is going to be responsible, then it will forever remain something that everybody talks about..."*

An interesting insight proffered by participant 2 was that of 'greenwashing'. According to participant 2, where an organisation looks like it has sustainability at its core, however, this is merely a façade.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<i>“capacity and competence in the financial sector leadership, and the argument that there needs to be a base level of climate competence in order for leadership to be able to make appropriate decision.”</i>

Table 32: Participant illustrative quotes - Leadership

Analysis of Experts

Leaders have varying levels of *competence and capacity*. Making informed decisions in line with people, profit, and planet form the basis of active leadership.

Comparison of Professionals and Experts

As part of the driver of people, leadership was also highlighted to be necessary. From the participant responses, it was evident that the type of leader an organisation has influences whether it moves towards sustainability.

Conclusion

It was evident that there needs to be a push from the top (leadership) if organisations move towards innovating for sustainability. The expert view offers a different but more deliberate approach of leadership whereby leaders need to be responsible and take accountability for their actions. They need to take the bold step and differentiate themselves from others, share their vision and get buy-in from their people.

5.6.2.3 Aligning with global initiatives

The data shows that adhering to global initiatives, frameworks, and codes such as the UNPRI, Paris agreement, the CRISA code, or net-zero was a driver for sustainability. Illustrative quotes are provided in Table 33 and Table 34.

Evidence from Professionals

Group	Participant	Description of Quote
1	P15	<i>“there’s pressure coming through like the Paris Agreement, and all you know, the economy is getting together. That is going to put pressure even more on the financial sector in terms of getting its act together so that we can get to a net-zero target together.”</i>
2	P11	<i>“there was already quite a push, and some of it came from international influences like the UN PRI coming quite strong into South Africa. I think that was a big initial push that led to things like the development of the CRISA code.”</i>

Table 33: Participant illustrative quotes - Align to global initiatives

Analysis of Professionals

Participant 15 notes that *“there’s pressure coming through like the Paris Agreement and all you know the economy is getting together. That is going to put pressure even more on the financial sector in terms of getting its act together so that we can get to a net-zero target together.”*

Evidence from Experts

Group	Participant	Description of Quote
3	P8	<i>“there should be a commitment for the company to adopt a climate risk management strategy and a core divestment strategy and disclosure. So that’s a big one.”</i>
3	P12	<i>“one of the biggest has been the signing of the Paris agreement because, for the first time in the world, there was actually an agreement from governments about getting below two degrees.”</i>

Table 34: Expert illustrative quotes - Align to global initiatives

Analysis of Experts

Participant 12 states that *“one of the biggest has been the signing of the Paris agreement because, for the first time in the world, there was actually an agreement from governments about getting below two degrees”*,; referring to climate change and the impact this has on the financial sector and the world at large.

Comparison of Professionals and Experts

Participants 8, 12 and 15 all shared the opinion that the drive for sustainability resulted from being a part of global initiatives such as the Paris agreement and the agreement to achieve net-zero. These initiatives have forced organisations to look into sustainable practices and approaches to achieve this goal. In addition, take the bold move and disinvest when there is a conflict of interest.

Conclusion

Overall, participant responses indicated that as organisations align to global initiatives and adopt the appropriate frameworks or codes, the drive towards sustainability is improved. The expert group are vibrant contributors to embedding codes and frameworks to help organisations transform.

5.6.3 Summary of findings for research sub-question 1

Research sub-question 1 sought to uncover the significant drivers for sustainability within organisations. Overall, drivers of sustainability include clients' requirements, regulations and policies, shareholder and investor requirements, leadership buy-in, risk mitigation and alignment to global initiatives. Figure 7 indicates the key themes identified in relation to research sub-question 1 and their relationships.

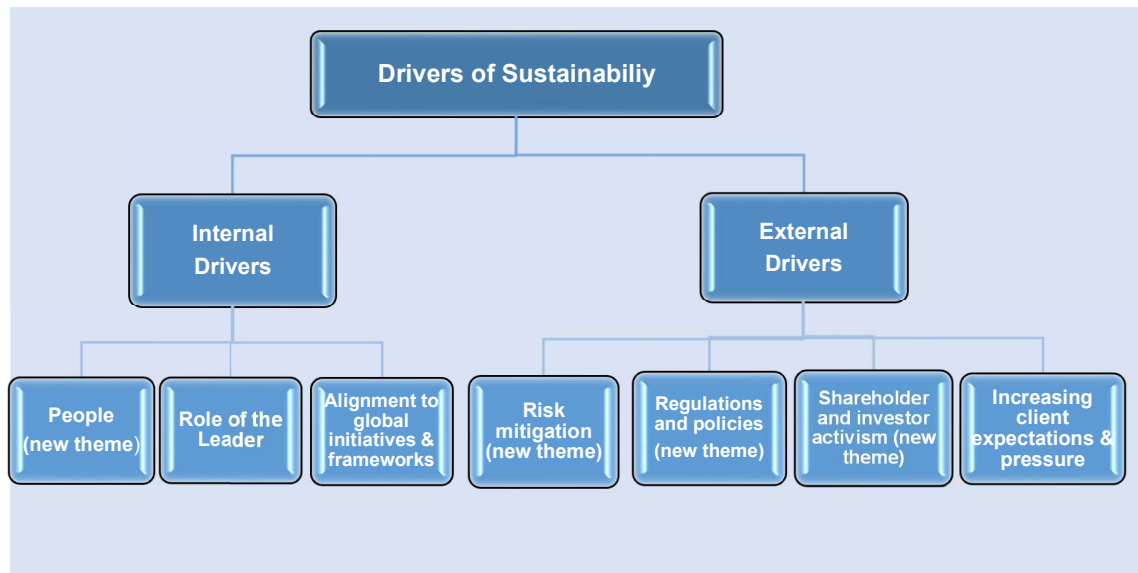


Figure 7: Drivers of sustainability

5.7 Findings for Research Sub-Question 2

Research sub-Q2: What are the barriers to innovation and developing sustainability?

Research sub-question 2 sought to uncover barriers to sustainability within organisations. The focus was placed on understanding both external and internal barriers to sustainability. What should be noted is that many participants indicated that enablers and barriers are interchangeable, i.e., a barrier that is overcome is what drives sustainability. From the findings, the main barriers to innovation and sustainability included factors such as education and awareness, leadership, sustainability not being core to an organisation's strategy, and the lack of disregard of the importance of sustainability.

Rank	Theme	Abs. Frequency	Group 1: C&G	Group 2: SA	Group 3: Experts
1	Leadership buy-in and motivation	56	26	18	12
2	Lack of education about sustainability	49	12	19	18
3	Lack of resources	37	19	15	3
4	Financial incentives	36	18	17	1
5	Lack of data	26	6	12	8

Table 35: Main themes for sub-Q2 - barriers

5.7.1 External barriers

5.7.1.1 Leadership buy-in and motivation

The theme of leadership emerged once again from the results. Responses from participants indicated that leadership could also pose as a barrier to sustainability and innovation. Illustrative quotes for this theme are presented in Table 40 and Table 41.

Evidence from Professionals

Group	Participant	Description of Quote
1	P7	<i>"I would say that if there is no top-level executive buy-in to adopting it as part of a strategic objective and thrust of the company, that to me is the biggest barrier because you actually going to make absolutely no headway in terms of any ideas of innovation that you might have at a more macro level".</i>
1	P9	<i>"to those directors, managers, prescribed officers who turn around and say I haven't got time to deal with that [indistinct], Let's have a look at the bottom line. How much money are we going to make? And what dividends are we going to give to the shareholders? Those are the people that stand in your way".</i>

Table 36: Participant illustrative quotes - Leadership buy-in and motivation

Analysis of Professionals

Participant 9 shared an interesting thought by indicating that the leaders are concerned about the "...bottom line. How much money are we going to make? And what dividends are we going to give to the shareholders?" – these are the people posing as barriers to sustainability. According to participant 7, top-level buy-in is a factor necessitating whether an organisation views sustainability as core or not and the innovation that comes with it; "...if there is no top-level executive buy-in to adopting it as part of a strategic objective and thrust of the company, that to me is the biggest barrier because you actually going to make absolutely no headway in terms of any ideas of innovation that you might have at a more macro level...".

Evidence from Experts

Group	Participant	Description of Quote
3	P8	<i>"...if there isn't proper supporting leadership at the top. So, if your executives, your CEO, your C-suite pay lip service, but they don't really believe in these things. If they have an underlying cynicism or lack of interest, that's a major barrier"</i>

Table 37: Expert illustrative quotes - Leadership buy-in and motivation

Analysis of Experts

Participant 8 indicates that if leadership "...don't really believe in these things. If they have an underlying cynicism or lack of interest, that's a major barrier ...".

Comparison of Professionals and Experts

Leadership has been identified from the responses as either a driver for sustainability or a barrier. Participants shared similar sentiments and voiced that leadership is responsible for leading sustainability and innovation within an organisation.

Conclusion

Once again, leadership emerged as a key factor for sustainability. From the responses, a lack of proactive leadership regarding innovation and sustainability will pose a barrier.

5.7.1.2 Lack of education about sustainability

A major issue identified by several participants is the fact that there is a lack of understanding about what sustainability is. This has been identified as a barrier to sustainability practices within organisations. Illustrative quotes for this theme are presented in Table 38 and Table 39.

Evidence from Professionals

Group	Participant	Description of Quote
2	P1	<i>“sustainability means different things to different stakeholders even though there is some kind of generally agreed definitions for sustainability.”</i>
2	P2	<i>“there still is a need for education and awareness-raising and helping people understand what we really mean by sustainability.”</i> <i>“everybody has to understand what that purpose is. So, for instance, ourselves, the simple purpose is investing for a better tomorrow....”</i>
1	P11	<i>“Academy that runs training courses to make sure we’ve got the capacity at the Academy to deal with training around these things. So, it’s just staying on top of it.”</i>

Table 38: Participant illustrative quotes – Lack of education about sustainability

Analysis from Professionals

As participant 1 indicated, *“sustainability means different things to different stakeholders.”* Participant 2 indicated that *“there still is a need for education and awareness-raising and helping people understand what we really mean by sustainability”* because *“that just because people are executives or directors, they understand sustainability in its true sense”*. Participant 13 indicated that their organisation had set up an academy of sorts to run *“...training courses*

to make sure we've got the capacity at the Academy to deal with training around these things. So, it's just staying on top of it".

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<i>"So, the first thing is to be open to education and make sure you make that investment in making sure that your leadership is aware of what's going on and how it relates to your operations and be open to the source of that information, not always being what you would think,</i>

Table 39: Expert illustrative quotes – Lack of education about sustainability

Analysis from Experts

Interestingly, participant 3 indicated that even at the executive level, there might be ignorance or gaps around sustainability, so leadership needs to "...be open to education and make sure you make that investment in making sure that your leadership is aware of what's going on and how it relates to your operations and be open to the source of that information, not always being what you would think...".

Comparison of Professionals and Experts

Many participants in the study brought up the theme of education and awareness. It was evident from the responses that a significant inhibitor of sustainability within organisations was the lack of understanding or education around sustainability. Similar sentiments were shared by participants 3 and 13 in that there is a lack of knowledge around sustainability in the leadership layer. This same cohort needs to be open about gaining knowledge in this field from all sources. Ultimately, as participant 2 mentioned, it comes down to understanding "...what the purpose is...."

Conclusion

Overall, lack of education on sustainability is a major barrier to sustainability in the current context.

5.7.1.3 Lack of data in SBMI

A significant factor highlighted as a primary barrier to innovation was the lack of data in SBMI. Illustrative quotes for this theme are presented in Table 36 and Table 37.

Evidence for Professionals

Group	Participant	Description of Quote
1	P17	<i>“The second challenge is obviously data. And how do you measure the right things and why, how you should measure digitization of that, etc....”</i>
2	P4	<i>“So intuitively, it sounds like we should be building more green products, but sometimes getting pinpoint data to evidence that requires the pulling of these product datasets from within and across the business can be challenging....”</i>
2	P14	<i>“without a doubt, it should be the data element. In the past, there have been very little data points. Companies have not reporting on it. They haven’t measured it, so you know the building that baseline has been very difficult....”</i>

Table 40: Participant illustrative quotes - Lack of data

Analysis for Professionals

Participant 1 highlighted that *“the second challenge is obviously data”*. Participant 4 opined that it is hard to decide on whether there needs to be more investment into sustainability when there is not enough decision-making information on the subject, i.e., *“...intuitively it sounds like we should be building more green products, but sometimes getting pinpoint data to evidence that requires the pulling of these product datasets from within and across the business can be challenging...”*. Participant 14 indicated that it is difficult to benchmark because *“there have been very little data points. Companies have not kind of reporting on it. They haven't measured it, so you know building that baseline has been very difficult...”*, making it difficult to understand what works and what does not when it comes to sustainability.

Evidence for Experts

Group	Participant	Description of Quote
3	P3	<i>“It’s data. It’s just that we need in order to make an informed decision; you need decision-useful information. And unfortunately, that is very rare. I think that a lot of the time what happens in that case, when we can’t find information that perfectly fits our models.”</i>
3	P12	<i>“...a lack of data, a lack of research....”</i>

Table 41: Expert illustrative quotes - Lack of data

Analysis for Experts

According to participant 3, the lack of data makes it challenging to make an “*informed decision*”, possibly resulting in organisations becoming apprehensive about moving towards innovation and sustainability. As indicated by this participant, “*...we can’t find information that perfectly fits our models...*”.

Comparison of Professionals and Experts

From the findings, it was evident that a major inhibitor to innovation and sustainability was the fact that there is insufficient data available on the subject. Data or sustainability linked information is required to help with decision making.

Conclusion

The findings show that the lack of data regarding sustainable practices within an organisation makes it difficult to benchmark or come up with metrics for measurement, possibly inhibiting the move towards sustainability.

5.7.1.4 Conclusion

The three main themes that participants indicated pose a challenge to innovation and sustainability were identified to be insufficient data to make informed decisions and lack of education and awareness on sustainability and leadership.

5.7.2 Internal barriers

Participants were also asked to identify internal barriers to sustainability. The results showed that the lack of awareness of sustainability was a major internal factor. In addition to this,

leadership was also again brought up as a barrier. The results of the main themes identified are presented below.

5.7.2.1 Lack of resources

It was clear from the findings that resources, or rather, the lack thereof, posed a huge barrier to innovation and sustainability. Table 42 and Table 43 provide illustrative quotes on this theme.

Evidence from Professionals

Group	Participant	Description of Quote
1	P1	<p><i>"I actually believe that the resources should be put into this. And if they don't believe that it should be reallocated to this type of work, towards sustainability, then it's a no show."</i></p> <p><i>"...put resources in place, understand the risks, opportunities, what measures they were going to focus on, what metrics and link that into executive remuneration, etc."</i></p>
1	P9	<p><i>"Internal challenge at the moment is capacity, resources. We're quite constrained at the moment, we are trying to hire more people. You know this specific area in our company is just exploded overnight. Is in more demand like I said in the last two to three years?"</i></p>
1	P11	<p><i>"...Internally, it can be a massive challenge if you don't have the necessary resources. So, like I mentioned, we have put a lot of time and energy behind it. But we've also had to put a lot of money behind some of these initiatives, get legal opinions, you know, bankroll some of these projects."</i></p>

Table 42: Participant illustrative quotes - Lack of resources

Analysis of Professionals

Participants indicated that resources and capital played a fundamental role in getting sustainability off the ground. According to participant 2, having the required resources in place would ensure that companies can meet their sustainability goals effectively; *"put resources in place, understand the risks, opportunities, what measures they were going to focus on, what metrics and link that into executive remuneration, etc., clearly you would have had had business models or sustainability strategies that would be, would have been much further along the road at this point..."*. Participant 2 opines that organisations would be farther along in terms of reaching their sustainability goals with the right resources. There was also emphasis that there seems to be a lack of resources invested into sustainability initiatives, which was also a concern and a barrier. Similar sentiments were shared by participants 7 and 11 as well. According to participant 11, *"...internally, it can be a massive challenge if you don't*

have the necessary resources.” Participant 11 highlights it can prove futile even if you have invested a lot into sustainability initiatives and the needed resources aren’t available to maintain or take these initiatives forward. Participant 7 indicates that there are not enough resources for sustainability initiatives because it was an area that was seen as a support function and not core or key to the organisational strategy previously. *“We’re quite constrained at the moment; we are trying to hire more people. You know this specific area in our company is just exploded overnight...”*. Participant 15 also echoed the same notion and indicated that *“You know there’s only so much budget to get allocated to various initiatives, and often you know these things in terms of prioritization. It might be difficult, so the budget is one of them”*.

Evidence from Experts

Group	Participant	Description of Quote
3	P19	<i>“It is going to require resources, and you know it’s going to require investments in terms of skills, probably finances as well, so you need to have the backing of your leadership.”</i>

Table 43: Expert illustrative quotes - Lack of resources

Analysis of Experts

Participant 19 raised an essential view of the skills and investments needed to acquire the right resources. Furthermore, “you need to have the backing of your leadership.”

Comparison of Professionals and Experts

Participants from groups 1 and 2 indicated that a significant barrier to sustainability is the lack of resources and skills to implement sustainability practices. With the right resources, organisations would be further ahead in reaching their sustainability goals. This will lead to stronger focus, drive and execution with dedicated accountability.

Conclusion

There is consensus that organisations need the necessary resources, skills and investment to ensure that sustainability initiatives are carried forward.

5.7.2 Financial incentives

Responses indicate that there is often too little financial incentive to sustainability, and this then poses a barrier to adopting more sustainable practices within an organisation. Table 44 and Table 45 provides illustrative quotes on this theme.

Evidence from Professionals

Group	Participant	Description of Quote
2	P1	<i>“So sustainability hardwired into that strategy that needs to be evidenced in terms of the remuneration policies and practices for the business. Is management, Executive Management incentivised to focus on sustainability and are they living the talk?”</i>
2	P4	<i>“...the products that we have developed that have got ESG attributes based into their mandate that is gathering baseline cash flow as well as our stewardship service, both of which contributes to our business bottom line...”</i> <i>“Rewards program or our Financial Education program”</i>
1	P9	<i>“...to those directors, managers, prescribed officers who turn around and say I haven’t got time to deal with that [indistinct], Let’s have a look at the bottom line; How much money are we going to make? And what dividends are we going to give to the shareholders? Those are the people that stand in your way....”</i>

Table 44: Participant illustrative quotes - Financial incentives

Analysis of Professionals

Participant 9 indicated that many top management is often concerned about the “bottom line”, which hinders any sustainability progress. Participant 4 offered a contrasting view, suggesting that *“...the products that we have developed that have got ESG attributes based into their mandate that are gathering baseline cash flow as well as our stewardship service, both of which contributes to our business bottom line...”*.

Evidence from Experts

Group	Participant	Description of Quote
3	P12	<i>"incentives are also key...everyone wasn't going to be focusing on climate change or anything like that anymore. They were going to be worried about the bottom line...."</i>
3	P8	<i>"I think there's more interest from investors in kind of executive remuneration being tied to ESG outcomes because that's another indication that the business is taking it seriously."</i>

Table 45: Expert illustrative quotes - Financial incentives

Analysis of Experts

Participant 12 indicated that incentives are key; organisations may not focus on climate change or such instead, they are *"worried about the bottom line..."*. This was in line with what participant 9 stated.

Comparison of Professionals and Experts

Participants indicated that a barrier to sustainability is the financial incentives and how employees and management are remunerated in driving sustainability agendas. Incentives and remuneration structures should be tied to an outcomes-based approach or through the implementation of a remuneration policy.

Conclusion

Overall, it was evident that matters of sustainability is often overlooked. If there are zero to little financial incentives linked to how management and staff are rewarded. However, there is a possibility that investing in sustainability could also improve the bottom line.

5.7.3 Summary of findings for research sub-question 2

Overall, the findings identified a linkage between the external barriers and internal barriers. Themes such as leadership, education, and awareness were common and described as external and internal sustainability barriers. Additionally, themes such as lack of common understanding, insufficient data and resources, and the need for financial resources were highlighted as barriers. What should be noted is the view that barriers and drivers were perceived as interchangeable by the participants, i.e., a barrier, if overcome, could be a driver

for sustainability. Figure 8 indicates the key themes identified in relation to research sub-question 2 and their relationships.

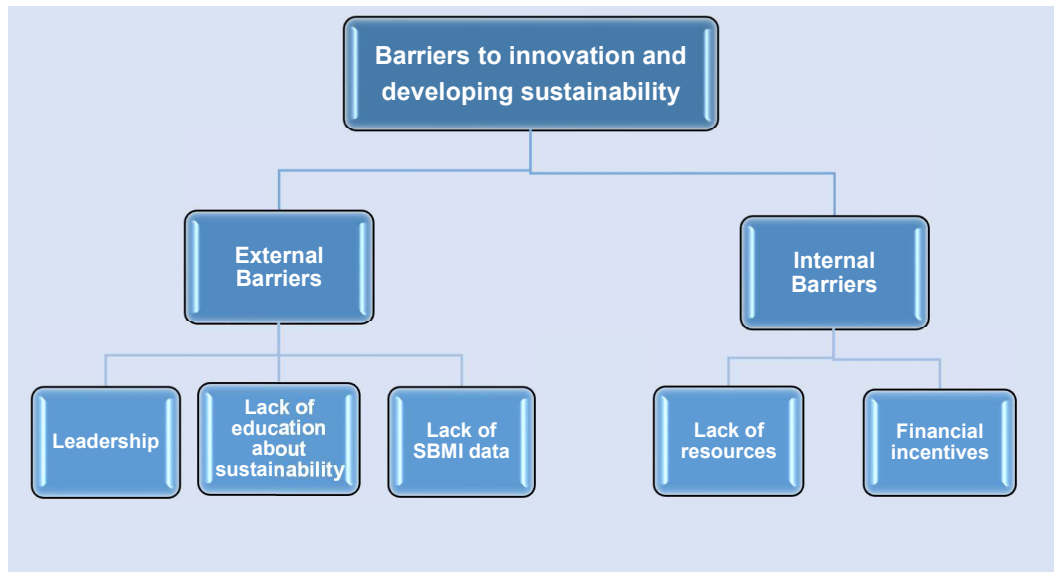


Figure 8: Barriers to innovation and sustainability and their relationships

A summary of the major first-order categories across the different groups is provided in Table 46.

Barriers to Sustainability	Group 1: C&G	Group 2: SA	Group 3: Experts
Leadership	High	High	Frequent
Lack of education about sustainability	Frequent	High	High
Lack of data	High	Some	Frequent
Lack of resources	High	High	Low
Financial incentives	Some	High	Frequent

Table 46: Summary - Barriers to sustainability

5.8 Findings for Research sub-question 3

Research sub-Q3: How do organisations overcome these barriers (enablers)?

The final research question linked back to research sub-question 2 and sought to uncover how organisations can overcome the barriers or challenges brought up.

Rank	Theme	Abs. Frequency	Group 1 C&G	Group 2 SA	Group 3 Experts
1	Authentic leadership	53	20	17	16
2	Mindset change	40	15	13	12
3	Performance metrics for sustainability	38	16	14	8

Table 47: Main themes for research sub-Q3: enablers

5.8.1 Authentic leadership

This theme was once again reiterated by the participants as being vital for sustainability initiatives and challenges to be overcome. Illustrative quotes are detailed in Table 48 and Table 49.

Evidence from Professionals

Group	Participant	Description of Quote
1	P9	<i>"...the most important asset in the board today and one of the things that you have to look at in a director before he or she is appointed, is this a human being that can change? Is this a person who's innovative?"</i>
1	P11	<i>"But having somebody like Xx fly the flag on sustainability, being very well regarded in the industry as one of the leading minds in this field to have somebody that I think is invaluable to organisation. And if you have that person that can do it, it will definitely assist in overcoming these hurdles."</i>
2	P21	<i>"...when there's clear leadership on sustainability and also resourcing sustainability, they'll be able to counter some of those challenges..."</i>

Table 48: Participant illustrative quotes - Authentic leadership

Analysis of Professionals

Participant 9 opined that it is necessary to hire the right leaders if the plan is to overcome sustainability challenges. According to participant 9, *"...the most important asset in the board today and one of the things that you have to look at in a director before they are appointed, is this a human being that can change? Is this an innovative person?"* Participant 21 shared similar sentiments in that *"there's clear leadership on sustainability and also resourcing sustainability, they'll be able to counter some of those challenges."* Most importantly, participant 11 impressed the need to have people *"like Xx fly the flag on sustainability"*.

Evidence from Experts

Group	Participant	Description of Quote
3	P8	<i>"...authentic leadership on this from the top and vision and a spirit of innovation from the top on these topics. But this is embedded in terms of the strategic, the way that the business operates strategically, brand consistency, values consistency, strategy consistency. That's one of the most important things. So, when you have a CEO who speaks about these things, it's very powerful..."</i>
3	P16	<i>"leadership within an organisation that says, well, I want my organisation to actually be living as part of society, not of society, not living off it like a parasite, sort of a thing."</i>

Table 49: Expert illustrative quotes - Authentic leadership

Analysis of Experts

Participant 16 shared that leadership is the key "enabler" for sustainability and went on to say that, *"...if the boards are oh, you know we really need to understand our impact and start competing in the space management. You need to get on top of it. That's the most powerful enabler you know"*. Participant 8 elaborates that *"...authentic leadership on this from the top and ...vision and a spirit of innovation..."* on sustainability. Furthermore, an interesting insight provided by the same participant was that solid leadership would enable brand and reputational consistency.

Comparison of Professionals and Experts

As with the other questions, leadership was identified as a key theme to overcoming sustainability barriers. Similar trajectories of thought were provided by participants 8, 16, and 11. According to these participants, challenges can only be overcome if *"clear and authentic leadership on sustainability..."*.

Conclusion

Authentic leadership emerged as the key factor in overcoming sustainability and innovation barriers within an organisation. Hiring the right leaders, shared vision and brand ambassadors of sustainability also contribute to this theme.

5.8.2 Mindset change

Another key theme that emerged from the data was that of change – specifically mindset change. Illustrative quotes are provided in Table 50 and Table 51.

Evidence from Professionals

Group	Participant	Description of Quote
2	P2	<i>“...then you’ve got a massive problem. So you need the leadership who are actually listening, thinking, reading and ensuring that they have the skills to respond to this massive trend or opportunity that is taking place across the world.”</i>
2	P5	<i>“you need a well-functioning integrated thinking to apply across the operations, across businesses in order to ensure that there’s resiliency. It’s a very challenging environment, also a lot of opportunities that exist in it. Those are the companies that are going to shift fast.”</i>
1	P7	<i>“if this COVID period has not highlighted the importance of sustainability and those companies are not taking this seriously and not re-adjusting their business models the investment process, the way they conduct companies conduct themselves as part of the broader economy. They are going to be left behind and they are going to be and then they need to pay the price for that.”</i>
2	P13	<i>“...I think there’s also another very big sort of mind set disconnect in some ways where from a sustainability perspective, you’re looking at various sort of medium to long term targets and commitments, whereas the majority of the organisation normally is looking at sort of the next three to six months kind of financial performance aspect or sort of similar trajectories...”</i>

Table 50: Participant illustrative quotes - Mindset change

Analysis for Professionals

Participant 2 specified that *“...you need the leaders who are actually listening, thinking, reading and ensuring that they have the skills to respond to this massive trend or opportunity...”*. Participant 5 shared that *“you need well-functioning integrated thinking to apply across the operations, across businesses to ensure that there’s resiliency. It’s a very challenging environment, and many opportunities exist in it. Those are the companies that are going to shift fast.”* In addition, participant 7 indicated, *“if this COVID period has not highlighted the importance of sustainability and those companies are not taking this seriously and not re-adjusting their business models the investment process, ... They will be left behind, and they are going to be. Then they need to pay the price for that.”* Participant 13 indicated that *“...I think there’s also another very big sort of mindset disconnects in some ways where from a*

sustainability perspective, you're looking at various sort of medium to long-term targets and commitments. In contrast, the majority of the organization normally is looking at sort of the next three to six months' kind of financial performance aspect or sort of similar trajectories...". To overcome this, participants indicated that there needs to be more focus on long-term planning.

Evidence from Experts

Group	Participant	Description of Quote
3	P3	<i>"one of the major challenges is just this, I don't know, outdated, antiquated way of thinking"</i>
3	P12	<i>"...we're incentivising you to think short term, and we're paying you to think short. So, there's a lot of things about how the traditional investment world works, how people are incentivised, how people are paid that hasn't changed enough to think in a responsible investment world where you need to think long term."</i>

Table 51: Expert illustrative quotes - Mindset change

Analysis for Experts

Participant 3 shared their perception that "one of the major challenges is just this, I don't know, outdated, antiquated way of thinking." Participant 12 opines that "...we're incentivising you to think short-term, and we're paying you to think short. So, there's a lot of things about how the traditional investment world works, how people are incentivized, how people are paid that hasn't changed enough to think in a responsible investment world where you need to think long term...."

Comparison of Professionals and Experts

The responses indicated that organisations are too focused on outdated and short-term thinking, resulting in overlooked long-term plans and priorities. There is a lack of creativity and a mindset disconnect. This calls for integrated thinking across the operations and leaders to change their mindsets. COVID-19 has heightened the importance of sustainability. This is then seen as a challenge or opportunity to sustainability practices.

Conclusion

The findings indicate that mindset change is needed to overcome the barriers to sustainability and innovation. This can be achieved by ensuring a long-term vision and planning without

short-term compromise. New ways of thinking are essential to innovating and moving forward; otherwise, organisations and their leaders will be left behind.

5.8.3 Assessing outcomes and way forward

The findings indicate the metrics and indicators that will be used to evaluate the impact of sustainability and its progress.

5.8.3.1 Performance metrics for sustainability

Evidence from Professionals

Group	Participant	Description of Quote
2	P2	<i>“Put it into the contract that they have, make sure everything goes through and monitor based on those criteria as well...”</i>
1	P11	<i>“Measuring outcomes is difficult. A lot of these things are intangible because it’s almost more culture changes.”</i>
2	P13	<i>“...I think some of it was very basic kind of relationship-building across the organisation, kind of regularly engaging with teams to make sure you could support them in whatever they needed, that they understood what was required and had the sort of awareness and tools that could help them implement sort of regular engagement to sort of track progress and work to sort of agreed commitments and timelines...”</i>

Table 52: Participant illustrative quotes - Assessing outcomes and way forward

Analysis of Professionals

Participant 2 indicated that sustainability was placed in performance contracts to assess outcomes, i.e., *“Put it into the contract that they have, make sure everything goes through and monitor based on those criteria as well...”*. It was also noted that there needs to be regular engagement between teams within an organisation to ensure progress can be tracked and commitments adhered to. According to participant 13, this was quite necessary, i.e., *“engaging with teams to make sure you could support them in whatever they needed, that they understood what was required and had the sort of awareness and tools that could help them implement sort of regular engagement to sort of track progress and work to sort of agreed commitments and timelines...”*. However, participant 11 opined that it does not matter what metrics were in place, the measurement of outcomes is difficult as it is a result of an organisation’s culture; *“Measuring outcomes is difficult. A lot of these things are intangible because it’s almost more culture changes.”*

Evidence from Experts

Group	Participant	Description of Quote
3	P12	<i>“...we had a very specific sort of annual three to five-year goal in place across almost 200 different indicators. I mean, that’s quite specific because of this sort of diversified nature, Company X is business. It’s not going to be the reality necessarily in every organization, but that allowed quite a lot of specific tracking of progress against each of those different areas and gave a very objective, I guess, kind of measurement of progress.”</i>

Table 53: Expert illustrative quotes - Assessing outcomes and way forward

Analysis of Experts

Participant 12 indicated that through the use of metrics and indicators, it becomes possible to evaluate progress or outcomes of these sustainability initiatives; *“...we had a very specific sort of annual three to five-year goal in place across almost 200 different indicators. I mean, that’s quite specific because of this sort of diversified nature; Company X is business. It’s not going to be the reality necessarily in every organization, but that allowed quite a lot of specific tracking of progress against each of those different areas and gave a very objective, I guess, kind of measurement of progress”*.

Comparison of Professionals and Experts

Participants indicated that one way to assess the outcomes is to ensure that sustainability is centrally included in leadership and employee contracts and KPIs across the enterprise. The need for teams to work together to ensure alignment to the outcomes. Importantly, to acknowledge the role that culture plays.

Conclusion

Overall, the way forward is to incorporate sustainability as KPIs or measurements within an employee’s contract. This will ensure that this encourages organisations and people within organisations to move forward with these initiatives. In addition, the use of sustainability metrics, frameworks and guidelines are seen as another way to evaluate or assess the outcome of these practices. Given that people are key to this process, cultural issues need to be considered.

5.8.4 Summary of findings for research sub-question 3

Research sub-question 3 sought to understand how the barriers to sustainability and innovation can be overcome, as well as uncover how to assess the outcomes of sustainability initiatives. From the findings, it can be concluded that an organisation's leaders and employees play a huge role in overcoming the challenges to sustainability. There needs to be motivation and passion from the "top-down". It is also about hiring people with a suitable mindset and outlook towards such topics that enable or drive sustainability. There needs to be a shared value thinking and progressive approach as well. Further to this, participants indicated that outcomes could be measured against frameworks and data as more and more organisations incorporate sustainability into their strategies. Participants made it clear that for organisations and their employees to take this topic seriously, sustainability needs to be aligned and linked to KPIs so that there is a constant drive towards meeting these commitments.

The key findings for research sub Q3: enablers are summarised in Figure 9.

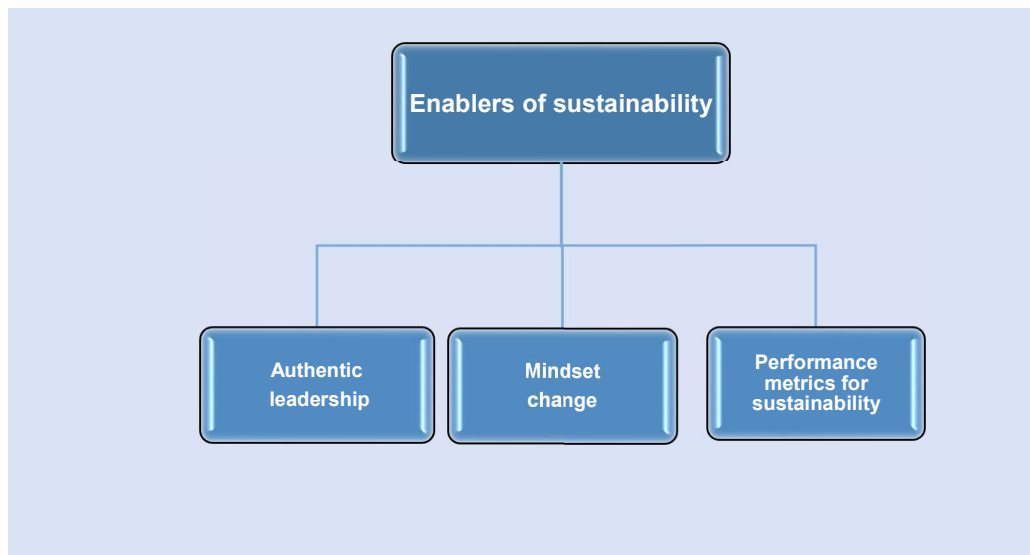


Figure 9: Enablers to sustainability

A summary of the major first-order categories across the different groups is provided in Table 54.

Enablers to Sustainability	Group 1: C&G	Group 2: SA	Group 3: Experts
Authentic Leadership	High	High	High
Mindset change	Frequent	High	High
Performance metrics for sustainability	High	High	Frequent

Table 54: Summary - Enablers to sustainability

5.9 Conceptual Framework

The conceptual framework of the findings is set out in Figure 10: drivers – barriers – enablers – outcomes (innovation into sustainability strategies).

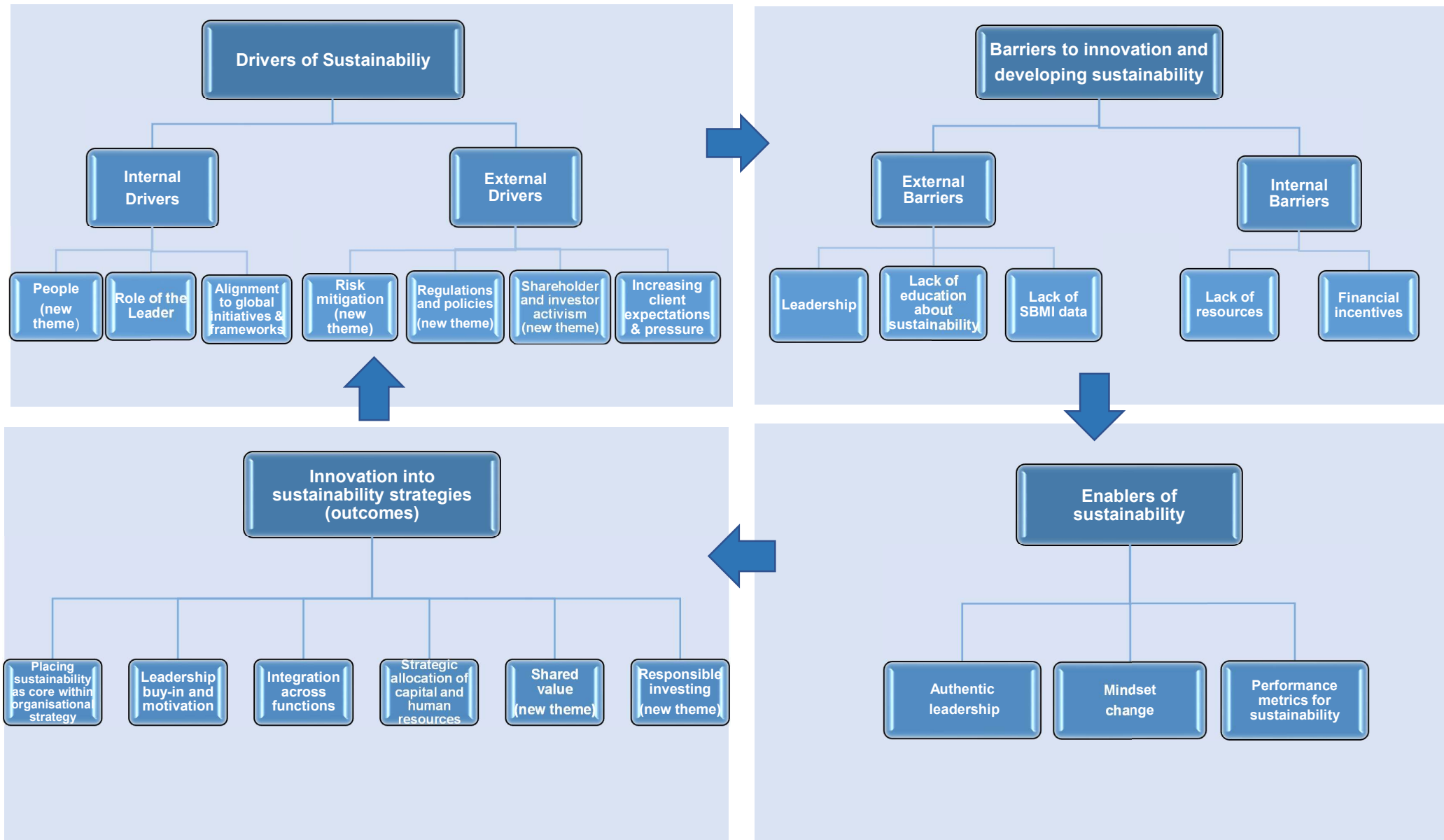


Figure 10: Conceptual Framework

5.10 Chapter conclusion

This research sought to investigate how organisations within the financial sector are moving towards sustainability within their business models. The main research question, together with three sub-questions, were asked of the participants to try and uncover sufficient data on this topic.

Research question aimed to understand how organisations bring innovation into their sustainability strategies. From the findings, it was evident that embedding innovation into sustainability strategies resulted from several factors. Of most importance was that sustainability needs to be placed at the core of an organisational strategy, not merely as a support function, i.e., sustainability needs to be integrated across functions and capabilities within an organisation. It was also evident from the responses that leadership plays a pivotal role in encouraging innovation within sustainability strategies; that is, leaders who were motivated and onboard with sustainability initiatives made it possible to bring innovation within these strategies and initiatives. There was also a notion among participants that there needs to be a shared value created, which also enhances innovative thinking regarding sustainability strategies within organisations. It was also deemed necessary to have a long-term vision in place for sustainability to be successful. One unique insight was that regulations and policies bind certain companies, hence are limited (restricted) when it comes to innovation.

The **first sub-question** aimed to uncover the internal and external drivers that impacted the move towards sustainability within organisations. External drivers were identified from the data as client requirements and pressure, regulations and policies, and shareholder and investor requirements. From the responses, it was evident that one primary reason there is a move towards sustainability is that there is pressure from an organisation's clients, shareholders and even investors to engage in sustainable practices. There was seemingly a need for organisations to provide products or services that appeal to the client base, further promoting the drive toward sustainability. It was noted that clients or customers were becoming selective on how their money was being invested and most preferred sustainable initiatives. In terms of internal drivers, the majority of responses showed that the people within the organisation, be it, executives or employees, played a vital role in whether sustainability was promoted or not. It was highlighted that people's values translate into corporate values, which then impacts how the organisation operates. Also, the need to align to global initiatives, such as the United Nations SDG's or the Paris Accord, motivated sustainability, or the move towards sustainability even further. Overall, it was evident that a lot has to do with the nature and type of people an organisation employs.

The **second sub-question** looked at the barriers to sustainability. Once again, the researcher asked the participants to identify both external and internal barriers to sustainability. Key themes that emerged once again included leadership, education, lack of data and resources and lack of common understanding of what sustainability is. What should be noted is the view that barriers and drivers were perceived as interchangeable by the participants, i.e., a barrier, if overcome, could be a driver for sustainability. There were strong feelings among participants that sustainability is not commonly understood across organisations, making it difficult to set goals that work towards creating sustainable futures. Once again, it was highlighted that leadership plays a major role in whether sustainability is driven within an organisation or not.

The **third sub-question** looked at uncovering the enablers for sustainability or how to overcome the barriers. From the findings it can be concluded that an organisation's leaders and employees play a huge factor in overcoming the challenges to sustainability. There needs to be motivation and passion from the "*top-down*". It is also about hiring people with the right mindset and outlook towards enabling or driving sustainability. There needs to be a shared value thinking and progressive approach as well.

Further, participants indicated that outcomes could be measured against frameworks and a set of metrics as more and more organisations incorporate sustainability into their strategies. Participants made it clear that for organisations and their employees to take this topic seriously, sustainability needs to be aligned and linked to KPIs so that there is constant drive and accountability towards meeting these commitments. It was also evident that there should be more focus placed on the long-term vision of the sustainability initiatives to be successful, rather than merely focussing on the short to medium term goals the organisation has.

Chapter 6 - Discussion

6.1 Introduction

This chapter compares the key findings to the key insights from the literature as set out in Chapter 2. The structure follows a similar layout to Chapter 5. Figure 8 with the key findings from Chapter 5 form the foundation of this chapter discussion. The research outcomes were formulated from the key findings. The research questions highlighted in Chapter 3 were used as the conceptual framework. The conceptual framework in Figure 11 sets out the key themes to the main RQ and the three supporting sub-questions. In this chapter, the researcher further analysed the findings in relation to the literature. The index below explains the colour descriptors.



The main themes are highlighted in black.



The new themes that arose from the findings are highlighted in red.

In this chapter, a further analysis was conducted with the findings compared to the literature. First, for each RQ, the similarities of the findings to the literature are considered. Then differences are considered in further detail using a systematic 3-step process to identify literature that may be similar to the findings. The three-step process (set out below) is a key part of the second part of the analysis of the findings compared with the literature. The process helps to access and evaluate the results, particularly the areas that appear to be different based on the analysis of the data. The key findings from Chapter 5 are compared to the key insights from the literature to reach a conclusion on the analysis. This process will allow the researcher to either confirm or adjust the outcomes.

Step 1: Keywords per theme were used to search the literature review section (Chapter 2) in this document; the keywords are listed in the conclusion tables.

Step 2: In this step, three articles in the theme were re-visited to identify if the keywords were in the extant literature. If the keywords were not found in these three articles, then step three was carried out.

Step 3: The researcher then chose three additional articles, or three scholars not used in the literature review to check for the keywords. If there were no matches in this step, the item was highlighted as a difference.

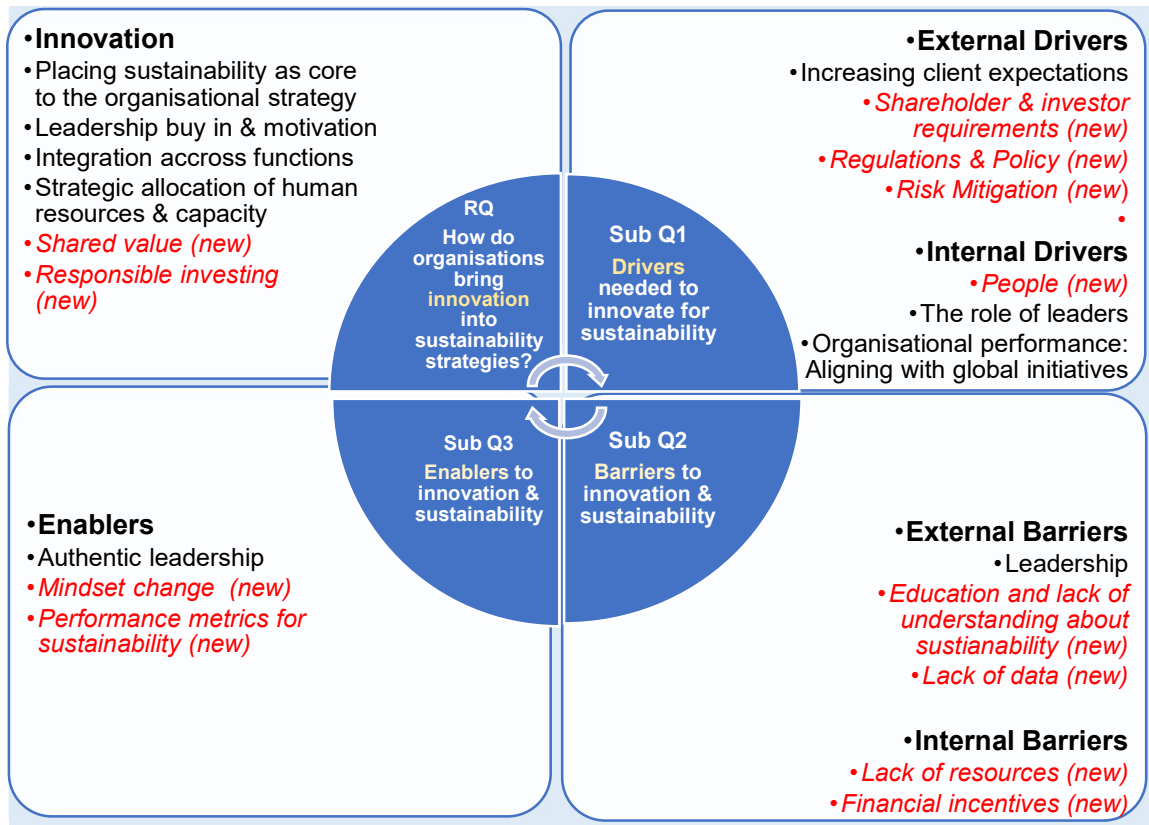


Figure 11: Conceptual framework with new themes in black italics - Based on RQ.

Source: Authors own

6.2 Discussion of results for main research question

RQ1: How do organisations bring innovation into sustainability strategies?

The research question aimed to identify how organisations in the Financial Services sector move towards including sustainability into their business model. Furthermore, this question attempted to gain insights into how and to what extent innovation is evident in how the business model has changed and continues to evolve. The summary of the main insights of the three groups of interest regarding how innovation is brought into sustainability strategies is set out in Figure 10 below: 1) placing sustainability as the core to organisational strategy. 2) leadership buy-in and motivation, 3) shared value, 4) responsible investing, 5) strategic allocation of capital and human resources and 6) integration across functions.

These were carried over from the summary of Chapter 5 and will be discussed with reference to the literature review in Chapter 2 to highlight the similarities and differences between the literature review and the findings from Chapter 5.

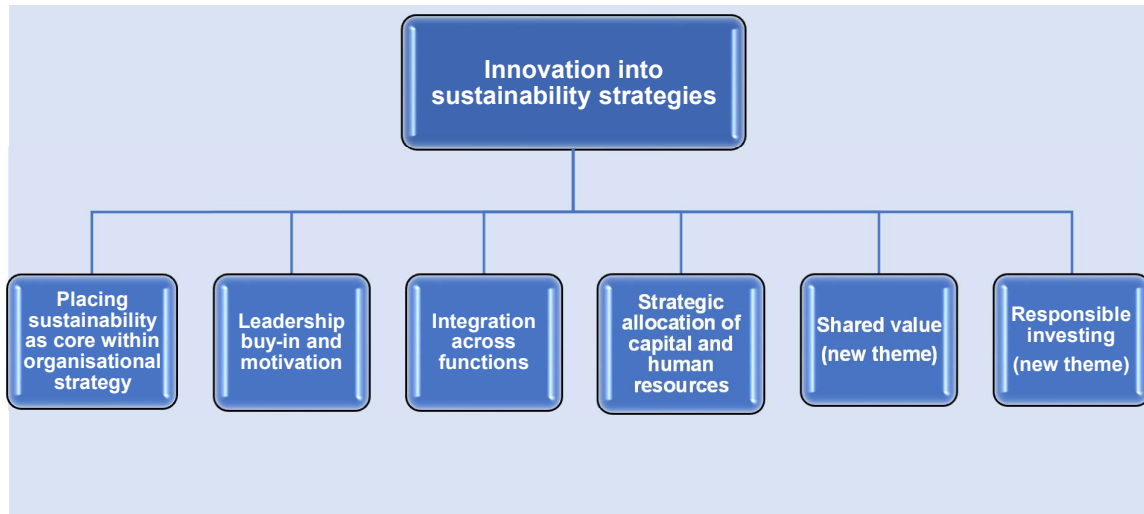


Figure 12: Innovation into sustainability strategies

6.2.1 Placing sustainability as the core to organisational strategy

6.2.1.1 Recap of key findings

The findings across the three groups highlighted that organisations in the financial services industry are at various maturity levels in their sustainability journey's and this, in itself, is a barrier. Although Group 1 represents organisations that actively comply with the compliance and regulatory frameworks, some participants mentioned that their organisations only adhere to the basic requirements while others create awareness. The findings highlight that sustainability agendas are often led in an ad-hoc or inconsistent manner. Sustainability is seen as an afterthought and not usually linked to an organisations core delivery model. Groups 1 and 2 stressed that sustainability is not often a top priority for some organisations. They grapple with other internal burning issues like finances, capacity, and resources whilst balancing the interplay between external and internal challenges like the private and public sectors partnerships and ESG deliveries. This can often be seen as a barrier. Group 2, however, highlighted the benefits and value of embracing the change beyond compliance and making sustainability the core of the organisation's strategy. This group breaks down the silos which are repeatedly seen as barriers to the success of a BM and further reinforces the need for integration across functions.

6.2.1.2 Recap of key insights from literature

SBMI is deeply rooted in the BM framework and acts as a tool for organisations to embed sustainability activities into the organisation's strategy (Baldassarre et al., 2020; Morioka et al., 2017). The success of corporate sustainability solely depends on whether it is entrenched into an organisations strategy (Calabrese et al., 2019). An organisation's strategy should include the "scale and complexity of BMI for sustainability" and the impact evaluation for BMI (Evans et al., 2017, p605). Geissdoerfer et al. (2018) indicated three kinds of case studies companies merged from his data, meaning that organisations often fell into one of these categories – pro-active, pragmatic or punctual focussed sustainability strategies. Sustainability must be rooted at the core as it makes financial sense (Long et al., 2018).

6.2.1.3 Comparison of findings with literature

It is evident from the literature that if sustainability is not embedded into the strategy, there is a good chance of delayed success or even failure, given the different levels of adoption. The three-step approach was applied, as explained in the introduction of this chapter.

Step 1: the keywords - "core to strategy", "mandatory to strategy", "sustainability as an afterthought" were used in the search for this theme.

Step 2: In this step, three articles in the theme were re-visited to identify if the keywords were in the extant literature. The single words, e.g., "strategy" and "core", were found separately, but the phrases were not found under the SMBI context. The keywords stated above were not found in these three articles, and thus step three was carried out.

Step 3: The researcher then chose three additional articles by three scholars not used in the literature review to check for the keywords. There were still no matches in this step. Thus, the item was highlighted as a nuance. In this context, the professionals and experts call for sustainability as a mandatory lens in the South African context. Additionally, the findings suggest that sustainability needs to be at the top of the agenda and not an afterthought.

6.2.1.4 Conclusion on placing sustainability as the core within a strategy.

The experts mentioned that organisations often use a tick-box approach to sustainability and call for a behavioural change of attitude. In addition, this group suggested that sustainability should be mandated in the South African context as an innovative business tool that supports the core of any organisational strategy for listed companies on the Johannesburg Stock Exchange (JSE). The findings also suggest that the adoption should be further reinforced through the mandatory accountability lens, for example, through the obligations and duties of

Directors through the King IV Governance code in addition to the integrated report. This is an inspiring insight as it shifts the accountability from the organisation to the leader in their capacity. Literature indicated that some organisations have embedded sustainability into the business strategy whilst others have embedded parts thereof, and lastly, some have taken a more specific or pragmatic view.

6.2.2 Leadership buy-in

6.2.2.1 Recap of key findings

The findings highlighted the obligation and dependency on the Board of Directors, executive management, the CEO, and the leadership team on their role in shifting sustainability agendas. The consistent message across the three groups was the buy-in and support from these leaders and their influence in setting the tone and driving the sustainability activities and in the BMI for sustainability process. It further calls for a top-down inclusive approach. It was evident that there is a lack of diversity in thinking about sustainability across leaders. It is also clear that there is a direct relationship between leadership buy-in and decision-making. In the absence of one, the other cannot be successful.

6.2.2.2 Recap of key insights from literature

Bocken & Geradts (2020) accentuated the role of leaders and managers as enablers of SBMI. One of the related drivers of leaders recognised by these scholars is the profit improvements from environmental and social challenges. Long et al. (2018) referred to pro-active leadership, proficiency drivers and commercial benefits from sustainability initiatives as significant aspects of sustainability. Morioka et al. (2017) had a contrasting view that leadership vision and cross-functional collaboration enabled leaders to support their sustainability journey. This view was further supported by Bocken & Geradts (2020), who stated that a clear vision, purpose and leadership buy-in were enablers that would assist with addressing the barriers of the SBMI process.

6.2.2.3 Comparison of findings from literature

Leaders need to have a business purpose and vision aligned with sustainability principles. This further needs to be driven from the top-down to support the activities around the BMI for sustainability. An important point highlighted by literature was the cross-functional collaboration of leaders when transitioning into sustainability practices. The buy-in and support

by a leader can also influence the profit improvements and commercial benefits of an organisation.

6.2.2.4 Conclusion on leadership buy-in and motivation in sustainability

The norms for leadership buy-in often vary across sectors and organisations. Leadership can be categorised as an enabler or a barrier depending on the maturity and awareness levels. In this instance, leadership buy-in is an enabler of SBMI implementation. It is evident that leadership buy-in directly influences decision-making and impacts the decisions on investments and resources needed versus the trade-offs. The findings are thus consistent with extant literature.

6.2.3 Integration across functions

6.2.3.1 Recap of key findings

The integration across functions was frequently mentioned by Group 2 as a critical innovation requirement, whereas Group 1 had execution powers that were limited to their area of influence. While the quotes from the sample set may not be identical to that of the literature, leaders acknowledge the need for a more active drive to adopt sustainability principles across all business functions rather than in each segment separately. A critical insight of this study relating to the integration across functions is that all groups mentioned that innovation in the business model reduces operational costs, builds up to the grand strategy and aligns with ESG practices. It further forces every level to have a shared understanding and work together to deliver sustainable outcomes.

6.2.3.2 Recap of key insights from literature

Geissdoerfer et al. (2016) refers to the integration of sustainability into the value proposition of organisations through the design process and innovating the business model process. Furthermore, integration across functions supports more cohesive management of stakeholders and boosts customer confidence (Sousa-Zomer & Cauchick Miguel, 2018). Bocken & Geradts (2020) also highlighted that working in silos can be a barrier to SBMI implementation. This type of adoption can change drivers to bring about lean efficiencies in the operational business model and further reduce costs.

6.2.3.3 Comparison of findings with literature

Group 2 spoke about the move towards sustainability within their organisations' business models needing to be integrated across functions and capabilities within the business, rather than a function on its own (silos). Group 1 had varying views, and most organisational structures often limited integration to each silo, given the nature of their design. The researcher concludes that the findings were similar to the extant literature and highlights the benefit of collaboration across all functions.

6.2.3.4 Conclusion integration across functions and sustainability

Organisations are being forced to adopt innovation as part of their strategy to build and reimagine BMI for sustainability. One way of doing this is through integration across all functions. Based on the literature reviewed, it appears that the findings of this theme are consistent with the literature. Still, there is a nuance that integration should occur across all functions instead of an individual function.

6.2.4 Strategic allocation of human resources and capacity

6.2.4.1 Recap of key findings

The theme of human resources (people) and capacity within organisations was identified by Group 1 as a barrier and an enabler by Group 2 of the SBMI process. Depending on where sustainability sits on the agenda and its focus from leadership, capital and human resources are allocated accordingly. Group 2 expressed that those organisations with dedicated sustainability resources are more focused and actively drive the strategic goals. The experts shared their opinion on the opportunity for cross-border partnerships to acquire global resources skills and then learn how to localise them.

6.2.4.2 Recap of key insights from literature

"Ring-fenced resources for SBMI" was highlighted as an enabler by Bocken & Geradts (2020). Schaltegger et al. (2016) confirm investing in employees (people) builds credibility and trustworthiness, which aids in driving sustainability innovations.

6.2.4.3 Comparison of findings with literature

Organisations need to strategically allocate their capital and have the right human talent to incorporate innovation into their BMI for sustainability. Having a dedicated team of resources

to focus on the sustainability agenda acts as an enabler to the BMI for sustainability. Most importantly literature highlights that investing in human resources (people) is a key indicator for success.

6.2.4.4 Conclusion on strategic allocation of human resources and capacity in sustainability

Within this theme, the importance of partnerships and collaboration were cited by all groups. Organisations can strategically partner within their multinational organisations to tap into the dedicated sustainability teams or global networks. Organisations can further collaborate with sustainability led industry bodies in SA or abroad to gain access to a mentor (sustainability expert) to support their team on the journey. This will allow for broader collaboration, enable international best practices and for human resources to draw on diverse and new skills and build capability, ensuring an improvement across the sustainability deliveries. The findings provide valuable insights by including global resources as a support function for companies with a worldwide footprint.

6.2.5 Shared value and sustainability

6.2.5.1 Recap of key findings

Once the drivers, challenges and enablers have been well-thought-through, the concept of value creation or shared value becomes an essential consideration in the process of SBMI. Participants used these terms interchangeably. There was unanimous agreement that creating value is an innovative approach that occurs over time. However, there were conflicting views in Group 2. Some associated shared value with only the “bottom line”, whilst others associated it with innovative practices like introducing a “Chief Value Officer” who creates value for all stakeholders, not just profits. The experts had a different view – they view shared value as a factor determining the degree to which innovation is entrenched with sustainability.

6.2.5.2 Recap of key insights from literature

According to Calabrese et al. (2019), leaders should recognize the areas of shared necessity between their organisation and society. Organisations ought to take a tactical approach, i.e., investing in sustainability activities that simultaneously benefit the company and overall community by creating shared value. An organisation's focus is on creating shared value (Calabrese et al., 2019; Baldassarre et al., 2017) for the entire ecosystem, which often requires integrating sustainability tools and resources through innovative practices to

implement ongoing modification (Bhattacharya & Polman, 2017). The business model functions as the strategic pillar in the value creation process in transforming valuable capital and relationships into outcomes that benefit stakeholders and society (Assink, 2006; Ritala et al., 2018). According to Figge and Hahn (2013), this creates a connection between long-term value and environmental efficiency in the form of eco-efficiency. Sustainable approaches combine value creation strategies with value-based management practices that consider ESG factors. Eco-efficiency refers to how effectively an organisation uses capital in relation to its economic operation (Figge & Hahn, 2013). Both dimensions of value creation and sustainable development must be merged in this context to shape sustainable value creation (Yang et al., 2017). The capability of a business model to adapt to changing environments is likely to influence its long-term sustainable development. Hence, organisations are required to build infrastructure, expertise, and capabilities appropriate to the needs of their various stakeholder groups to create long-term sustainable outcomes for all stakeholders, i.e., shared value (Amui et al., 2017; Yang et al., 2017).

6.2.5.3 Comparison of findings with literature

Due to the significant sustainability requirements and the introduction of innovation to enhance businesses' environmental, social, and economic impacts, companies increasingly must adapt their operating models. However, innovations to the business model eventually create or undermine value for customers and stakeholders. It is still unclear how financial value will be created and monitored. Introducing a "Chief Value Officer" role will create an enabling environment for effective adoption and monitoring of shared value.

6.2.5.4 Conclusion on shared value and sustainability

Shared value was acknowledged as a new theme. Although shared value is often associated with business strategy, the findings indicate that this can be linked to BMI for sustainability. In conclusion, the findings suggest that value is created and implemented over time and with continuous improvement. It further allows for BMI towards sustainability. It is clear from the data that this element of the findings is similar to extant literature.

6.2.6 Responsible investing (RI)

6.2.6.1 Recap of key findings

There is immense pressure from investors, shareholders, and market demand on how organisations shift their business models through responsible investing and being a responsible business. Groups 1 and 2 agree that to make this strategy credible; organisations

need to define their approach to being a responsible business to ensure palpability, credibility, and relevance for their unique audience. RI is core to an organisation's distinction and growth strategy. Group 1 emphasised the need to invest in sectors that promote sustainability and uplift society. Groups 2 and 3 indicated that by being a responsible investor, this behaviour drives better returns, increases the market value, and attracts and retains clients. Groups 1 and 2 believed that responsible investing is essential to the reliable delivery and purpose of the organisation, i.e., creating impact.

Most participants referred to one or more global frameworks as the catalyst for change. The groups firmly believe that in addition to investing in ESG and responsible investing instruments, investing in people - which are an organisation's assets, enhances employee retention, thereby attracting buy-in. Additional insight was provided by Groups 2 and 3 about global presence and leaders across borders who are advocates in the field of sustainability. The role of COVID-19 has pushed the agenda on responsible investing across the globe, giving rise to United Nations SDG adoption and ESG factors.

6.2.6.2 Recap of key insights from literature

Investors are often attracted to organisations that yield good returns on their investments. It is essential to understand the terminology of the fast-growing theme. Responsible investing is associated with investments related to impact investing, sustainability investing, and investments that address environmental or social needs (Camilleri, 2021). These terms are often grouped under the heading of "responsible investing" (Griswold, 2013). Socially responsible investing (SRI) has evolved to ESG considerations and serve slightly different purposes (Griswold, 2013). SRI and impact investing use capital in enhancing an organisations investment goal with the investor purposes, whereas ESG aims to increase performance on investment (Griswold, 2013). It is found that even leading organisations don't often pay attention to adopting proactive practices in SRI, neither do they invest for the true purpose (Hoon et al., 2013).

Interestingly RI strategies can positively or negatively impact investment performance (Griswold, 2013). Gibson et al. (2020) recognised that RI does not enhance investment returns but acts as a "risk mitigation tool". The UNPRI, a leading international-led RI advocate, provides a platform for investors to adopt ESG principles through frameworks (Gibson et al., 2020); the benefits can be realised by becoming a signatory on this open network (Junkus & Berry, 2015).

6.2.6.3 Comparison of findings with literature

By adopting international frameworks example from the UNPRI, aligning with global initiatives like the UN Global Compact and further setting organisation targets from the Paris Agreement, leaders will have a more substantial and differentiated presence and awareness around responsible investing principles. This encourages learning from global trends and will motivate leaders to set sustainability targets with a worldview in mind and then align these targets to the country view by adopting the code for responsible investing in SA as a change management tool. These tools enable leaders and managers to set the tone and messaging for their organisations to integrate and roll out the SBMI adoption. Groups 1 and 2 agree that to make this strategy credible, organisations need to define their approach to being a Responsible Business to ensure palpability, credibility, and relevance for their unique audience. Interesting to note that there are trade-offs between RI and risk-adjusted investment performance. Although this finding is consistent with extant literature, the business professionals require assistance.

6.2.6.4 Conclusion on responsible investing

The theme of responsible investing was not part of the literature review. This is now acknowledged as a new theme with a changing landscape. The fundamental belief system underpinning an organisation's responsible investment effort is common to all groups. This includes how organisations translate their purpose to investing responsibly and connecting to the strategy. The role of COVID-19 has pushed the agenda on responsible investing across the globe, giving rise to the United Nations SDG adoption and ESG factors. Therefore, responsible investing is core to an organisation's distinction and growth strategy. However, the reliance on delivering the responsible investment agenda is dependent on people and capacity across the entire value chain, which is further supported by the literature. Notwithstanding this growing pressure, it is indistinct whether the financial services industry has fully grasped the importance of responsible investing and its benefits, i.e., the performance trade-offs.

6.2.7 Conclusion of main RQ: Innovation into sustainability strategies

The motivation for a responsible business strategy enables the innovation into sustainability strategies while also ensuring that the organisation's leaders and clients can keep up with global conversations. The similarities, nuances and key insights are presented in Table 55 below. In addition, the search terms have been included for each theme to compare the

findings with the literature. The new themes highlighted below emerged from the findings in Chapter 5. These are now claimed as themes in this chapter. The similarities between the findings and literature relating to SBMI implementation were found. There is one nuance under the theme of placing sustainability as the core of the organisational strategy. The key insights (potential differences) and insights (nuances) will be discussed further in Chapter 7.

Themes	Keywords	Similarities	Key insights (Potential differences)	Insights (Nuances)
Placing sustainability as the core to organisational strategy	<p>“core to strategy”</p> <p>“mandatory to strategy.”</p> <p>“sustainability as an after-thought”</p>		Sustainability should be mandated in the South African context as an innovative business tool. For example, through the obligations and duties of Directors through the King IV Governance code	Sustainability is seen as an afterthought and not usually linked to an organisations core delivery model.
Leadership buy-in and motivation	<p>“leaders”</p> <p>“leadership buy-in”</p> <p>“impact”</p>	<p>leadership buy-in has a direct influence on decision making and impacts the decisions on investments and resources needed versus the trade-offs</p> <p>leadership buy-in is referred to as an enabler of SBMI implementation</p>		There is a lack of diversity in thinking about sustainability across leaders
Shared values (new theme)	<p>“shared value”</p> <p>“value creation”</p>	value is created and implemented over time and with continuous improvement		Linking shared value to SBMI is not found in the literature
Responsible investing (new theme)	<p>“responsible investing”</p> <p>“responsible business”</p> <p>“ESG”</p> <p>“SDG”</p>	<p>reliance on delivering the responsible investment agenda is dependent on people and capacity</p> <p>trade-offs between RI and risk-adjusted investment performance</p>		The role of COVID-19 has pushed the agenda on responsible investing across the globe, giving rise to United Nations SDG adoption and ESG factors.
Strategic allocation of capital and human resources	<p>“people”</p> <p>“resources”</p> <p>“capacity”</p>			Global resources as a support function for companies that have a multinational footprint.
Integration across functions	<p>“integration”</p> <p>“function”</p> <p>“SBMI”</p>			integration should take place across “all” functions as opposed to an individual function

Table 55: Innovation into sustainability strategies - Comparison between Findings and Literature

6.3 Discussion of results sub-question 1

Sub-RQ1: What are the drivers needed to innovate for sustainability?

Research sub-question 1 aimed to identify the external and internal drivers for organisations in the financial services industry as they move towards innovating their business models for sustainability. By collecting data on the drivers needed to innovate for sustainability, the researcher aimed to understand the drivers that are making organisations move towards SBMI implementation.

The key themes are set out in Figure 13. These were carried over from the summary of Chapter 5 and will be discussed with reference to the literature review in Chapter 2 to highlight the similarities and differences between the literature review and the findings from Chapter 5. The findings of this study identified the **external drivers** that initiate the implementation of BMI for sustainability as 1) risk mitigation, 2) regulations and policies, 3) shareholder and investor activism and 4) increasing client expectations and pressure. The external drivers of sustainability are discussed in the following section.

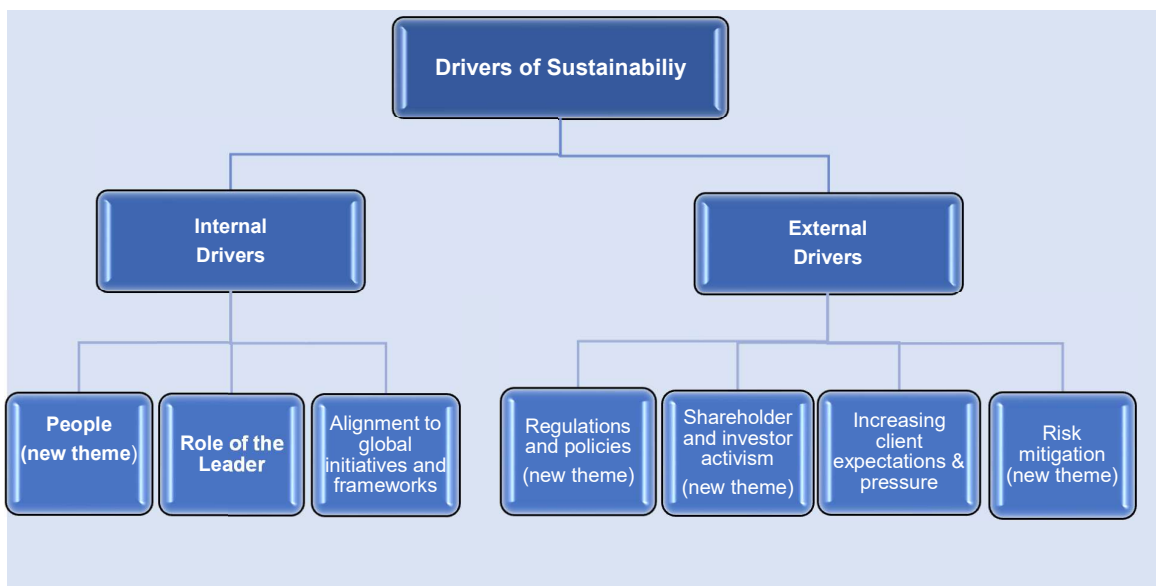


Figure 13: Summary - Drivers of sustainability

6.3.1 Regulations, policies & reporting

6.3.1.1 Recap of key findings

South Africa has a strong financial services compliance and regulatory environment governed by the Financial Sector Conduct Authority. Whilst this is the case, the expert group highlighted that many organisations take a reactive approach to sustainability and only respond when

compelled. In addition, the expert group shared their frustration on the lack of active ownership, which creates exposure to risk. Group 1 mostly view the legislation as the starting point for organisations to innovate. However, Group 2 had a differing view; there was an overwhelming consensus that whilst there is a carrot and stick approach, regulation is also underpinned by the interplay with politics and costs. Participants from the expert group highlighted that in-country regulations, policies, costs, and reporting are central to driving the correct behaviour change. While some policies are “apply or explain” (voluntary), expert group participants call for a more mandatory approach and alignment to international best practices.

6.3.1.2 Recap of key insights from the literature

Regulations and policies are a double edge sword. This can be used as an enabler or seen as a disruptor (Veleva & Bodkin, 2018). Kennedy and Bocken (2020) recognised that the SBMI process is challenging and somewhat ambiguous. These scholars further argued a lack of tools to support managers with this difficult process. Therefore, organisations can use their creativity to bespoke how the regulation or policy will work as an essential implementation tool rather than take the carrot and stick approach (Geissdoerfer et al., 2017). However, regulation, policies, and costs can be seen as barriers in some markets and enablers in others (Veleva & Bodkin, 2018).

6.3.1.3 Comparison of findings with literature

Regulations and policies are key drivers in establishing sustainability practices and innovation. The expert group agrees and further supports the view of country-led regulations and policies aligned to the international best standards. Important to note that Lüdeke-Freund & Dembek (2017) accentuated that the South African Government made integrated reporting mandatory for listed companies on the JSE. The regulatory change was to see whether such organisations had the ability to create and sustain value, given that BMI for sustainability plays a dominant role. The mandatory sustainability regulation and reporting approach is needed as a change driver. There is a nuance to existing literature.

6.3.1.4 Conclusion on regulations and policies

The theme of regulations and policies was not part of the literature review. This is acknowledged as a new theme and is evident in the literature. An interesting insight was that regulation and policies could be an enabler or a challenge given an organisation's stage regarding the SBMI process.

6.3.2 Increasing client expectations & pressure

6.3.2.1 Recap of key findings

Across all groups, 57% identified client expectations & pressure as a common theme. An interesting insight was that clients are at various maturity levels with different needs and varying levels of awareness. Group 2 was very vocal about how clients associate their partnerships with organisations aligned with sustainability practices. Although many clients are putting pressure on their investors regarding reporting & disclosure, lots of work is still needed. Groups 1 and 2 have seen an increase in client engagements of this nature to align on expectations. Group 1 highlighted the opportunities to develop products within a green economy aligned with sustainability practices. Furthermore, Group 1 called for a broader tax adjustment for green products entering one jurisdiction and new markets. The expert group reinforced the need to ensure that your clients feel that you're providing value and products and services that your clients want, which is an essential driver to ensure that happens.

6.3.2.2 Recap of key insights from the literature

There is increased demand from clients for organisations to develop investment products and consider ESG in investment decisions (Amir & Serafeim, 2018). In addition, clients are willing to pay for value (Bocken & Geradts, 2020). BMI for sustainability creates “environmental and social value alongside financial value” (Kennedy & Bocken, 2020, p. 3).

6.3.2.3 Comparison of findings with literature

The three-step approach was followed, as explained in the introduction of this chapter.

Step 1: the keywords of “customer expectations”, “client expectations”, “client pressure”, and “tax adjustments” were used in the search.

Step 2: In this step, three articles in the theme were re-visited to identify if the keywords were in the extant literature. Each word, e.g., client and expectation, were found separately but not together. The keywords stated above were not found in these three articles, and thus step three was carried out.

Step 3: The researcher then chose three additional articles by three scholars not used in the literature review to check for the keywords. There were still no matches in this step, and thus the item was highlighted as a difference.

The increased pressure from clients on adopting ESG considerations and reporting is fast growing. There has been a shift and greater awareness in how clients view new products and

costs. Most have called for green products and tax adjustments to be developed according to ESG considerations.

6.3.2.4 Conclusion on increasing client expectations & pressure

Important to note that the innovation around the broader tax adjustment for green products entering one jurisdiction is a nuance.

6.3.3 Shareholder and investor activism (pressure)

6.3.3.1 Recap of key findings

One of the key outcomes of external drivers was shareholder and investor pressure placed on organisations to transform their business models into sustainable BMs. This mainly was discussed by the participants in Groups 2 and 3. The COVID-19 pandemic has added more pressure to the system, thus nudging shareholders and investors toward sustainability. A key insight from all three groups was greater emphasis must be placed on organisations to reduce their environmental footprint. Most of the participants in the expert group cited the example of adopting the TCFD, a climate risk management policy with a divestment strategy and more disclosures on climate impact. The Paris Agreement was highlighted as the most significant driver from shareholders and investors.

6.3.3.2 Recap of key insights from the literature

The world has recently seen how globalisation's environmental, societal pressures and adverse consequences have forced organisations to consider ESG principles in the core business model (Ritala et al., 2018). Harmonising shareholder pressures while creating value as a driver is an entry point to creating a sustainable BM (Bocken & Geradts, 2020). The move to creating more sustainable BMs is seen as one of the external drivers of SBMI (Lüdeke-Freund, 2020).

6.3.3.3 Comparison of findings with literature

Matters of ESG and shareholder activism are on the rise. Investors and shareholders are calling for more transparency to evidence sustainability. In addition, environmental issues are forcing organisations to reduce their carbon footprint. This is evident in extant literature.

6.3.3.4 Conclusion on shareholder and investor activism (pressure)

Shareholder and investor activism (pressure) was not part of the literature review. This was acknowledged as a new theme in the findings. Creating profits for shareholders are always top of mind. COVID-19 has exacerbated the pressures from shareholders and investors and adds to the dynamics of the business sustainability challenge. COVID-19 can be seen as a driver in this regard.

6.3.4 Risk management and mitigation

6.3.4.1 Recap of key findings

Risk management and mitigation have been identified as one of the most significant external drivers for corporates across all groups. Participants from the expert grouping indicated that the older established organisations are not doing enough to innovate for risk in their BMs because they are set in their ways.

6.3.4.2 Recap of key insights from the literature

Shakeel et al. (2020) identified that one of the business case drivers for sustainability is risk and risk mitigation. Organisations generally have processes in place to mitigate risk challenges by setting clear boundaries and defining accountability structures (Bocken & Geradts, 2020). Furthermore, Engert et al. (2016) recognised risk management as a driver for integrating corporate sustainability into the business strategy.

6.3.4.3 Comparison of findings with literature

Organisations often struggle to identify, manage, and mitigate risks in an agile manner, thereby stifling innovation. A focused plan of action to reduce risks now can present opportunities for the future, which will address the client and investor reservations and enhance the risk management process within organisations. There are nuances in the findings; however, this finding is consistent with existing literature.

6.3.4.4 Conclusion on risk management and mitigation

Clients want to be associated with sustainable organisations. They further want the reassurance that they will achieve an appropriate commercial risk-adjusted return. Planning

and understanding their risk appetite will hold clients in good stead as they adopt a robust process for BMI for sustainability.

6.3.5 Conclusion: external drivers

Based on the analysis, 1) risk mitigation, 2) regulations and policies, 3) shareholder and investor activism and 4) increasing client expectations and pressure are seen as the key drivers of SMBI implementation, which is consistent with the literature. The summary of similarities, differences and insights of the external drivers are set out in Table 56 below.

Internal drivers

The findings of this study identified the key **internal drivers** that initiate the implementation of BMI for sustainability as 1) people, 2) the role of leaders and 3) organisational performance: alignment to global initiatives. These drivers are discussed below and encompass the themes of leadership and alignment to global initiatives.

6.3.6 People

6.3.6.1 Recap of key findings

Through this study, people are seen as operational drivers within their respective organisations. The theme of people has been further linked to the values and remuneration of the individuals and the organisation as they contribute towards driving sustainability agendas. This was pronounced by Groups 1 and 2. Furthermore, the expert grouping highlighted that people play a key role in the success or failure of the implementation, i.e., if there is no passion or drive towards sustainability outcomes, then the model will fail. People are also dependant on leaders.

6.3.6.2 Recap of key insights from the literature

Linked with passion and drive, leaders need to create enabling environments where their people are stretched beyond their limits (Mdluli & Makhupe, 2017). Interestingly, “people” have been identified as a key component of agility (Mdluli & Makhupe, 2017). In addition, people with passion and sound concepts for sustainability contribute to this transition (Rauter et al., 2017).

6.3.6.3 Comparison of findings with literature

Leaders need to create the enthusiasm to allow for this change; else, people will leave and move on to organisations that are serious role players or trendsetters in sustainability. It is essential to change how people are compensated and measured to deliver sustainability outcomes. Just like leaders, people are required to be agile and adaptable. This finding of people is evident in extant literature. However, as an internal driver, incentives for employees who drive sustainability outcomes is a key insight.

6.3.6.4 Conclusion on people

People are now a theme, which has been consistent throughout the findings. Empowering the right people at the proper levels to feel like they have the authority to innovate and drive change. A lot is dependent on the leaders and how an organisation is structured. Furthermore, colossal dependency is on how the people (employees) who drive sustainability agendas are remunerated, especially with the sustainability portfolio.

6.3.7 The role of leaders

6.3.7.1 Recap of key findings

The role of leaders aligns firmly with the theme of people. Participants from Groups 1 and 2 call for an all-inclusive process that needs to be driven from top-down to effect the change and shift the thinking. Leaders need to lead by example. They need to communicate and share their sustainability vision and allow management and staff to take up their mantle of authority to drive their organisational sustainability outcomes.

6.3.7.2 Recap of key insights from the literature

Bocken & Geradts (2020) discussed organisational leadership, vision and management support are drivers for BMI. Sustainable development within businesses is often slow, indicating the necessity for more solid leadership to act purposefully and effectively (Ritala et, 2018). Similarly, high levels of time, energy and commitment from leaders are needed, which could constrain the integration of innovation and sustainability within an organisation (Ambrosini & Bowman, 2009). In contrast, leaders need to be in touch with the environment, have the emotional intelligence to lead people from different generations and develop products relevant to the market (Mdluli & Makhupe, 2017).

6.3.7.3 Comparison of findings with literature

The active participation of leaders in this space can be seen as a game-changer if this is driven by purpose, vision, and emotional intelligence. This will set organisations apart from competitors as they design and address the specific sustainability needs and products of the clients they serve. The findings of this study are therefore consistent with the literature.

6.3.7.4 Conclusion on the role of leaders

Leaders need to be influencers. There should be a benchmarking exercise of leaders in financial services organisations against specific criteria or standards that say what they are doing to promote sustainability and think about sustainability with a wide lens.

6.3.8 Organisational performance: metrics & alignment with global initiatives

6.3.8.1 Recap of key findings

The role of people is heavily weighted in how the alignment with global initiatives is adopted to create organisational or sustainability performance. Findings from Groups 1 and 2 pointed out the importance of setting suitable sustainability measures to drive operational performance. The expert group reinforced the need to adopt appropriate tools that will aid in measuring and improving sustainability performance. In addition, conflicts of interest and the ability to make wise decisions to disinvest from non-sustainable investments were raised.

6.3.8.2 Recap of key insights from the literature

Bocken & Geradts (2020) discussed performance metrics for sustainability as an operational driver. By innovating the BM, the impact of the organisations' commercial performance can be improved (Foss & Saebi, 2016). Dynamic capabilities can contribute to organisational performance and sustainability in changing environments (Lin & Wu, 2014), which has prompted organisations to assess and understand how to use their dynamic capabilities to remain sustainable (Pisano, 2017). In addition, innovation is recognised as a critical driver of competitive advantage and organisational sustainability within organisations (Bocken & Geradts, 2020).

6.3.8.3 Comparison of findings with literature

Organisational performance and performance metrics for sustainability were evident in the literature. The adoption of sustainability tools and alignment with global initiatives contribute

to organisational performance. It is clear that there is a direct relationship between alignment with global initiatives and organisational performance. This element is consistent with extant literature.

6.3.8.4 Conclusion on organisational performance: metrics & alignment with global initiatives

Organisational sustainability is needed to ensure growth and competitive advantage in unpredictable business environments. The improvements can be realised through the adoption of tools and alignment to the business strategy. Although evident in literature, dynamic capabilities were not entirely acknowledged by the participants.

6.3.9 Conclusion: internal drivers

The internal drivers in the study have been identified in the existing literature and are mostly similar. The themes of people and leadership were dominant across all groups. The similarities, differences and insights of the internal drivers are set out in Table 56 below.

6.3.10 Conclusion on sub Q1: Drivers

Drivers assess how organisations appraise opportunities for SBMI. It further creates the opportunity for organisations to influence change and transform their existing business models. Whilst comparing the findings, the three groups primarily identified different components to the external and internal drivers of SBMI implementation. The new themes highlighted below emerged from the findings in Chapter 5. These are now claimed as themes in this chapter.

The similarities were found between the findings and literature relating to SBMI implementation. There is one nuance under the theme of Increasing client expectations & pressure. The highlighted difference spoke to the role of in-country regulations and broader tax instruments for green products entering the markets and jurisdictions. The element of this study potentially adds a distinction to the literature by providing potential insights into the drivers of the SBMI implementation. The key insights and differences will be discussed further in Chapter 7.

Drivers	Keywords	Similarities	Key insights (Potential Differences)	Insights (Nuance)
External Drivers				
Regulations, policies & reporting (new theme)	“regulation” “policy”	Enforcement of appropriate legislation		The mandatory approach to regulation and reporting is needed as a change driver
Increasing client expectations & pressure	“customer expectations” “client expectations” “client pressure”	Client expectations, Disclosure	In-country regulations and broader tax adjustment for green products entering one jurisdiction and new markets	Alignment to organisations with sustainability principles
Shareholder and investor activism (new theme)	“shareholder” “investor”	Increased ESG & shareholder activism	The impact of COVID-19 on shareholders and investors	
Risk management and mitigation (new theme)	“risk” “risk mitigation”			appropriate commercial risk-adjusted return
Internal Drivers				
People (new theme)	“resources” “people”	People are operational drivers		incentives for employees who drive sustainability outcomes
The role of leaders	“leaders” “leadership”	Leaders to communicate and share the vision Need leaders who are driven with purpose and emotional intelligence		
Organisational performance: alignment with global initiatives	“organisational performance” “sustainability performance”	Performance metrics for sustainability		

Table 56: Drivers of sustainability - comparison between findings and literature

6.4 Discussion of results for sub Q2

Sub-RQ2: What are the barriers to innovation and developing sustainability?

Sub Q2 aimed to identify and provide insights into the barriers for organisations in the financial services industry that supports the implementation of SBMI. By collecting data on the barriers needed to innovate for sustainability, the three participant groups provided insights into the challenges that organisations face. The key themes are set out in Figure 14. These were carried over from the summary of Chapter 5 and will be discussed with reference to the

literature review in Chapter 2 to highlight the similarities and differences between the literature review and the findings from Chapter 5.

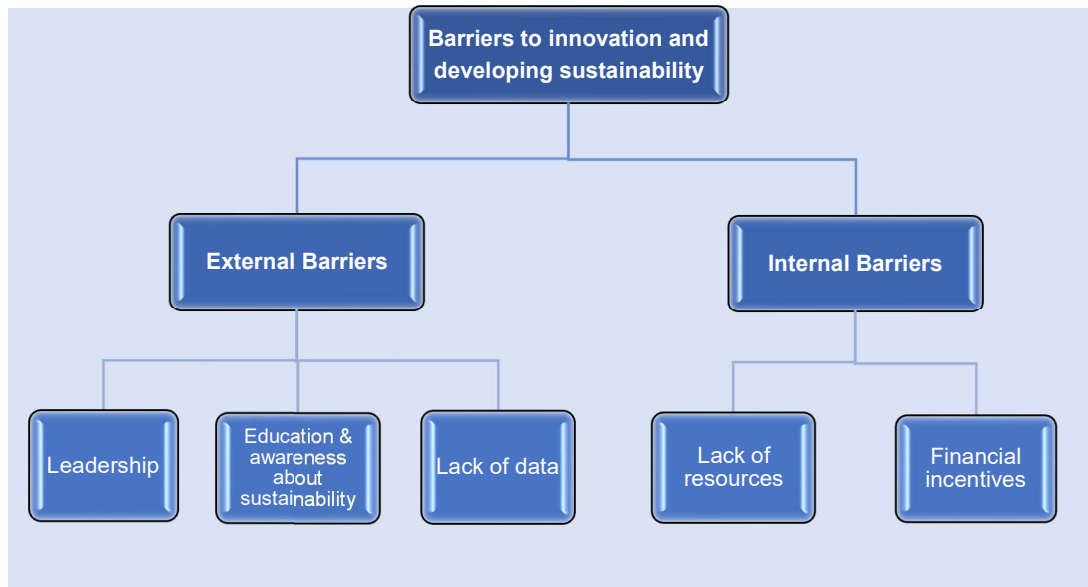


Figure 14: Summary - Barriers of Sustainability

External barriers

6.4.1 Leadership

6.4.1.1 Recap of key findings

The theme of leadership is a double edge sword. Leaders can either enable or create a barrier to innovation and sustainability. In this case, leadership buy-in and motivation is often seen as a barrier across organisations. Across all groups, participants referred to the c-suite executive level, the Board and CEO's as key role players to set the tone from the top and bring about change to the sustainability strategies. Participants from Group 1 shared their insights on the benefits of having sustainability at the core of the strategy. However, if there is no support or buy-in from the executives, the business model becomes outdated. The expert group reinforced this view. Furthermore, Group 1 shared insights on leaders trying to find the balance between short-term profits, the triple bottom line, and the adoption of sustainability practices.

6.4.1.2 Recap of key insights from the literature

Morioka et al. (2017) argued that the Board and senior leaders' vision influences the implementation of SBMI and creates awareness and buy-in to sustainability purposes. The

skill needed to fine-tune sustainability delivery calls for a deliberate organisational capability (Evans et al., 2017), supported by leaders. In contrast, leadership and innovation can be created from top-down or bottom-up (Uhl-Bien & Arena, 2017).

6.4.1.3 Comparison of findings with literature

The findings presented related to the buy-in and support from the top, whereas literature affirmed that this could be a bottom-up approach. There is a nuance in the findings and literature in this regard. Setting the tone from top leadership was a strong point made by the groups. Leaders with vision and buy-in to sustainability practices drives changes in the SMBI process. This finding is thus consistent with extant literature.

6.4.1.4 Conclusion on leadership

Leaders have a difficult job balancing the short-term profits and adopting sustainability agendas. The lack of leadership buy-in can derail the success of an organisation, and thus organisations need leaders with vision and the passion for setting the tone from the top.

6.4.2 Education and lack of understanding about sustainability

6.4.2.1 Recap of key findings

Education and the lack of understanding about sustainability were recognised as solid barriers across all groups. This has been highlighted as an internal and external barrier. Participants from the expert group underscored the need to invest in education from the top-down, starting with the executive level. The challenge arose when executives were not always sure of their role in the BMI for sustainability and generally lacked awareness on sustainability-related matters. Participants from Group 2 proposed that “everybody” must understand the purpose of investing in a better tomorrow. Education is one way of ensuring that everyone has the same understanding of sustainability. Group 1 mentioned the Association for Savings and Investment South Africa (ASISA) academy as a sustainability training facilitator for the financial service industry. ASISA represents the savings, insurance and investment industries and collaborates with the Government to engage on policy and regulatory issues.

6.4.2.2 Recap of key insights from the literature

Caldera et al. (2019) identified the lack of knowledge as one of the barriers. Although the study was focused on SMEs, the outcomes regarding lack of knowledge as a barrier to SMBI implementation are comparable. The outcomes of this study potentially offer an additional

insight by emphasising the lack of education about sustainability, especially at the executive level. The sustainability-focused training programs will empower executives across the financial services industry with decision-making around the SBMI implementation. In addition to staying on top of the ongoing sustainability challenges. Bocken & Geradts (2020) identified that training relating to sustainability issues is an enabler to SBMI.

6.4.2.3 Comparison of findings with literature

Despite some generally agreed definitions as set out in universal frameworks, Group 1 highlighted a massive disparity in understanding what sustainability entails. Interestingly, Group 1 also mentioned that the younger generation is shifting the dial as they understand the need for sustainability. This is visible through the example shared on the work done by some of the world's young sustainability activists like Greta Thunberg on climate change, which is topical across all organisations. In this case, the barrier can be turned into an enabler through training and education. The aspect of the finding of this study is therefore consistent with the literature.

6.4.2.4 Conclusion on education and lack of understanding about sustainability

The lack of a shared understanding of sustainability is seen as a challenge. Sustainability is broad and means different things to different stakeholders. The relevance of sustainability needs to be embedded and understood by all within an organisation. This barrier can be overcome through training and education, especially for Executives who are key decision-makers.

6.4.3 Lack of data for SBMI

6.4.3.1 Recap of key findings

The lack of data for SBMI was highlighted as a barrier. The group's view is that there is limited information or data points, making it difficult to benchmark or make informed decisions about the capital outlay to sustainability. The groups struggle to source helpful information and data complementing their business models.

6.4.3.2 Recap of key insights from the literature

The age of big data is upon us (Banks et al., 2019). Interestingly big data is considered an innovative commodity of investment (Erevelles et al., 2016). However, many organisations

struggle to understand and explore the benefits from data relating to sustainable investing (Gary, 2018).

6.4.3.3 Comparison of findings with literature

Lack of data was a new theme that emerged from the findings. The three-step approach was followed, as explained in the introduction of this chapter.

Step 1: The researcher used keywords of “data for SBMI”, “big data for SBMI”, “sustainability linked data” were used in the search.

Step 2: In this step, three articles in the theme were re-visited to identify if the keywords were in the extant literature. The word “data” was evident, but the keywords stated above were not found in these three articles, and thus step three was carried out.

Step 3: The researcher then chose three additional articles by three scholars not used in the literature review to check for the keywords. There were still no matches in this step, and thus the item was highlighted as a potential difference.

Building the baseline understanding of data becomes extremely difficult without having insights or learnings to sustainability data. This is a constraint to measure the success and investments into sustainability practices. Although literature states that this is the age for big data, most organisations grapple with this theme. The data is either unsuitable or in a user-friendly format and hinders decision making. There does not seem to be specific literature in this regard. This highlights a nuance relating to this finding and presents an opportunity to extend literature.

6.4.3.4 Conclusion on lack of data for SBMI

Organisational leaders need to do something that shows progress towards a target, and it has to be in a specific company. A pivotal inhibitor to innovation and sustainability was that insufficient data is available on the subject, limiting decision-making.

Internal Barriers

6.4.4 Lack of resources & skills

6.4.4.1 Recap of key findings

Another barrier to sustainability is the lack of resources and skills to implement sustainability practices. Organisations need the necessary resources, skills, and investment to ensure that

sustainability initiatives are carried forward. In addition, leadership buy-in to support the investment in resources are required.

6.4.4.2 Recap of key insights from the literature

Dynamic capabilities are a factor in the agility and competence to align an organisations resources and BM with customer needs and aspirations (Teece, 2018). In the absence of resources, it can be concluded that organisations existence will be inhibited if the requisite resources, skills, and capacity is not in place (Dentchev et al., 2018). Bocken and Geradts (2020, p.3) noted that sustainability challenges require the “deployment of resources” to realise the prospects and threats and reap the monetary benefits of organisational sustainability.

6.4.4.3 Comparison of findings with literature

It is essential to understand the risk and opportunities and set a clear plan for executing the sustainability activities. With the right resources, organisations would be farther along in reaching their sustainability goals. Leaders should prioritise the allocation of budgets to hiring people with the appropriate skill and competencies. The aspect of the finding of this study is therefore consistent with the literature.

6.4.4.4 Conclusion on lack of resources and skills

Leadership buy-in and investment in resources (i.e., hiring the right people, upskilling, and redeploying staff) are two components that are needed to address the resource constraints.

6.4.5 Financial value and rewards

6.4.5.1 Recap of key findings

Participants specified that a barrier to sustainability is the financial incentives and how employees and leaders are rewarded financially in driving sustainability agendas. Incentives and remuneration structures should be tied to an outcomes-based approach such as reward or incentive programs. In addition to contributing to the triple bottom line, those involved in driving the sustainability outcomes should be rewarded.

6.4.5.2 Recap of key insights from the literature

Often organisations concentrate on one dimension of organisational sustainability: the economic metrics rather than an all-inclusive view, and fail to include the values related to

financial, social and environmental responsibilities (Lozano et al., 2016). Organisations may struggle with creating dynamic capabilities required for SBMI. It is not always evident how sustainability can create financial value (Bocken & Geradts, 2020) and be passed on to executives and employees. Using rewards as an incentive tool can promote sustainability (Mahmoodi et al., 2021). In addition setting up an “incentive scheme” to acknowledge sustainability outcomes can be linked with financial rewards (Bocken & Geradts, 2020).

6.4.5.3 Comparison of findings with literature

Sustainability linked rewards for employees and leaders are often overlooked. The main focus is on achieving financial outcomes for the bottom line, and those who drive these activities are usually not rewarded or incentivised. The behaviour change can be reinforced with incentives linked to the key performance indicators. The aspect of the finding of this study is therefore consistent with the literature. However, there is limited literature on incentivising employees and leaders in the SBMI space.

6.4.5.4 Conclusion on financial incentives

Financial incentives or an incentive scheme should be introduced as a change management lens for sustainability for those who contribute to the SBMI implementation and the triple bottom line. If employees and leaders are rewarded appropriately, they will be committed and loyal to the organisation and the leaders they serve.

6.4.6 Conclusion on sub Q2: Barriers

A summary relating to the similarities, insights (nuance in differences) and key insights (potential differences) of sustainability barriers are set out in Table 56. There were many similarities between the findings of this study and the literature. The outcomes highlight a nuance and some key insights between the findings of this study and extant literature. A summary of the barriers identified below as potentially providing a nuance indifference and potential key insights from the literature are discussed further in Chapter 7.

Barriers to sustainability	Keywords	Similarities	Key insights (Potential differences)	Insights (Nuance)
External Barriers				
Leadership	“leaders” “leadership support” “leadership buy-in”	Sustainability vision to be communicated and cascaded through the organisation. if there is no support or buy-in from the executives, then the business model becomes outdated		Leadership is a double edge sword. buy-in and support from the top, whereas literature, affirmed that this could be a bottom-up approach as well
Education and lack of understanding about sustainability <i>(new theme)</i>	“education” “training” “lack of understanding”	Sustainability training and education for execs and staff (internal & external)		Sustainability knowledge gap of executives
Lack of data for SBMI <i>(new theme)</i>	“data for SBMI” “big data for SBMI” “sustainability linked data”		insufficient data available on the subject, which limits decision-making powers	
Internal Barriers				
Lack of resources <i>(new theme)</i>	“resources” “resource constraint” “skills”	Investing in the right people: budgets/ skills Support from leaders		
Financial value and rewards <i>(new theme)</i>	“incentives” “financial rewards” “incentive scheme”	Incentives and remuneration structures should be tied to an outcomes-based approach		Passing financial value and rewards to employees

Table 56: Barriers - Comparison between Findings and Literature

6.5 Discussion of results for sub Q3

Sub-RQ3: How do organisations overcome these barriers? (enablers)

Sub Q3 aimed to identify and provide insights into the enablers for organisations in the financial services industry that supports the implementation of SBMI. Figure 13 below sets out the key themes. These were carried over from the summary of Chapter 5 and will be discussed with reference to the literature review in Chapter 2 to highlight the similarities and differences between the literature review and the findings from Chapter 5.

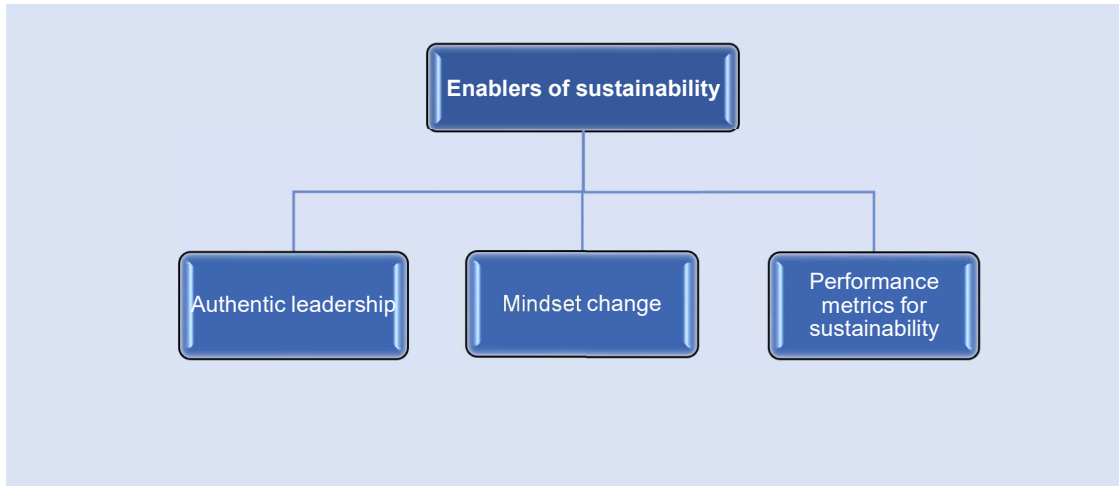


Figure 15: Summary - Enablers of Sustainability

6.5.1 Authentic leadership

6.5.1.1 Recap of key findings

The three groups identified that organisations must have the right leader, specifically, an authentic leader who shares the vision and passion for sustainability initiatives. All three groups further highlighted that the leaders within the organisation could either make sustainability a challenge or a success. Leaders should “fly the flag” of sustainability.

6.5.1.2 Recap of key insights from the literature

“Enabling leadership” is a bespoke type of leadership that arose through “complexity thinking” (Uhl-Bien & Arena, 2017, p14). This allows organisations and their leaders to be agile and adaptive. An authentic leader can influence a situation, and their decision is often based on their leadership style and value (Detjen & Webber, 2017). A leader’s clear vision and value contribute to SBMI. In addition, a “sustainability vision” and “sustainability values” are required for SBMI (Bocken & Geradts, 2020, p.15).

6.5.1.3 Comparison of findings with literature

Leaders with a solid value system and a dominant voice in sustainability can be seen as powerful capabilities within the organisation and across the industry. This dynamic capability can further lead to elevating brand presence. Authentic leaders can influence the decision-making process and the impact on the matter. Leaders without a clear vision can cause more damage. There are nuances with extant literature.

6.5.1.4 Conclusion on authentic leadership

Leadership, especially authentic leaders, must have a dominant role as an enabler to overcoming sustainability challenges.

6.5.2 Mindset change (integrated thinking)

6.5.2.1 Recap of key findings

Group 3 specified that organisations and leaders are currently too focused on old fashioned, archaic ways of thinking. In addition, the short-term focus thinking is imbalanced, resulting in long-term plans and priorities being overlooked. There is a lack of creativity and a mindset divide from sustainability issues. Group 2 called for integrated thinking across the operational model and leaders to change their mindsets and transition from the old to the new. COVID-19 has heightened the importance of sustainability. This can then be seen as a challenge or opportunity to sustainability practices but needs leaders willing to change their ways of thinking.

6.5.2.2 Recap of key insights from the literature

Inigo and Albareda (2019) encourages organisations to implement a developing mindset towards sustainable business innovation. Interestingly, Evans et al. (2017) highlighted that top organisations are altering their relations by taking a long term view empowering the change from a transactional mindset to one based on trust and mutual benefits. Scholars Inigo & Albareda (2019) further highlight that mindset change needs to occur at various organisational levels. Glinik and Vorbach (2019) bring in a strong view that speaks to an “opportunity seeking mindset” rather than compromise to embed changes, for example, SDG in the SBMI process.

6.5.2.3 Comparison of findings with literature

The impact of COVID-19 forces businesses and leaders to introspect and consciously move forward. A change in mindset is key to transformation and survival. There needs to be a balance between short term and long-term outcomes without compromising the opportunities. This aspect of the findings is consistent with the literature. However, there is a nuance in difference regarding the balance between short term delivery and long-term vision.

6.5.2.4 Conclusion on mindset change

People have short term mindsets when they should be long-term investors. If one thinks with only a commercial mindset, how is the value derived for the longer term.

6.5.3 Performance metrics for sustainability

6.5.3.1 Recap of key findings

To move the business forward, incorporating sustainability KPI's into performance contracts and tying this into specific metrics is needed to assess outcomes and monitor the changes. Group 2 specified that cross-functional team support and collaboration efforts are another way to implement and monitor progress. Furthermore, it presents an opportunity to identify the business support and tools that the teams require. In contrast, Group 1 stressed the role that culture plays in assessing these intangible outcomes.

6.5.3.2 Recap of key insights from the literature

It is necessary to measure sustainability performance at the operational level (Bocken & Geradts, 2020). This can be measured through a “balanced sustainability scorecard” (Schaltegger et al., 2016, p.8) as an internal management tool that supports innovation (Maniora, 2017). The application of sensing, seizing and transforming as dynamic capabilities (D. J. Teece, 2018) enables organisations to fine-tune and innovate their business models (Bocken & Geradts, 2020). Most importantly, metrics for sustainability performance was highlighted as a key feature to empower “dynamic capabilities for SBMI” (Bocken & Geradts, 2020, p.14). In addition, Bocken & Geradts (2020) emphasised that metrics for sustainability is an enabler of SMBI implementation.

6.5.3.3 Comparison of findings with literature

The findings highlighted the need to measure sustainability performance through a measurement system. Applying the three foundational components of sensing, seizing and transforming to an organisation's operational and strategic models leads to SMBI. Collaboration between cross-functional teams was raised as an alternative way to ensure cohesiveness. This finding is consistent with extant literature in that incorporating sustainability metrics (KPI's) into performance contracts can enable SBMI implementation.

6.5.3.4 Conclusion on performance metrics for sustainability

Creating shared outcomes and shared accountability to drive forward the organisation is necessary for measuring sustainability performance. The aspect of culture was not explicitly discussed in this paper and allows for further investigations.

6.5.4 Conclusion on sub Q3 (enablers)




The comparison between the findings of this study and extant literature on the enablers of SBMI implementation indicates that the conclusions and the study are mainly similar to the literature, summarised in Table 57. The study presents two potential insights. These are further discussed in Chapter 7.

Enablers to sustainability	Keywords	Similarities	Insights (Nuances)
Authentic leadership	“authentic leader” “leadership vision” “vision”	Authentic leaders can influence the decision-making process and the impact	Having leaders with a solid value system and a dominant voice in sustainability can be seen as a powerful capability
Mindset change <i>(new theme)</i>	“mindset change” “game changer” “mindset.”	A change in mindset is key to transformation and survival	the balance between short term delivery and long-term vision is a challenge
Performance metrics for sustainability <i>(new theme)</i>	“performance metric” “culture” “scorecard”	incorporating sustainability metrics (KPI's) into performance contracts can enable SBMI implementation	

Table 57: Enablers of sustainability - comparison between findings and literature

6.6 Chapter conclusion on the discussion of findings as compared to literature

Twenty-one themes emerged from the findings. These have been set out in the updated contextual framework (Figure 16) and compared to literature in relation to SBMI implementation. The similarities and differences were analysed above and discussed under each question below. The index below explains the colour descriptors.

-  The main themes are highlighted in black.
-  The sub-themes (nuances) that arose from the insights are highlighted in purple.
-  The new insights (potential differences) are highlighted in blue.

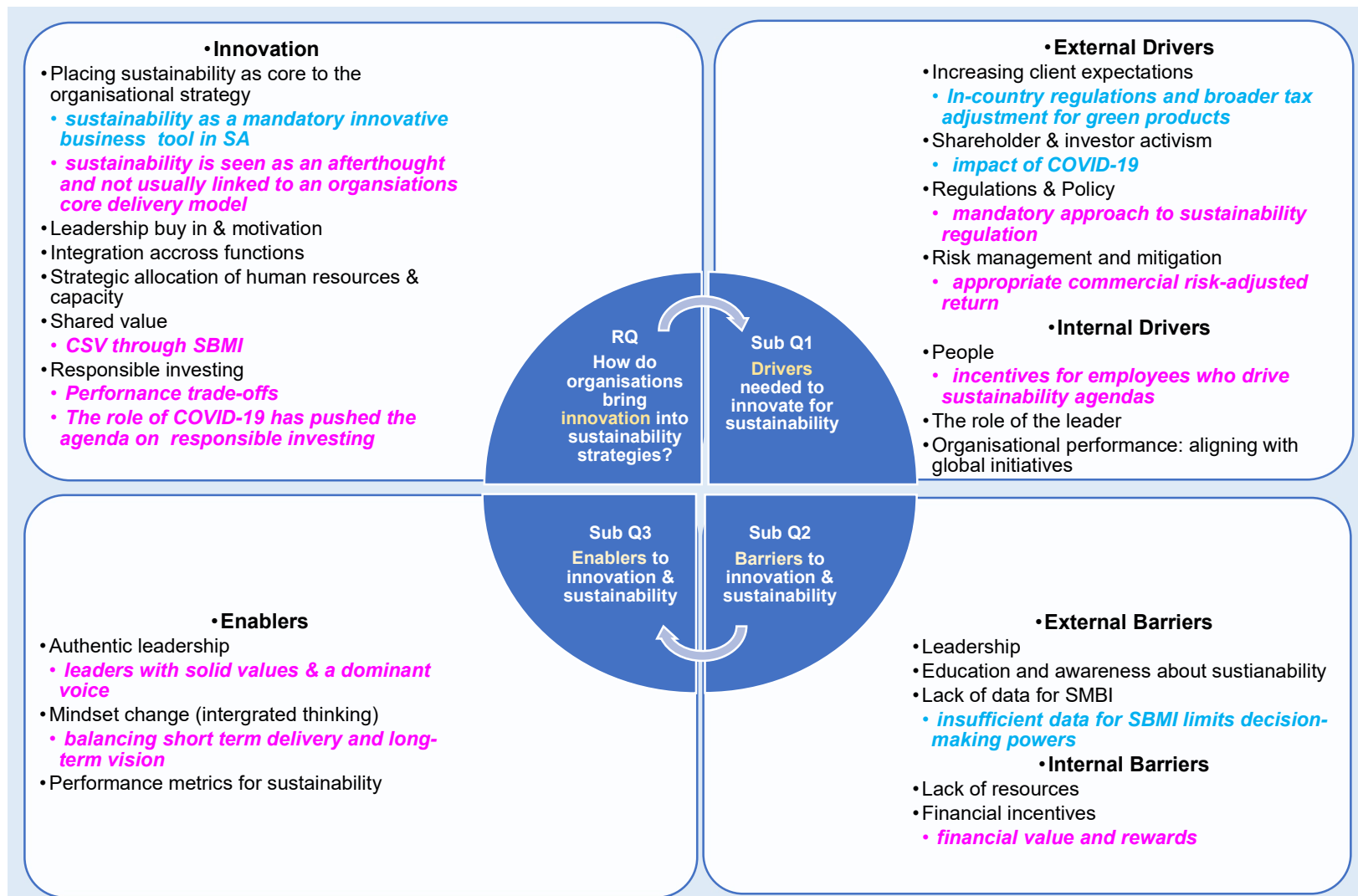


Figure 16: Updated conceptual framework with sub-themes – Based on RQ. Source: Authors own

Sub Q1: Drivers needed to innovate for sustainability

In respect to the first sub-question, seven themes were listed under the drivers of SBMI implementation and the outcomes of this study. The study identified the following external drivers: 1) increasing client expectations, 2) shareholder & investor requirements, 3) regulations & policy, and 4) risk mitigation. The internal drivers identified in this study were: 1) people, 2) the role of the leadership, and 3) organisational performance: aligning with global initiatives.

The research outcomes were very similar to the literature on drivers. There were seven similarities, two new insights and three nuances (insights). In this regard, these features have also been identified by scholars as drivers of SBMI implementation (Amir & Serafeim, 2018; Mdluli & Makhube, 2017; Rauter et al., 2017; Bocken & Geradts, 2020; Foss & Saebi, 2016; Ritala et al., 2018; Lüdeke-Freund, 2020; Engert et al., 2016).

The similarities that arose from the **drivers** needed to innovate for sustainability are listed below:

1. Increasing client expectations & pressure
2. Shareholder and investor activism
3. Regulations and policies
4. Risk management and mitigation
5. People
6. The role of leaders – Top-down to effect change. Leaders to communicate, share and cascade the sustainability vision through the organisation. Organisations need leaders who are driven with purpose.
7. Organisational performance: alignment with global initiatives - the adoption of sustainability tools and alignment with global initiatives contribute to organisation.

Two new insights (potential differences) were highlighted in external drivers under the theme:

1. Increasing client expectations & pressure - in-country regulations and broader tax adjustment for green products entering one jurisdiction and new markets is recognised as a sub-theme.
2. Shareholder and investor activism – the impact of COVID-19 has increased ESG awareness and shareholder activism.

The three **insights** (nuance) that arose from the drivers needed to innovate for sustainability are listed below. The insights are nuances that became new sub-themes.

1. Regulations, policies & reporting – from the analysis, regulation and policies are a broad theme. The insight was that a mandatory approach to sustainability regulation and reporting is necessary as a change driver
2. Risk management & mitigation - Clients want to be associated with sustainable organisations with appropriate commercial risk-adjusted return.
3. People - the theme of people was initially identified as a new theme. The analysis revealed that the researcher found that the theme of people is already included in literature and now becomes a theme. However, incentives for employees is now acknowledged as a sub-theme.

Sub Q2: Barriers to innovation and sustainability

Five themes were listed under the barriers that hinder SBMI implementation regarding the second sub-question. The study identified the following external barriers: 1) leadership, 2) education and awareness about sustainability, and 3) lack of data. The study also identified the following internal barriers: 1) lack of resources and 2) financial incentives.

The research outcomes were very similar to the literature on drivers. There were five similarities, one nuance and one new insight. In this regard, these factors have also been identified by scholars as barriers to SBMI implementation (Morioka et al., 2017; Evans et al., 2017; Bocken & Geradts, 2020; Caldera et al., 2019; Dentchev et al., 2018; Mahmoodi et al., 2021; Lozano et al., 2016; Erevelles et al., 2016; Banks et al., 2019).

The **similarities** that arose from the barriers that hinder SBMI implementation are listed below:

1. Leadership – leadership is a double edge sword. If there is no support or buy-in from the executives, then the business model becomes outdated.
2. Education and awareness about sustainability – Sustainability training and education for execs and staff (internal & external). Sustainability knowledge gap of executives.
3. Lack of data for SBMI
4. Lack of resources – investing in the right people: budgets/ skills. Support from leaders.
5. Financial incentives

One **new insight** (potential difference) was highlighted under the theme:

1. Lack of SBMI data - insufficient data available on the subject limits decision-making powers.

The **insights** (nuance) that arose from the barriers that hinder SBMI implementation are listed below:

1. Financial incentives - Incentives and remuneration structures relating to sustainability

Sub Q3: Enablers to innovation and sustainability

In respect to the third sub-question, three themes were listed under the enablers of SBMI implementation and the outcomes of this study. The study identified the following enablers: 1) authentic leadership, 2) mindset change and 3) performance metrics for sustainability. There were three similarities and two insights (nuances). In this regard, these factors have also been identified by scholars as enablers of SBMI implementation (Bocken & Geradts, 2020; Pisano, 2017; Schaltegger et al., 2016; Teece, 2018; Inigo & Albareda, 2019; Evans et al., 2017; Detjen & Webber, 2017; Glinik & Vorbach, 2019; Uhl-Bien & Arena, 2017).

The **similarities** that arose from the enablers of SBMI implementation are listed below:

1. Authentic leadership
2. Mindset change
3. Performance metrics for sustainability – was a new theme in the findings. The analysis found that incorporating sustainability metrics (KPI's) into performance contracts can enable SBMI implementation. This is now acknowledged as an existing theme in the literature and is now shown in black type in the figure to reflect this outcome.

The **insights** (nuance) that arose from the enablers of SBMI implementation are listed below

1. Authentic leadership - Having leaders with a solid value system and a dominant voice in sustainability can be seen as a powerful capability. Authentic leaders can influence the decision-making process and the impact. This is acknowledged as a sub-theme under authentic leadership, and this outcome is shown in purple italics in Figure 16.
2. Mindset change – A change in mindset is key to transformation and survival. The balance between short term delivery and long-term vision is a challenge. This is

acknowledged as a sub-theme under mindset change, and this outcome is shown in purple italics in Figure 16.

Main RQ: How do organisations bring innovation into sustainability strategies?

Six themes were listed under the innovation of SBMI implementation and the outcomes of this study. The study identified the following themes: 1) Placing sustainability as core to the organisational strategy, 2) leadership buy-in & motivation, 3) integration across functions, 4) strategic allocation of human resources & capacity, 5) shared value, and 6) responsible investing. There were three similarities, one key insight and four insights.

In this regard, these factors have also been identified by scholars as enablers of SBMI implementation (Baldassarre et al., 2020; Morioka et al., 2017; Calabrese et al., 2019; Evans et al., 2017; Geissdoerfer et al., 2018; Long et al., 2018; Caldera et al., 2019; Bocken & Geradts, 2020; Geissdoerfer et al., 2016; Sousa-Zomer & Cauchick Miguel, 2018; Schaltegger et al., 2016; Baldassarre et al., 2017; Amui et al., 2017; Figge & Hahn, 2013; Yang et al., 2017; Griswold, 2013; Junkus & Berry, 2015; Hoon et al., 2013; Gibson et al., 2020).

The **similarities** that arose from the innovation of SBMI implementation are listed below:

1. Leadership buy-in and motivation - leadership buy-in directly influences decision-making and impacts the decisions on investments and resources needed versus the trade-offs. Leadership buy-in is referred to as an enabler of SBMI implementation.
2. Integration across functions – integration to take place across all functions as opposed to an individual function
3. Strategic allocation of capital and human resource - Global resources as a support function for companies with a multinational footprint.

One **key insight** (potential difference) was highlighted under the theme:

1. Placing sustainability as the core to organisational strategy - sustainability as a mandatory innovative business tool in the South Africa.

The **insights** (nuance) that arose from the innovation of SBMI implementation are listed below:

1. Placing sustainability as the core to organisational strategy - sustainability is seen as an afterthought and not usually linked to an organisations core delivery model.

2. Shared value is not a new theme in strategy literature, however linking it to SBMI is not found in the literature.
3. Responsible investing:
 - 3.1 The role of COVID-19 has pushed the agenda on responsible investing across the globe, giving rise to United Nations SDG adoption and ESG factors.
 - 3.2 Reliance on delivering the responsible investment plan is dependent on people and capacity. There are trade-offs between RI and risk-adjusted investment performance

Chapter 7 - Conclusion and recommendations

7.1 Introduction

This chapter sets out the research outcomes and the various conclusions completed in this study regarding the research questions it sought to answer. The updated conceptual framework based on the analysis presented in Chapter 6 in Figure 14. The implications of this study for business professionals are highlighted, followed by the conclusion. Additionally, this chapter also sets out the limitations of the research and proposes recommendations for future research.

7.2 Principal theoretical conclusions

The conclusion of each research and sub-question is set out in this section. This section concludes with the updated conceptual framework. This framework may guide organisations in their journeys as they move from a traditional BM towards an SBMI, i.e., integrating innovation into their sustainability strategies. The index below explains the colour descriptors applied in section 7.2 of this chapter.

- ◆ The main themes are highlighted in black.
- ◆ The sub-themes are the insights(nuances) from the study highlighted in purple. These nuances potentially refine the extant literature.
- ◆ The key insights (potential differences) are highlighted in blue. These will potentially extend existing literature.

7.2.1 Conclusion on RQ1: Innovation into sustainability strategies

RQ1: How do organisations bring innovation into sustainability strategies?

Research question 1 aimed to identify how organisations in the Financial Services sector move towards including sustainability into their business model. Furthermore, this question aimed to gain insights into how and to what extent innovation is evident in how the business model is evolving. The innovation insights are represented in Figure 17.

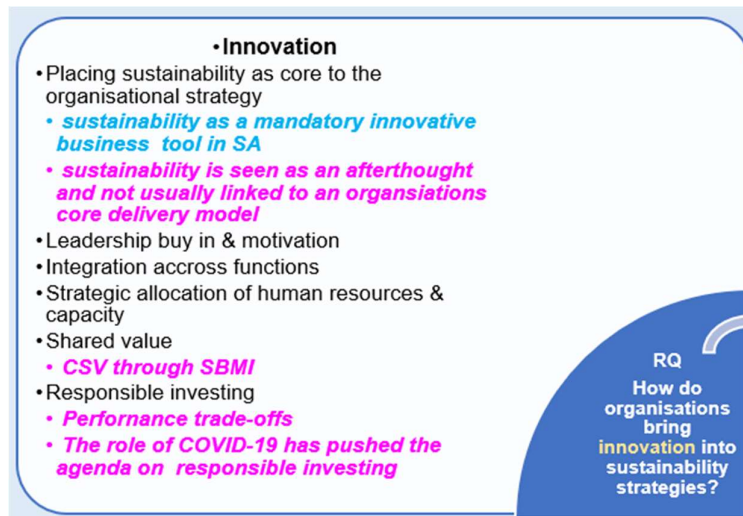


Figure 17: Innovation into sustainability strategies - nuances and key insights

- ***Sustainability as a mandatory innovative business tool in SA***

The success of corporate sustainability solely depends on whether it is deep-rooted into an organisations strategy (Calabrese et al., 2019). The outcome related to sustainability being mandated in South Africa as an innovative business tool that supports the core of any organisational strategy for listed companies on the Johannesburg Stock Exchange (JSE). This can further drive SBMI implementation and thus adds a potentially new insight to the existing literature in this regard.

- ***Sustainability is seen as an afterthought and not usually linked to an organisations core delivery model***

Business leaders must embed sustainability at the core as it makes financial sense (Long et al., 2018). Sustainability is seen as an afterthought and not usually linked to an organisations core delivery model. The outcome that sustainability is not often seen as a top priority for some organisations can be a barrier to SBMI implementation. This study potentially refines this key insight (nuance).

- ***CSV through SBMI***

An organisation's focus is on creating shared value (Calabrese et al., 2019 & Baldassarre et al., 2017) for the entire ecosystem. It often requires integrating sustainability tools and resources through innovative practices to implement ongoing adjustments (Bhattacharya & Polman, 2017). Creating shared value is not new in

strategy literature but linking it to SBMI is not found within the scope of the literature. This study potentially refines this key insight (nuance of difference).

- ***Performance trade-offs***

It is found that even leading organisations don't often pay attention to adopting proactive practices in SRI, neither do they invest for the true purpose (Hoon et al., 2013). Gibson et al. (2020) recognised that RI does not enhance investment returns but acts as a "risk mitigation tool". Investors are often attracted to organisations that yield good returns on their investments. There are trade-offs between RI and risk-adjusted investment performance in literature. However, despite this growing pressure, it is unclear whether the financial services industry has fully grasped the importance of responsible investing and its benefits, i.e., the performance trade-offs.

- ***The role of COVID-19 has pushed the agenda on responsible investing***

Responsible investing is associated with impact investing, sustainability investing, and investments that address environmental or social needs (Camilleri, 2021). As an environmental driver - the role of COVID-19 has pushed the agenda on responsible investing across the globe, giving rise to United Nations SDG adoption and consideration of ESG factors. Responsible investing is core to an organisation's distinction and growth strategy. The impact of Covid-19 can further drive SBMI implementation and thus adds a potentially new insight to the existing literature in this regard.

7.2.2 Conclusion on sub-RQ1: Drivers

Sub-RQ1: *What are the drivers needed to innovate for sustainability?*

Research question 2 aimed to identify the external and internal drivers for organisations in the financial services industry as they move towards innovating for sustainability. By collecting data on the drivers needed for innovation, this question provided insights into how organisations transform. The internal and external drivers with the nuance of differences and key insights are represented in Figure 18.

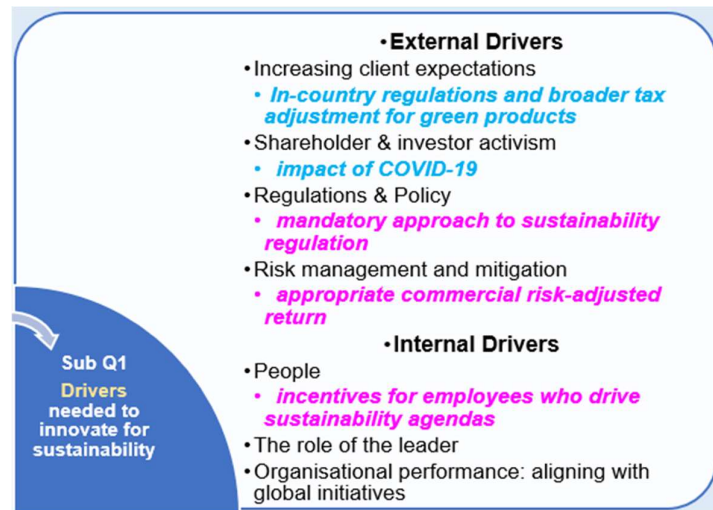


Figure 18: Drivers of sustainability - nuances and key insights

7.2.2.1 Internal drivers of SBMI implementation

- ***Incentives for employees who drive sustainability outcomes***

People with passion and sound concepts for sustainability contribute to this transition (Rauter et al., 2017). *Incentives for employees who drive sustainability outcomes* can drive SBMI implementation and thus add a key insight (nuance) to the existing literature in this regard.

7.2.2.2 External drivers of SBMI implementation

- ***The mandatory approach to sustainability regulation***

Regulations and policies are a double edge sword. Regulation, policies, and costs can be seen as barriers in some markets and enablers in others (Veleva & Bodkin, 2018). The *mandatory approach to sustainability regulation* and reporting can drive SBMI implementation and thus adds a key insight to the existing literature in this regard.

- ***Appropriate commercial risk-adjusted return***

Shakeel et al. (2020) identified that one of the business case drivers for sustainability is risk and risk mitigation. In addition, Engert et al. (2016) recognised risk management as a driver for integrating corporate sustainability into the business strategy. This study

concludes that the *appropriate commercial risk-adjusted return* can drive SBMI implementation and thus adds a key insight to the existing literature in this regard.

- ***In-country regulations and broader tax adjustment for green products:***

There is a greater demand for developing products aligned with ESG decisions (Amir & Serafeim, 2018). In addition, cost-related challenges have been referred to as drivers in the SBMI literature (Long et al., 2018). This study concludes that *in-country regulations and broader tax adjustment for green products* can drive SBMI implementation. The conclusion of this study indicates that there are some meaningful insights in respect of green energy products and environmental and social risks under this theme. This is a new insight into the existing literature in this regard.

- ***Impact of COVID-19***

Organisations have recently seen how globalisation's environmental, societal pressures have forced organisations to consider ESG principles in the core business model (Ritala et al., 2018). The pressures from the environments, namely COVID-19, has pushed the envelope on business challenges. This study concludes that the *impact of COVID-19* can be seen as a driver of SBMI implementation and adds a key insight to the existing literature in this regard.

7.2.3 Conclusion on sub-RQ2: Barriers

Sub- RQ2: Barriers to innovation and sustainability

This question has been included to gain insights into the barriers business professionals and experts face in innovating and developing sustainability models. The aim was to identify the external and internal challenges at an organisational level that business professionals currently face in achieving this move towards sustainability. The internal and external barriers are represented in the conceptual framework.



Figure 19: Barriers to sustainability - nuances and key insights

7.2.3.1 Internal barriers of SBMI implementation

- ***Financial value and rewards***

Organisations may struggle with creating dynamic capabilities required for SBMI. It is not always evident how sustainability can create financial value (Bocken & Geradts, 2020) and be passed on to executives and employees. This study concludes that *financial value and rewards* can be seen as a barrier to SBMI implementation and adds a key insight to the existing literature in this regard.

7.2.3.2 External barriers of SBMI implementation

- ***Insufficient data for SBMI limits decision-making powers***

Big data is considered an innovative investment commodity (Erevelles et al., 2016). However, many organisations struggle to understand and explore the benefits from data relating to sustainable investing (Gary, 2018). This study highlights a nuance of difference relating to this finding and presents an opportunity to extend literature.

7.2.4 Conclusion on sub-RQ3: Enablers

Sub-RQ3: Enablers to SBMI implementation

This question was designed to identify how organisations in the financial services industry overcome the challenges and assess the outcomes. Furthermore, to assist the business professionals in navigating how organisations in the financial services industry incorporate sustainability into their business model.

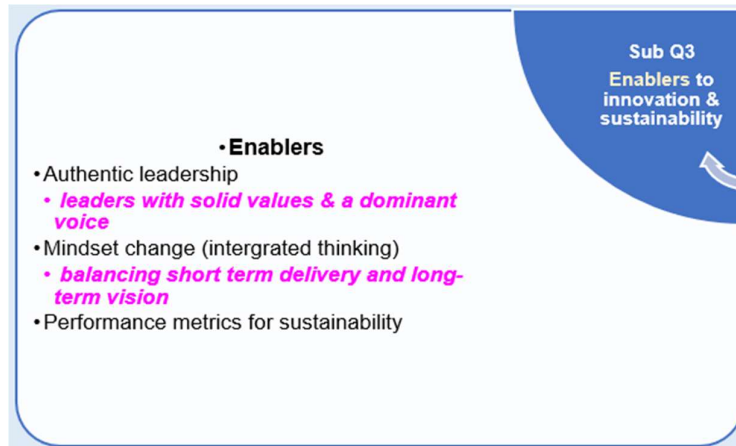


Figure 20: Enablers - nuances and key insights

- ***Balancing short term delivery and long-term vision***

Evans et al. (2017) highlighted that top organisations are altering their relations by taking a long-term view empowering the change from a transactional mindset to one based on trust and mutual benefits. This study highlights a nuance indifference regarding the balance between short term delivery and long-term vision.

7.3 Research contribution – conceptual framework

The final conceptual framework below, Figure 19, highlights the drivers that make an organisation start the SBMI process. It further highlights the barriers and the enablers to overcome the challenges of the SBMI implementation. Lastly, to understand how innovation is created, the framework highlights the components that aid in transforming a traditional business model to SBMI.

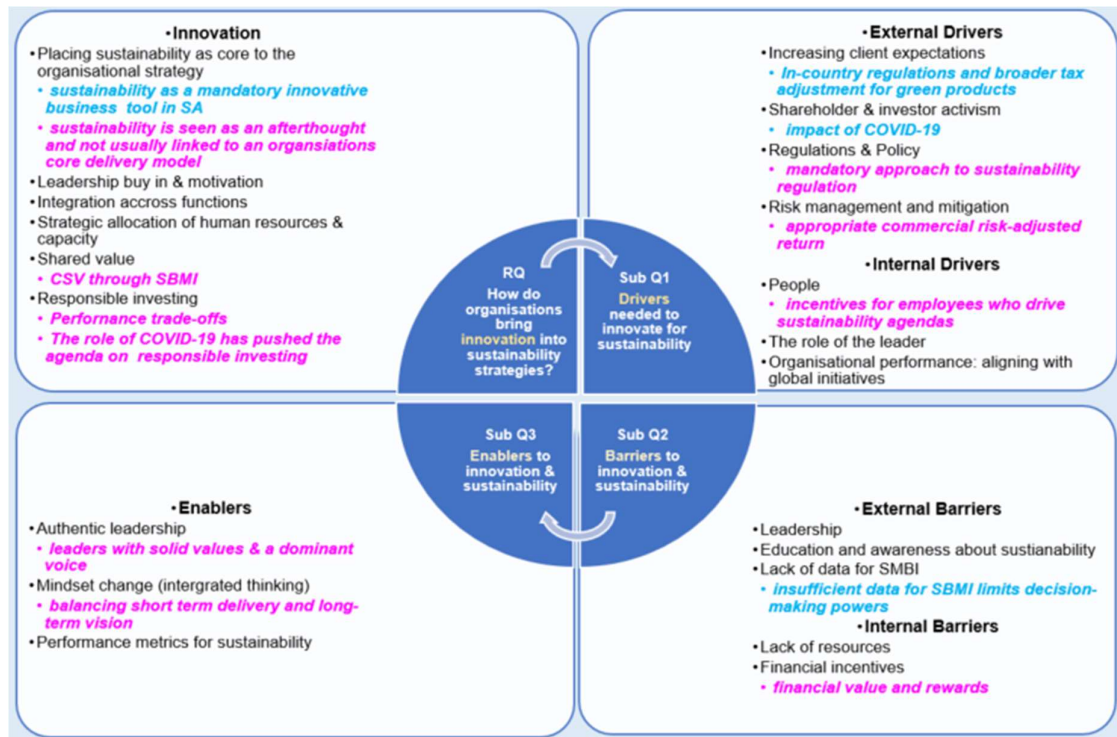


Figure 21: Final conceptual framework

This study offers a potential contribution, refinement and extension of the existing SBMI literature on how organisations bring innovation into sustainability strategies. Studies can test, build or refine theory (Crane et al., 2016). The potential research contributions are included in this section as follows.


7.3.1 Potential contribution to the literature

The similarities between the research outcomes and extant literature represent a contribution to the body of literature. The outcomes of this study are consistent and similar to existing literature. The potential contribution is based on the analysis of the SBMI literature, and the research analysis conducted in this study. These are highlighted in black font **◆** in the conceptual framework above.

7.3.2 Refinement to literature

The nuance of differences found between the research outcomes and extant literature on SBMI represents a potential refinement to the body of literature is described in this section. These sub-themes are highlighted in purple italics **◆** in the conceptual framework above.

7.3.3 Extension to literature

The differences found between the research outcomes and extant literature represent a potential extension to the body of literature. These are highlighted in blue italics  in the conceptual framework above.

7.4 Recommendations to business managers

This section outlines the research outcomes from the study and provides recommendations for business managers. There are limited tools available to assist business managers with the SBMI process. The recommendation from this study to business managers is that the conceptual framework will provide business managers involved in the SBMI process with a tool to assist them with the implementation process within their organisations. The framework sets out the different elements to guide business managers on the SBMI implementation.

7.4.1 Research Question:

How do organisations bring innovation into sustainability strategies?

Innovation is often associated with creating value. Business managers must understand the implications of drivers, barriers, and enablers and their influence on their stakeholders. Business managers will use these insights to get buy-in from leaders as they innovate their SBMI processes.

- Ensure that sustainability is placed at the core of the grand strategy and integrated across all business functions.
- Leaders need to communicate and ensure that the organisation's sustainability strategy and vision are cascaded across the enterprise.
- An organisation's focus is on creating shared value for the entire ecosystem, which often requires integrating sustainability tools and resources through innovative practices. Creating shared value through SBMI implementation will enable a long-lasting transformation.
- The role of COVID-19 has pushed the agenda on responsible investing and the impact on investors, clients and shareholders. Businesses need to consider this environmental impact on the performance trade-offs.

7.4.2 Sub-RQ1: What are the drivers needed to innovate for sustainability?

A good understanding of the **drivers** will help business managers recognise and respond to the components driving their organisations towards SBMI implementation.

- Stronger regulations, policies and broader tax adjustments for green products are key in driving the change for organisations to see the benefits of sustainability that supports their clients and shareholder needs.
- As a motivating factor, management and staff throughout the organisation need to be incentivised as part of their remuneration to drive the activities related to sustainability and innovation.
- Adopting appropriate tools, frameworks and aligning with global initiatives will aid in measuring and improving organisational sustainability performance.

7.4.2 Sub- RQ2: Barriers to innovation and sustainability

If business managers are aware of the **barriers** associated with SBMI implementation, they can proactively identify these challenges and put in measures to address the problem.

- Education and lack of understanding about sustainability presented as a barrier. Sustainability training and education for executives, management and staff are essential. This should be included in continuous professional development (CPD) learning.
- Lack of resources presented as a barrier. Allocating budgets to skill development and investing in the right people to focus on sustainability initiatives is essential—secondment of staff from other capabilities to support cross-functional sustainability initiatives.
- Lack of SBMI data limits decision-making powers.

7.4.3 Sub-RQ3: Enablers to SBMI implementation

By being aware of the **enablers** associated with SBMI implementation, business managers can design a comprehensive process to respond to the barriers.

- Having leaders with a solid value system and a dominant voice in sustainability can be a powerful capability to the SBMI process.
- Mindset change - integrated thinking empowers leaders to balance short term delivery and the long-term vision of creating SBMI.

- Creating shared accountability to drive forward the organisation is necessary for measuring sustainability performance. Measurement of performance metrics for sustainability aids as an enabler to move businesses forward. This can be linked to financial rewards.

7.5 Limitations of the research

Limitations on this study's research design were already set out in Chapter 4, section 4.10. The limitations of the research study as a whole are set out below.

- This study explored the topic of SBMI in the context of the financial services industry and not other sectors such as mining or manufacturing.
- This study was conducted in an emerging market, South Africa.
- This study aimed to explore literature broadly on the drivers, barriers and enablers to SBMI implementation. The study did not explore these themes in-depth as this was not the focus.
- In addition, other studies could explore the theme of responsible investing and the trade-offs between RI and risk-adjusted investment performance in more depth.

7.6 Recommendations for future research

7.6.1 Market factors

Further research could be conducted on the drivers, barriers, enablers of SBMI implementation across other markets and at a macro or even country level. This could include the role of leaders, the regulatory and policy environments, and their influences on organisations. Furthermore, researchers could explore SBMI in other emerging markets. Further research could produce additional insights and depth on the nature of the drivers, barriers and enablers.

7.6.2 Institutional factors

This study focussed on organisations in a particular industry, i.e., the financial services industry in South Africa. Other researchers could conduct a similar study in different industries such as mining, transport or manufacturing to determine drivers, barriers, and enablers' influences on their business models.

7.6.3 Responsible investing

One of the challenges identified in this study relates to responsible investing and how organisations respond to changes like climate change, reporting and disclosures through their SBMI process. The study focussed on the incumbent organisations in the SBMI process. However, in light of the seriousness of climate change, for example, and the impact on the micro, meso and macro levels, further research could be conducted on the effects of the risk-adjusted investment performance on responsible investing and the effects SBMI process.

7.6.4 Creating shared value

Due to the ever-changing sustainability landscape, introducing innovation and dynamic capabilities improves businesses' environmental, social, and economic impacts. Companies increasingly have to adjust their operations and combine value creation strategies with value-based management practices that consider economic, social, and environmental factors. Therefore, other researchers could explore in more depth a theme such as shared value and how this may operate within the literature of SBMI.

7.6.5 General

A possible area for further research or testing would be to develop the insights from the conceptual framework. This could produce more depth or additional insights into the SBMI process.

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Appendix 1 – Interview Protocol

Dataset 1 – Business executives/ Professionals in South Africa (SA)

Research questions	Interview questions
Background	1. Tell me about your role in the organisation and your experience in the field of sustainability.
Research question 1: How do organisations bring innovation into sustainability strategies?	2. How is the organisation moving towards including sustainability into its business model? 3. In your experience, how and to what extent is innovation evident in the way that the business model has and is changing?
Research question 2: What are the drivers needed to innovate for sustainability?	4. a) In your experience, what are the external drivers of this move towards sustainability? b) Having talked about the external drivers, can you please tell me more about the internal drivers?
Research question 3: What are the barriers to innovation and developing sustainability?	5. a) In your experience, what are the external challenges at an organisational level to achieving this move towards sustainability? b) Having talked about the external challenges, can you please tell me more about the internal challenges?
Research question 4: How do organisations overcome these barriers? (enablers)	6. How did you overcome the challenges listed above? 7. How do you assess the outcomes and how are you progressing towards incorporating sustainability into your business model?
Closing question	8. Looking forward, where do you see this progressing?
General probing questions that will be used	<ul style="list-style-type: none"> • <i>Please tell me more about this.</i> • <i>Can you provide an example to illustrate this?</i> • <i>Can you share more details?</i>

Dataset 2 – Subject matter experts

Research questions	Interview questions
Background	1. Please tell about your role and experience as a subject matter expert in sustainability.
Research question 1: How do organisations bring innovation into sustainability strategies?	2. In your expert opinion, how are organisations in the Financial Services sector move towards including sustainability into their business model? 3. In your expert opinion, how and to what extent is innovation evident in the way organisations in the Financial Services sector are innovating their business models?
Research question 2: What are the drivers needed to innovate for sustainability?	4. a) In your expert opinion, what are the external drivers for organisations in the Financial Services sector moving towards sustainability? b) Having talked about the external drivers, can you please tell me more about the internal drivers?
Research question 3: What are the barriers to innovation and developing sustainability?	5. a) In your expert opinion, what are the external challenges that organisations in the Financial Services sector have in achieving sustainability? b) Having talked about the external challenges, can you please tell me more about the internal challenges?
Research question 4: How do organisations overcome these barriers? (enablers)	6. How can organisations in the Financial Services sector overcome the challenges you mentioned above? 7. How do you assess outcomes and how are you progressing toward your sustainability strategy?
Closing question	8. a) Looking forward, where do you see this progressing
General probing questions that will be used	<ul style="list-style-type: none"> • <i>Please tell me more about this.</i> • <i>Can you provide an example to illustrate this?</i> • <i>Can you share more details?</i>

Appendix 2 – Informed Consent for Interviews

Dear research participant,

I am a master's student at the Gordon Institute of Business University of Pretoria. I am conducting research on the topic "Overcoming emerging sustainability challenges in organisations' through innovation: A dynamic capabilities perspective". I am trying to gather a deeper understanding on how organisations bring innovation into sustainability strategies. The semi structured interview is expected to last between 45 to 60 minutes. Please note that **your participation is voluntary, and you can withdraw at any time without penalty.**

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

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

If you have any concerns, please contact me or my supervisor Our details are provided below. As an indication of consent please sign below.

Researcher name: Samantha Jagdessi

Email: 20820039@mygibs.co.za or sjagdessi@oldmutual.com

Phone: +2782 856 0357

Research Supervisor name: Dr Jill Bogie

Email: bogiej@gibs.co.za

Phone: +27 11 771 4000

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix 3 – List of Codes

Categories	Themes (21)	Constructs (4)
Research question: How do organisations bring innovation into sustainability strategies?		
Embedding and understanding of the relevance of sustainability in strategy	Placing sustainability as the core to organisational strategy	Innovation of SBMI
Sustainability hardwired into that strategy that needs to be evidenced in terms of the remuneration policies and practices for the business		
Sustainability is part and parcel of who we are as a consulting business – part of our DNA		
Sustainability is part of the whole integrated reporting		
Sustainability practitioners are not seen as sufficiently senior or executive levels		
Space for innovation		
Support from leaders	Leadership buy-in and motivation	
Dependency on the Board and CEO		
Leaders influence in setting the tone and driving the sustainability activities		
Linked to decision making		
Lack of diverse thinking	Shared values	
Creating value occurs over time		
Creating value for all stakeholders		
Financial value & triple bottom line		
Chief value officer – new roles needed		
Economic and social value		
Remuneration policies/incentives	Responsible investing	
Responsible investment approaches		
Executive remuneration being tied to ESG outcomes		
global frameworks as the catalyst for change		
Influence of COVID-19 on businesses		
Performance trade-offs		
Impact of climate change on business	Strategic allocation of capital and human resources	
Understanding what responsible corporate citizen is		
Sustainability is viewed as your team or capabilities		
Empowering the right people at the right levels		
People resources are central to our capacity to make profits		
Specialised skills and resources are essential		
Cross functional use of resources		
Empower sustainability champions within the organization, they increase in sustainability linked endowments or impact bonds.		
Intentionality towards impact and sustainability and that really is when innovation takes place		
An evolving process it makes it difficult to integrate sustainability into the whole business		
Many sustainability practitioners are not the owners of that sustainability strategy		

Categories	Themes (21)	Constructs (4)				
Sub-RQ1: What are the drivers needed to move towards sustainability?						
Regulatory changes are always big drivers	Regulations and policies	External Drivers	Drivers of SBMI			
Changes in the economy – environmental, economic affect regulation & policy						
Second most prevalent driver for South African investors is policy and regulation						
Economy & businesses needs to transition						
Decisive polices and regulations						
Opportunity for policy to shift and in terms of the ways of supporting organisations						
Influences from the political policymaking environment						
Regulate financial services standards globally for sustainability						
The impact of regulation on those companies doesn't affect one. It affects all organisations						
Client requirements				Increasing client expectations & pressure	External Drivers	Drivers of SBMI
International influences like the UN PRI coming quite strong into South Africa						
Investing in companies that focus on sustainable outcomes						
Pressure from consumers						
There needs to be a benefit to the customer as well as to the corporate						
Second most popular driver is shareholders and the institutional and retail investors	Shareholder and investor activism	External Drivers	Drivers of SBMI			
Shareholder and investor requirements						
Civil society pressure that is growing hugely						
Pressure is being poured from investors onto Asset Managers						
Client demand for a green products and taxonomy						
Climate change impact on businesses						
Advocacy & engagement						
Achieving an appropriate commercial risk adjusted return for our clients	Risk management and mitigation	External Drivers	Drivers of SBMI			
Manage risks, identify risks, and mitigate it as fast as possible						
Number one driver was risk mitigation focus & mitigation						
Reputational risk is also a huge issue						
Risk for the established older players not seen to be doing enough						
Transition risks						
Primary driver is social conscience						
Millennial mind-set						
Movement of people across businesses creating an interconnected network						
People's values translating into corporate values						
Empowering the right people at the right levels						
Talent attraction and retention						
Environment				The role of leaders	Internal Drivers	Drivers of SBMI
Leadership vision						
Social conscience						
Influence and change management						

Helpful disclosures and incentives for sustainability	Organisational performance: alignment with global initiatives		
Working together with management teams			
Creating sustainability strategies with input from managers, experts			
Cascading the strategy to all			
Shareholder activism around climate change initiatives			
Focus on social & environmental risks			
Peer benchmarking			
Global trends			
Sub-RQ2: What are the barriers to innovation and developing sustainability?			
No common understanding of sustainability	Education and lack of understanding about sustainability	External Barriers	Barriers of SBMI
Lack of education and awareness			
Learning from networks and established practices			
Rewards program or our Financial Education program			
Sustainability training program			
Lack of SBMI data limiting decision making information	Lack of data for SBMI		
Too many frameworks and associations			
Lack of data to assess the baseline or benchmark against			
Lack of collaboration	Leadership		
Lack of innovation for those who are set in their ways			
Lack of sustainability education and awareness			
Lack of transparency			
Lack of a focused strategy			
Lack of diverse leadership thinking in the progressive mind set	Lack of resources	Internal Barriers	
Capacity			
Staff turnover rate			
Lack of resources & skill			
Capacity and competence in the financial sector leadership			
Limited skills, experience in sustainability			
Lack of appropriate reward structures			Financial value and rewards
Lack of financial education			
Sustainability incentive schemes to reward employees and management			
Chief Value Officer is needed to innovate			
Sub-RQ3 Overcoming the barriers			
Focus on long term sustainability vision	Authentic leadership	Enablers of SMBI	
Alignment with industry bodies			
Relationship building across teams and specialists			
Right leaders to drive sustainability			
Progressive approach			
Private public sector partnerships			
Leadership motivation, innovation and passion	Mindset change		
Archaic ways of thinking			
Aligning to client requirements			
Resistance to change			
Long term vision vs short term vision/gain			
Integrated thinking across operations			
Scorecards & KPI's			

Incorporating sustainability metrics	Performance metrics for sustainability	
Outcomes linked to specific develop sustainability goals for the company		
Aligning to global initiatives and benchmarks		
Financial metrics that can back up the strategic allocation of human resources and capital to sustainability		