

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

***ORGANISATIONAL CAPABILITIES THAT INFLUENCE THE CREATION OF
SHARED VALUE THROUGH SUPPLIER AND ENTERPRISE DEVELOPMENT***

By

Ashika Singh

Student No – 16392842

A research report submitted to the Gordon Institute of Business Science, University of Pretoria, in partial fulfilment of the requirements for the degree of Master of Business Administration.

06 November 2017

ABSTRACT

South Africa today is confronted with enormous social, economic, and environmental challenges. It is imperative that organisations across sectors work together to address issues ranging from poverty and malnutrition to social inequality. The challenges facing these poor or vulnerable societies require innovative, sustainable, and large-scale solutions. Business can assist with these social issues by applying strategies that leverage their organisational capabilities to create shared value by implementing supplier and enterprise development initiatives to enhance their value chain.

Qualitative, exploratory research methods were used in this study to gain insights into the concept of shared value and the capabilities being used by organisations in their supplier and enterprise development initiatives. A total of 14 semi-structured, in-depth interviews were conducted with individuals responsible for supplier and enterprise development within identified organisations. The interview questionnaire was structured around organisational capabilities and supplier and enterprise development initiatives. Each interview was analysed by means of construct content analysis.

The research identified the organisational capabilities being used to create shared value. The driving organisational capabilities identified included collaboration, learning, leadership and financial resources were combined in a model designed to show their most beneficial application. The model highlights the importance of creating distinct goals that align each organisation's strategies as the starting point for the implementation of supplier and enterprise development initiatives. Shared value should not be a spin-off from these initiatives but rather a vehicle to drive the transformation of the communities within which the organisations operate. Organisations that are serious about helping to solve social issues will have to incorporate these goals into their strategies.

KEYWORDS

B-BBEE, enterprise development, organisational capabilities, shared value, supplier development

DECLARATION

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

Ashika Singh

06 November 2017

TABLE OF CONTENTS

ABSTRACT	II
KEYWORDS	III
DECLARATION	IV
TABLE OF CONTENTS	V
LIST OF FIGURES.....	IX
LIST OF TABLES	X
CHAPTER 1: DEFINITION OF PROBLEM AND PURPOSE	1
1.1 Introduction and Description of the Problem	1
1.2 Purpose of Research	6
1.3 Research Problem	6
CHAPTER 2: LITERATURE REVIEW	8
2.1 Introduction	8
2.2 Shared Value	8
2.2.1 History of Creating Shared Value	8
2.2.2 Shared Value Creation in Action around the World	10
2.2.3 Future of Shared Value Creation	11
2.2.4 The Shared Value Ecosystem	13
2.2.5 Business Models for Creating Shared Value.....	13
2.3 Organisational Capabilities	15
2.3.1 Organisational Capabilities: Model and Definition of Components	15
2.3.2 Capabilities and Core Competencies	18
2.4 Enterprise Development and Supplier Development.....	18
2.4.1 Legislation, Regulation & Compliance	19
2.4.2 Changes to the B-BBEE Code.....	20
2.4.3 B-BBEE: Enterprise and Supplier Development.....	20
2.4.4 Types of Enterprise and Supplier Development	21
2.5 Conclusion	21
CHAPTER 3: RESEARCH QUESTIONS	23
3.1 Research Questions	23
CHAPTER 4: RESEARCH METHODOLOGY.....	25

4.1 Introduction	25
4.2 Research Methodology	25
4.3 Phase 1	26
4.3.1 Population	26
4.3.2 Sampling Method and Size	26
4.3.3 Unit of Analysis	27
4.3.4 Data Gathering Process	27
4.3.5 Data Analysis	27
4.3.6 Data Validity and Reliability	28
4.4 Phase 2	29
4.4.1 Population	30
4.4.2 Sampling Method and Size	30
4.4.3 Unit of Analysis	30
4.4.4 Data Gathering Process	30
4.4.5 Data Analysis	32
4.4.6 Data Validity and Reliability	33
4.5 Research Limitations	34
CHAPTER 5: RESULTS	35
5.1 Introduction	35
5.2 List of Participants	35
5.2.1 Chronological Implementation of Supplier and Enterprise Development	37
5.3 Presentation of Results by Research Question	39
5.4 Results for Research Question 1	39
5.4.1 Capabilities	39
5.5 Results for Research Question 2	42
5.5.1 Reasons for the Implementation of Supplier and Enterprise Development Initiatives	42
5.5.2 Most Important Capabilities Applied	44
5.5.3 Capabilities that Should have been Applied in Hindsight	46
5.6 Results for Research Question 3	48
5.6.1 Creating Shared Value	48
5.6.2 Redefining Productivity in the Value Chain.....	50
5.6.3 Reconceiving Products and Markets	50

5.6.4 Building Supportive Industry Clusters	51
5.7 Results for Research Question 4	51
5.8 Results for Research Question 5	53
5.9 Insights Highlighted from Results	58
Conclusion	58
CHAPTER 6: DISCUSSION OF RESULTS	60
6.1 Introduction	60
6.2 Discussion of results for Research Question 1 and 2	60
6.2.1 Collaboration	62
6.2.2 Learning	64
6.2.3 Leadership	64
6.2.4 Financial Resources	65
6.2.5 Talent	65
6.2.6 Conclusive Findings for Research Question 1 and 2	66
6.3 Discussion of results for Research Question 3.....	67
6.3.1 Creating Shared Value	67
6.3.2 Redefining Productivity in the Value Chain	68
6.3.3 Reconceiving Products and Markets	69
6.3.4 Building Supportive Industry Clusters	70
6.3.5 Conclusive Findings for Research Question 3	70
6.4 Discussion of results for Research Question 4.....	71
6.4.1 Measurement tools used to Monitor Projects	71
6.4.2 Conclusive Findings for Research Question 4	72
6.5 Discussion of results for Research Question 5.....	72
6.5.1 Measuring Supplier and Enterprise Development return on investment	73
6.5.2 The non-financial costs incurred to the organisation’s enterprise development project	73
6.5.3 The financial benefits derived from supplier and enterprise development	74
6.5.4 The non-financial benefits from enterprise development	74
6.5.5 Conclusive Findings for Research Question 5	75
CHAPTER 7: CONCLUSION AND RECOMMENDATIONS	76
7.1 Introduction	76
7.2 Principle Findings	76

7.2.1 How the “Capabilities Model for Enterprise and Supplier Development” was developed	76
7.2.2 Explaining the “Capabilities Model for Enterprise and Supplier Development”.....	76
7.3 Implications for Management	78
7.4 Recommendations for Future Research.....	80
7.5 Research Limitations	80
7.6 Conclusion	81
REFERENCES.....	83
APPENDICES	86
Appendix 1: Interview Questionnaire.....	86
Phase 1	86
Phase 2: In-depth Interview Questionnaire.....	86
Appendix 2: Research Question and Interview Question Mapping	91
Appendix 3: Invitation to participate in research study	93
Appendix 4: Participant Consent Form.....	94
Appendix 5: Ethical Clearance letter	95
Appendix 6: Enterprise and Supplier Development Scorecard.....	96

LIST OF FIGURES

Figure 1: Number of Grants by Grant Type and Per Province, as at 28 February 2017	2
Figure 2: Business can Engage with Society in Three Ways (Porter & Kramer, 2011)	3
Figure 3: Business at its Best (Shared Value Initiative, 2012)	12
Figure 4: Porter’s Value Chain (Porter, Hills, Pfitzer, Patscheke, & Hawkins, 2012)	14
Figure 5: Organisation’s Capabilities as a Model (Ulrich & Smallwood, 2004)	16
Figure 6: Start Year of Supplier and Enterprise Development Projects	38
Figure 7: Reasons for Supplier and Enterprise Development Initiatives	43
Figure 8: Do Organisational Capabilities Employed Contribute to Creating Shared Value?	48
Figure 9: Creating Shared Value Categories	50
Figure 10: Total Average Annual Spend by Range	54
Figure 11: Financial Benefits for Beneficiary and Organisation	57
Figure 12: Non-Financial Benefits Recorded by the Organisation	58
Figure 13 Top Five Organisational Capabilities	62
Figure 14 Collaboration link to all stakeholders	63
Figure 15 Most Important Capabilities Identified	66
Figure 16 Components of Execution	71
Figure 17 Outcomes components	75
Figure 18 Capabilities model for Supplier and Enterprise Development	78

LIST OF TABLES

Table 1: B-BBEE Scorecard Codes	20
Table 2: List of Enterprise Development Activities	21
Table 3: Interview List for Phase 2	28
Table 4: Interview Participants’ Level of Management and Titles	29
Table 5 Stages of Thematic Analysis (Braun & Clarke, 2013)	33
Table 6: Participants by Sector and Industry	36
Table 7: JSE-listed Organisations	36
Table 8: Types of Supplier and Enterprise Development Initiatives	38
Table 9: Organisational Capabilities Used to Implement Supplier and Enterprise Development	40
Table 10: Most Important Capabilities Used in Implementing Supplier and Enterprise Development	45
Table 11: Organisational Capabilities Identified in Hindsight	46
Table 12: Measurement Tools Used to Monitor Supplier and Enterprise Development Initiatives	52
Table 13: Annual Spend on Enterprise and Supplier Development	53
Table 14: Return on Investment Measurement	54
Table 15: Non-Financial Costs Incurred by Organisations	55
Table 16 Summary of Organisational Capabilities linked to Shared Value initiatives	70

CHAPTER 1: DEFINITION OF PROBLEM AND PURPOSE

This chapter provides a background to societal problems in South Africa and attempts to define the concepts of creating shared value, organisational capabilities and enterprise and supplier development. This chapter also attempts to find the link between the different concepts defined in trying to address societal problems in South Africa.

1.1 Introduction and Description of the Problem

South Africa's growth and development will increase the growth of the country's economy. Strong economic growth will create attractive investment opportunities for foreign investors, which will open major opportunities for South African companies and industries (National Planning Commission, 2012).

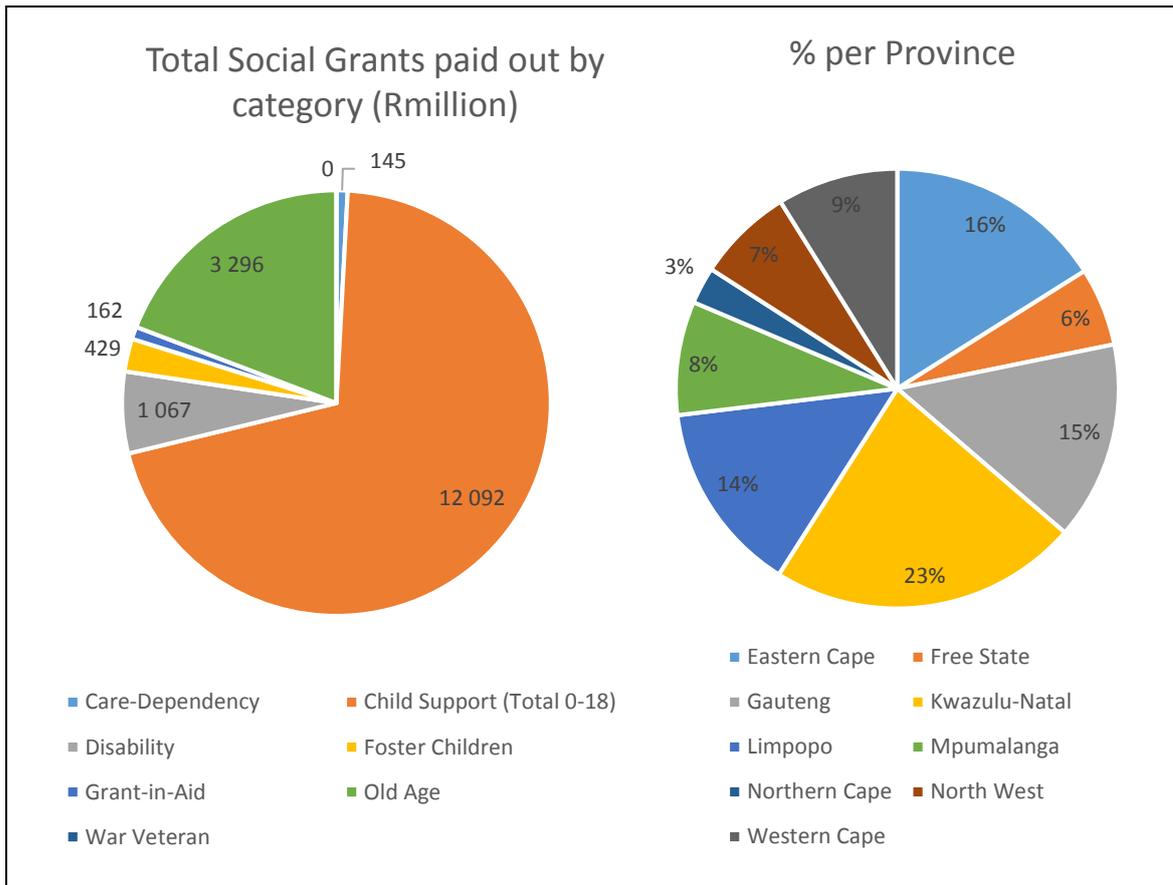
South Africa's National Development plan (NDP) and vision for 2030 highlights societal problems that stem from a background of apartheid in South Africa (National Planning Commission, 2012). These societal problems of a high unemployment rate, lack of access to quality education and healthcare, lack of access to proper housing and service delivery, and high income inequality and increased levels of crime in the rural areas, were slow to improve post-1994 (National Planning Commission, 2012). Some 20 years on, after a democratic government was elected, society is still plagued by an unemployment rate of 27%, a negative GDP growth of -1.2% (Statistics South Africa, 2016), a population of more than 17 million people living off government social grants (SASSA, 2017), a society plagued by the highest percentage of HIV-infected people (Human Immunodeficiency Virus) in the world, and most of all, a lack of trust between government, business and society (Porter & Kramer, 2011).

Further to this, the 2008 global financial crisis resulted in an economic downturn which adversely affected companies, causing a series of job losses, especially in the mining sector, thus having a ripple effect on other societal issues, such as an increase in crime rates and a decrease in community development.

The dismal situation in South Africa will not improve overnight and all societal issues cannot be solved by government. Government has contributed to some poverty alleviation by providing a "social wage" to the poor in the way of social grants allocated to more than 17 million South Africans (Lehohla, 2015). These social grants have contributed to poor households in an attempt to improve their livelihood; however, these

social handouts are not sustainable, which is evident in the county’s unemployment rate, which inches up year on year. The South African society cannot rely completely on government to right the wrongs of the past.

Figure 1: Number of Grants by Grant Type and Per Province, as at 28 February 2017



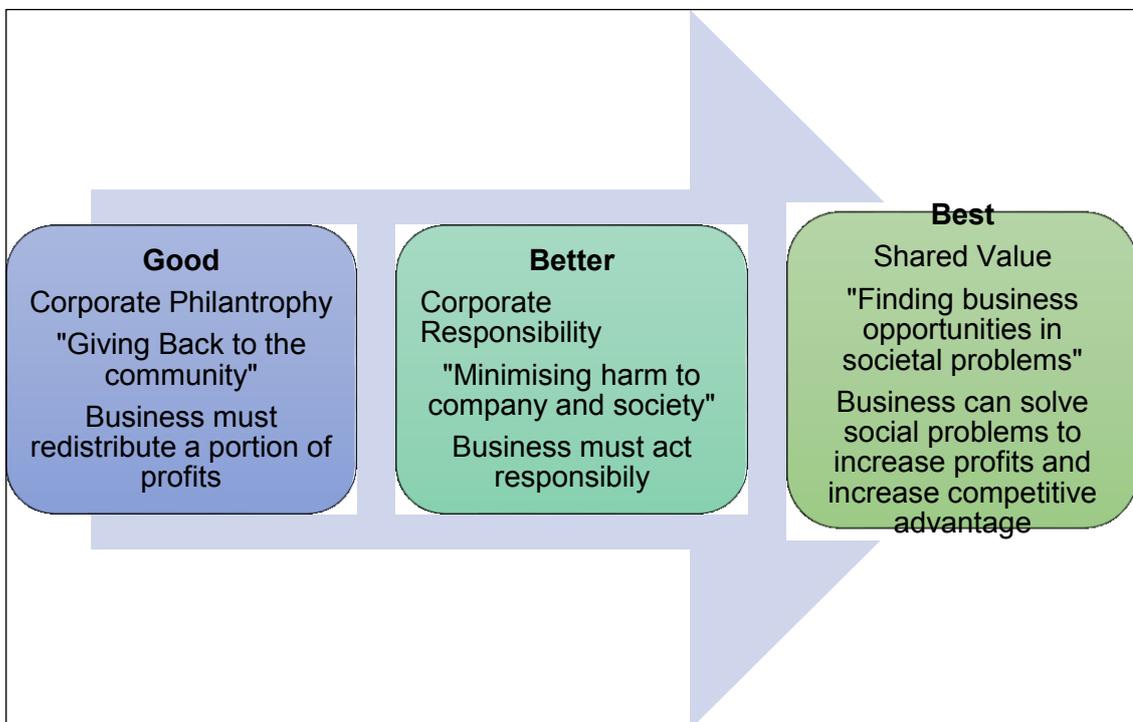
The figure above depicts the social grants paid out by government up to the end of February 2017. The highest number of grants is paid in child support and old age. The percentage per province reflects KwaZulu-Natal as being the poorest of the nine provinces in that they receive 23% of the total grants paid out by government (SASSA, 2017).

To drive transformation in South Africa and to create a sustainable future for all South Africans, business must engage in a way that provides this societal relief. One of the ways business can become actively involved is to access the surroundings within which they operate and to identify opportunities for business and the community. This fairly new concept is referred to as “shared value”, which was highlighted by Porter and

Kramer in their 2011 article, “Creating Shared Value: Redefining Capitalism and the Role of the Corporation in Society”. This concept of shared value articulated the importance of companies taking the lead in bringing business and society together with assistance from government (Porter & Kramer, 2011).

This emergent concept of shared value resulted in business trends around the world that saw the old fashioned concepts of philanthropy and corporate social responsibility (CSR) evolve. (Porter & Kramer, 2011). Although these concepts are still sometimes used interchangeably, they are very different from one another, as reflected in Figure 2 below.

Figure 2: Business can Engage with Society in Three Ways (Porter & Kramer, 2011)



The figure above shows the evolution of CSR since the 1950s, when philanthropy was the best way business showed its responsibility to society; then moving to corporate social responsibility, which looks at being responsible towards the environmental as well as people; and finally evolving into the new idea of creating shared value, which is intended to create mutual benefits for the organisation and societies around it. This way of business is slowly becoming more common among corporates around the globe.

Creating Shared Value

The concept of shared value emanates from the seminal literature written by Michael Porter and Mark Kramer in 2011 (expanded upon further in Chapter 2), in their article, “Strategy and Society: The link between competitive advantage and corporate social responsibility”. This concept of shared value was new and not commonly practiced by organisations. Unlike philanthropy and corporate responsibility, creating shared value was defined by Porter and Kramer as policies and operating practices that enhance a company’s competitiveness while advancing the communities within which it operates (Porter & Kramer, 2011). CSR was defined as business taking responsibility for communities and stakeholders that extend beyond their shareholders (Wang, Tong, Riki, & Gerard, 2016). Philanthropy was concerned with giving back to the community, often by redistribution of profits without paying attention to how the funds were utilised (Porter & Kramer, 2011).

The concept of creating shared value can be summed up by the following quote: “*Give a man a fish and you feed him for a day, teach a man to fish and you feed him for a lifetime*” – *Chinese proverb*. This proverb can be interpreted as creating a sustainable future for people stuck in a cycle of poverty by equipping them with the necessary tools to empower them to create their own wealth, as opposed to receiving handouts in the form of financial support or other tangible goods. This empowerment of the people should not only be the responsibility of government but organisations too. The organisations that have benefited from the South African economy and from the country’s resources need to realise that they play a pivotal role in contributing to the social upliftment of the country, and can assist with the development of people by upskilling them so that they might become self-sufficient in their communities. This behaviour will eventually lead to job creation, thereby assisting in reducing poverty and improving people’s standard of living. Organisations should therefore be questioned and held accountable on how they are creating shared value that benefits the stakeholders and shareholders of the organisation. Are these organisations “teaching people to fish” or “giving people fish”? In other words, do companies adopt a philanthropic or an ethical approach towards the creation of shared value (Schwartz & Carroll, 2003)?

Organisational Capabilities

Shared value is a fairly new concept that is slowly becoming a popular trend within organisations to ensure they can remain competitive within their relevant business sectors in the future. It is therefore vital for an organisation to know how current organisational capabilities can be leveraged or new capabilities employed to build a

sustainable shared value model that offers a benefit for business and enterprise development beneficiaries. Organisational capability has been a widely studied topic within strategic management, with the definition broadly recorded as a company's flexibility and ability to innovate with speed to adapt to a customer's changing needs (Ulrich & Smallwood, 2004). Organisational capabilities can be categorised into functional capabilities, social capabilities or resource-based capabilities (Ulrich & Smallwood, 2004).

The concept of capabilities is used interchangeable with "competencies" and "ability" and can be both tangible and intangible (Ulrich & Smallwood, 2004). According to Ulrich and Smallwood (2004), there is no "magic" list of organisational capabilities. The following 11 generic capabilities were identified as those that contribute most to a company's future strategy and competitiveness: talent, speed, shared mindset and coherent brand identity, accountability, collaboration, leadership, learning, customer connectivity, strategic limit, and innovation and efficiency (Ulrich & Smallwood, 2004). Can these capabilities, which will be expanded on in future chapters, contribute to creating shared value or mutual benefit for the organisation and the stakeholders?

Enterprise and Supplier Development

With the growing theory and need for shared value and the need for transformation within South Africa, government implemented the Broad-Based Black Economic Empowerment (B-BBEE) Act of 2003 which was gazetted to aid individuals previously disadvantaged by apartheid. Enterprise development and supplier development form one element of the B-BBEE scorecard, which can be used as a platform to create shared value. The enterprise and supplier development component offers organisations rewards by way of B-BBEE scorecard points, which contribute to the success of the organisation by creating a competitive advantage in future operations. Enterprise development can be defined as the act of investing time and capital in helping small and medium-size enterprises (SMEs) establish, expand or improve businesses, while supplier development aims to further invest in these SMEs, enabling them to participate in the organisation's value chain. Enterprise development, together with supplier development, if done correctly, has the potential to help people earn a living, help the poor out of poverty, and create long-term economic growth for these people, their families and their communities, and ultimately the country (The Presidency, 2013). Are organisations ready to invest more than money by putting the extra effort into using enterprise and supplier development as a platform to create shared value for the organisation and society?

1.2 Purpose of Research

The purpose of this study was to focus on the fairly new concept of creating shared value, which has not been well researched in South Africa. The country has seen large organisations applying CSR and investment together with corporate philanthropy since companies were compelled to comply with the regulatory and compliance requirements of B-BBEE, King IV and integrated reporting requirements. The objective of these requirements was to assist in solving the societal issues plaguing the country. However, these compliance and regulatory requirements have become tick-box exercises for many organisations. The goal of solving societal problems is slowly becoming a distant dream to South Africans. This research was done by analysing the successful enterprise development initiatives that currently exist within a selected sample of organisations in KwaZulu-Natal.

The aim of the research was to look at the various enterprise development initiatives within these organisations and their contribution to the communities in which they operate. Are the concepts of shared value incorporated into the enterprise development initiatives of the organisations, or are organisations hiding behind CSR and dressing it up to look like shared value between business and community?

The research also attempted to identify and define organisational capabilities of the organisations being reviewed to understand how the existing capabilities were being used or adapted, and what new capabilities, if any, had to be leveraged to successfully implement the shared value concept. This will allow for a better understanding around the different concepts and create a solid platform to answer the research questions that follow, as well as to determine the sustainability of these initiatives and the critical factors that compel organisations to carry on these projects.

The aim of this analysis was furthermore to determine if these projects do sincerely contribute to the concept of creating shared value, and how businesses are working together with the community to assist with poverty alleviation through job creation and skills development, or if this is merely a tick-box exercise for the organisation to comply with reporting standards and government regulation.

1.3 Research Problem

There are many global and national goals to improve people's livelihoods. These goals are compulsory for listed companies and voluntary for unlisted companies which aspire to remain competitive within the South African economy. Business plays a key role in

ensuring the success of achieving these goals of reducing poverty and empowering previously disadvantage people. Government and the country's various communities also have an important part to play.

This research intended to understand how business can incorporate the concept of supplier and enterprise development by leveraging an organisation's current capabilities to create shared value. This research attempted to identify these organisational capabilities that were leveraged in creating shared value within the organisations, and if there are any common capabilities that exist between organisations that have successfully implemented shared value initiatives. Identifying these capabilities will allow for the creation of a baseline of summarised common capabilities in a business model around creating shared value within communities. This will allow company executives and senior management who are involved in enterprise development within their respective companies a platform to compare their projects to various criteria that other companies have used to succeed at creating shared value and possibly use this platform to guide them in their own organisations.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Research into business' responsibility to society has been ongoing for years, with earlier arguments centred around the understanding of how these organisations can maximise profit and shareholder wealth by engaging stakeholders (Friedman, 1970). In more recent years, the concept of creating shared value has emerged, and organisations are recognising that without the combined efforts of business and communities, growing social problems will continue to present major constraints on business operations. Organisations need to identify the opportunities for business growth amidst the social issues that exist (Pfitzer, Bockstette, & Stamp, 2013). All role players, including business, communities and government, need to contribute to creating a sustainable society and economy in South Africa. Failure to recognise the importance of these partnerships will have detrimental effects on the already colossal societal problems, the future of organisational profits putting shareholder value at risk, and further straining the trust relationship between all stakeholders (National Planning Commission, 2012) .

The literature review will concentrate on further defining the three aspects around the research topic. Firstly, the history and concept of creating shared value; secondly, the definition and components of organisational capabilities in business; and thirdly, the history and concepts that discuss enterprise development and its importance in a South African context.

2.2 Shared Value

2.2.1 History of Creating Shared Value

Early literature on the concept of shared value stems from business' responsibility to society, and first emerged in a 2006 Harvard Business Review article by Porter and Kramer, titled, "Strategy and Society: The link between competitive advantage and corporate social responsibility". This article was the beginning and highlighted the negative effects around CSR and the mistrust that existed between business, government and communities (Porter & Kramer, 2006). CSR created the notion of entitlement; that organisations were obliged to give back to the communities, while communities became accustomed to these corporate "handouts". The effect was increased unemployment, less people completing school, higher crime rates, and social irresponsibility. Major contributors to poverty include lack of education and skills, or a low

level of education and minimal to no job experience. CSR created an attitude of entitlement which directly impacted society because people did not want to find employment and this had a ripple effect on the community. (Kao, Chen, Wu, & Yang, 2016).

The concept of actively creating shared value emanated from seminal literature written by Porter and Kramer in 2011, in their Harvard Business Review article, titled, “Creating Shared Value – How to re-invent capitalism”, which has been cited in more than 5 000 books and academic literature since being published. Through these voluminous articles, Porter created many followers of his theory, as well as critics questioning the authenticity of his definition.

The early views of business engagement with society being a cost that had to be traded off against profit to create a positive image and a good reputation for the organisation was beginning to fade as more businesses started buying into the concept of creating shared value (Porter & Kramer, 2011). In Porter’s article, he highlights the importance of linking an organisation’s concept of shared value to the business’ strategy. The article lists three ways in which organisations can create shared value: 1) reconceiving products and markets, 2) redefining productivity in the value chain, and 3) building supportive industry clusters at the company’s location (Porter & Kramer, 2011). This new concept of creating shared value was slowly becoming a global trend. Organisations began to realise that if they wanted to stay competitive in their sectors, they had to adopt actions to create mutually beneficial relationships with stakeholders with the view of addressing societal problems (Porter & Kramer, 2011) .

In its entirety, the concept of creating shared value is simple and implies that, without the necessary intervention, society will fail, and the knock-on effect will result in business failing, too (Orr & Sarni, 2015). Creating shared value also leans to the positive in creating the notion that organisations should be pursuing financial success in ways that sustainably benefit society, with the long-term goal of continually investing in economic opportunities that contribute to regaining the trust of the communities within which they operate (Kramer & Pfitzer, 2016).

Shared value is not about redistributing existing wealth. Rather, it is about finding opportunities within the communities with a view of linking social and sustainable economic progress and creating more value, which can be shared among multiple stakeholders within these communities (Maltz & Schein, 2017).

In 2012, Porter and Kramer, in association with a global non-profit advisory company, founded the Share Value Initiative, created to encourage awareness and knowledge

sharing around the practice of creating shared value (Shared Value Initiative, 2012). It is therefore imperative that companies clearly identify an organisational strategy that encompasses specific areas of development that contribute to creating shared value within the communities in which they operate. Organisations should therefore ensure that enterprise development is not only about providing job opportunities but also focuses on empowering communities by educating and upskilling so that they might create sustainable futures for themselves. Organisations should further assist by providing financial resources to assist with entrepreneurial initiatives (Rangan, Chase, & Karim, 2015).

While the definitions and ideas of shared value above paint the picture of an ideal society where organisations, businesses and government have a synergistic relationship, some authors argue that shared value is a repackaged concept that stems from the more mature concept of CSR (Crane, Palazzo, Spence, & Matten, 2014). Crane argued that the concept of shared value is unoriginal and merely a strategy added to CSR. Similarly, Dembek, Singh and Bhakoo (2016) argued that creating shared value is yet another “buzzword” used by management, the meaning of which distorts with overuse.

Porter and Kramer were criticised for their failure to acknowledge the rife tension that existed between organisations and society, and their convenient focus on the positive benefits that can evolve from ideal shared value initiatives. For shared value to be the ultimate benefit, government, business and communities must collaborate to build strong, long-term relationships.

2.2.2 Shared Value Creation in Action around the World

The trend of creating shared value is growing, and many organisations have successfully implemented shared value projects within their organisations, linking shared value creation to the organisation’s strategy and core business. Nestlé, one of the pioneering organisations to initiate creating shared value within society, started a project that creates a sustainable supply of premium coffee beans for their Nespresso division. Nestlé created shared value by working with small farmers in disadvantaged rural areas by providing skills development, and advice on farming techniques, and assisting with securing funding for the farmers to expand their businesses. Nestlé guaranteed a market for these farmers, while simultaneously paying them higher prices for premium coffee beans, which improved their living conditions (Porter & Kramer, 2011). This example displays Nestlé’s ability to leverage its organisational capabilities in skills development, knowledge transfer and technical skills development in farming, to complement its core business of supplying premium coffee to customers. Nestlé secured a sustainable supply

of premium coffee and was also able to link business strategy to its creating shared value project, which ensured they remained competitive in their industry and simultaneously allowed small farmers to become self-sustainable, thereby improving their standard of living (Porter & Kramer, 2011).

The definition of shared value is created by the entity selling the concept, such as in the case of Unilever distributing sanitary products to a village in India. One can question who this really benefited, as Unilever's sales increased once they tapped into this untouched market. While the benefit of cleanliness might have been the motivation behind the project, it is not known what products were used prior to Unilever's intervention (Dembek, Singh, & Bhakoo, 2016).

2.2.3 Future of Shared Value Creation

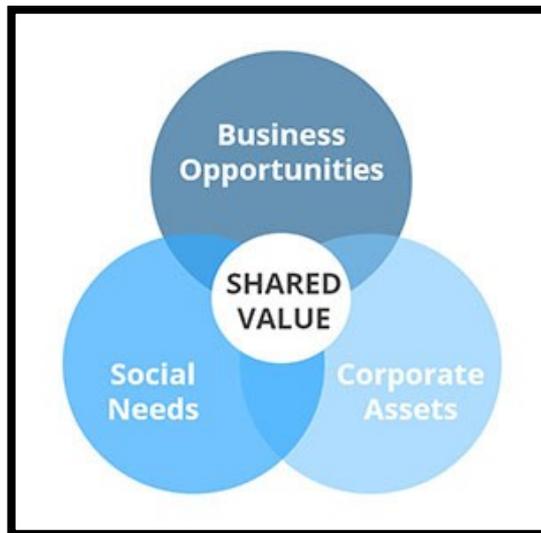
The concept of shared value must be an outcome of an organisations' business model to be seen as a benefit. This can be achieved through the components of an organisation's value chain, with clear goals for innovation because the business model is the main value creation element of an organisation, and innovation is one of the most important tools in looking at new and better ways of doing business (Dembek et al., 2016). Therefore this concept of creating shared value will not provide the necessary societal relief, as intended if not applied effectively.

Shared value creation, if properly measured and monitored, can be the future of business and a solution to some of South Africa's economic growth issues. However, this can only happen with a paradigm shift for business, government and society. Porter and Kramer (2011) describe in the quotes that follow, that it is imperative for companies to change their mindsets' around engaging with society: "Corporate responsibility programs—a reaction to external pressure—have emerged largely to improve firms' reputations and are treated as a necessary expense'. '...most companies remain stuck in a "social responsibility" mindset in which societal issues are at the periphery, not the core' (Porter & Kramer, 2011). Also: "Shared value is not social responsibility, philanthropy, or even sustainability, but a new way to achieve economic success'. It is 'integral to profit.'" (Porter & Kramer, 2011)

These quotes from Porter's articles still resonate in business today, and are the reason that most businesses still view creating shared value as an expense to business rather than a profit-maximising tool and a way to uplift the communities in which they are embedded. Companies need to move away from seeing responsibility to their stakeholders as fulfilment of their regulated compliance to sustainability reporting and government regulation. Creating shared value will be the means for business to

guarantee future innovation and competitiveness by allowing companies to create strategies that differentiate them from competitors (Porter, Hills, Pfitzer, Patscheke, & Hawkins, 2012).

Figure 3: Business at its Best (Shared Value Initiative, 2012)



The future of creating shared value as reflected in

Figure 3 will centre on business using internal resources to pursue the vast opportunities identified by business in societal problems, with the result being value for stakeholders and shareholders (Porter et al., 2012). This shared value point is often referred to as the 'sweet spot' between business and society. Business, however, must be cautious not to focus only on the 'sweet spot'; that they don't see the 'blind spots' which are around the corners, and which could have a negative impact on the business (Dembek et al., 2016). The framework of Porter's value chain can be used to identify gaps from within the organisation's process, and the diamond model can be used to look at the organisation from outside in (Porter et al., 2012).

Organisations can create shared value in the future in three ways: firstly, by reconceiving products and markets, which entails analysing the needs of the community within which they operate, with a view of identifying and targeting unmet demands and markets; secondly, by focusing on improvement within the organisation's value chain by identifying ways to reduce cost, improving employee and production efficiencies, and improving resource utilisation, which will identify the need for defining productivity in the value chain; and thirdly, to encourage cluster development by engaging with stakeholders to

strengthen local supply, infrastructure, and the institutional needs of the community that will also benefit the business (Porter et al., 2012).

2.2.4 The Shared Value Ecosystem

More recent literature talks about an ecosystem for shared value, which underlines the concept of “collective impact” (Kramer & Pfitzer, 2016). This concept amplifies the importance of collaboration and combined efforts by business, government, non-profit organisations and community members in guarantying social progress by pursuing financial fitness in a way that creates a shared value benefit which positively impacts societal needs (Kramer & Pfitzer, 2016). Kramer and Pfitzer (Kramer & Pfitzer, 2016) further argued that business should be responsible in initiating this collective impact, which requires involvement from all participants in this ecosystem. An ecosystem can be defined as “a system, or a group of interconnected elements, formed by the interaction of a community of organisms with their environment”(Kramer & Pfitzer, 2016).

It is further argued that unless key elements are applied in these initiatives within this ecosystem, a shared value benefit will not be achieved. The first being the forming of a common agenda between all players; the second to implement a shared measurement system; the third to work at mutually reinforcing activities and constant communication and dedicated “backbone” support from organisations (Kramer & Pfitzer, 2016).

- ✓ Common Agenda – Having a common agenda means that all participants’ perspectives and interests must be considered to enable a shared vision for change and joint solutions to societal problems (Kramer & Pfitzer, 2016).
- ✓ Shared measurement system – All stakeholders must agree on the key performance indicators (Kramer & Pfitzer, 2016).
- ✓ Mutually reinforced activities – Each organisation must focus on what they best at in order to contribute collectively to a common goal within a value chain (Kramer & Pfitzer, 2016).
- ✓ Constant communication – All stakeholders must engage in frequent and structured communication to build trust and constantly review common goals(Kramer & Pfitzer, 2016).
- ✓ Dedicated “backbone” support – one person dedicated to ensuring the stakeholders do not deviated from the initiative goals for example a consultant (Kramer & Pfitzer, 2016).

2.2.5 Business Models for Creating Shared Value

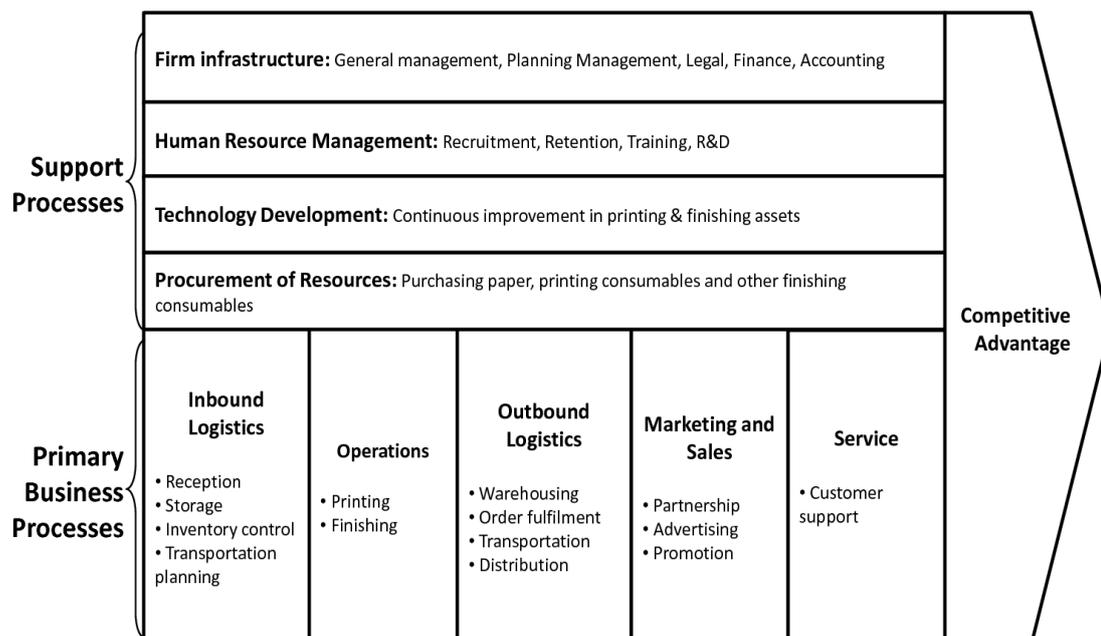
The ultimate success of creating shared value is to add value across an organisation’s entire value chain, both for the organisation and its stakeholders, by creating mutual

benefits in terms of reputation building, sustainability awareness, reducing environmental impacts and not be driven purely by shareholder value and profit maximisation (Maltz & Schein, 2017).

Publicly listed companies are obligated to report in detail on their sustainability activities and performance. Porter’s value chain model and diamond models can be used to identify opportunities and gaps from within the organisation and from an external viewpoint. Creating shared value is an organisation’s ability to utilise resources, energy, suppliers and employees in ways that contribute to enhancing the capabilities and efficiencies across the value chain . This can be done in several ways by targeting the value chain functions with enhancements (Porter & Kramer, 2011). Some examples of these enhancements could be increasing the salaries and wages of lower-income earners or paying qualifying suppliers earlier to assist in improving their business cashflow. The model below,

Figure 4 can be used to determine the various capabilities applicable in the organisations that have successfully implemented Enterprise Development initiatives that are Creating Shared Value within the communities that are they embedded in.

Figure 4: Porter’s Value Chain (Porter et al., 2012)



Porter's value chain illustrates all the functions that are executed in the process of doing business. This model can be used to analyse the impact of societal issues – good or bad – that impact on the various functions of business (Porter & Kramer, 2006). The value chain model looks at the various functions from within the organisation and can be used to identify the gaps within the value chain functions (Porter & Kramer, 2006). These identified gaps can then be converted to opportunities for business growth and work to improve the organisation's competitiveness, as well as create shared value within society.

The diamond model creates a framework that can be used to enable cluster development by analysing the business competitiveness in the environment in which that entity operates. Combining the results from an analysis of the value chain allows organisations to identify opportunities within the communities surrounding their business operations, enabling them to maximise the use of their resources and capabilities to contribute to creating shared value by targeting specific societal problems that directly affect business (Michelini & Fiorentino, 2012).

2.3 Organisational Capabilities

2.3.1 Organisational Capabilities: Model and Definition of Components

Organisational capabilities can be defined as an organisation's ability to utilise available tangible and intangible resources effectively to perform activities that will improve the organisation's performance (Inan & Bititci, 2015).

The figure below is an example of an organisational capability framework that can be modelled for an organisation. These capabilities are dependent on the strategy and goals of the organisation. Capabilities best suited to achieve the organisation's strategy and goals will be applied and improved on (Ulrich & Smallwood, 2004).

Figure 5: Organisation’s Capabilities as a Model (Ulrich & Smallwood, 2004)



Organisational capabilities are important to ensure an organisation’s sustainability and competitive advantage. The idea behind identifying an organisation’s capabilities is not primarily to improve on weak capabilities but rather, to build on the stronger capabilities – ideally not more than three (Ulrich & Smallwood, 2004). It is important to recognise the interdependence between all capabilities, and therefore building on the stronger capabilities will result in improvements of the weaker capabilities (Ulrich & Smallwood, 2004). Further to this, it has been highlighted that strong capabilities, if not continually improved upon, can become vulnerable to depletion and substitution, and ultimately become obsolete (Collis, 1994).

Organisational capabilities include all an organisation’s resources with regard to specific assets, knowledge and skills entrenched in the organisation’s structure, technology, processes, and interpersonal relationships (Williams J.J.P, 2013). Customers are also identified as being a source of adaptable capabilities that form an integral part of the organisation’s value chain. These customer capabilities are vital in the delivery of successful products and services. Harnessing these capabilities depends on an organisation’s ability to manage customers to exploit these capabilities for mutual shared benefit (Williams J.J.P, 2013). Capabilities must be dynamic to allow for flexibility, which makes an organisation more adaptable to a constantly changing environment.

Ulrich and Smallwood identified 11 generic capabilities (some of which appear in (Figure 5), which are responsible for keeping an organisation competitive. Each will be discussed in turn.

1. Leadership: the ability to ensure sound leadership throughout the organisation, and help develop enterprises by equipping them with leadership skills.
2. Shared mindset coherent brand identity: ensuring that stakeholder needs are always understood and that all stakeholders are well acquainted with the organisation's brand.
3. Accountability: ensuring that all parties take responsibility for their actions.
4. Collaboration: the ability to communicate with all stakeholders external and internal across functions and disciplines to ensure maximum efficiency.
5. Innovation: striving to continually improve processes and products to ensure competitive advantage.
6. Efficiency: the organisation's ability to effectively manage costs, for example, through economies of scale and by relooking at the value chain process.
7. Learning: the ability of the organisation to benchmark ideas with other companies and continually improve on process and through people development.
8. Speed: the ability to quickly adapt to changing environments and customer needs.
9. Talent: the ability to attract and retain competent people.
10. Strategic unity: the ability to ensure that the organisation's strategy is communicated and applied to all stakeholders involved.
11. Customer connectivity: the ability to build and maintain lasting relationships with customers (Ulrich & Smallwood, 2004).

Other capabilities identified by Celuch, Kasouf and Peruvemb (2002) under different terminology include global capability, upper management capability, product or service capability, and market capability. Kaleka (2002) listed a further four: technological, information systems, order fulfilment, and external relationship capabilities.

Although the authors above display different terminology and definitions to organisational capabilities, they can all be linked. For example, external relationship capabilities can be linked to customer connectivity, speed, learning and shared mindset and branding identity; while upper management capability can be linked to leadership, strategic unity and learning. The capabilities necessary in creating shared value through supplier and enterprise development initiatives will be identified in the research phase of this report to determine whether all capabilities identified apply to creating shared value or will there be other capabilities that emerge. The literature suggests that the capabilities identified will be both tangible and intangible.

2.3.2 Capabilities and Core Competencies

Core competencies are present in both manufacturing and services organisations and can be defined as organisational capabilities that the organisation is best at, and which allow them to differentiate from competitors and enable customer satisfaction (Prahalad & Hamel, 1990). Core competencies can develop from individual capabilities combined with specific organisational functional capabilities (Prahalad & Hamel, 1990). Creating shared value can be linked to core competencies when organisations are able to utilise their core competencies in a way that positively benefits the organisation and the communities within which they operate.

2.4 Enterprise Development and Supplier Development

Enterprise and supplier development, which forms one of the key components of the Broad-Based Black Economic empowerment (B-BBEE) scorecard, is becoming an important platform for organisations to engage with society. Enterprise and supplier development is becoming more than just a compliance issue. It is becoming an essential tool to ensuring an organisation maintains a competitive advantage within its respective industry. Enterprise and supplier development is seen as support given to emerging black-owned businesses by larger organisations through the provision of preferential credit terms and pricing structures for goods and services, as well as mentorship and business skills training (Verwey, 2011). The main goal is to provide previously disadvantaged people with an opportunity to access the South African economy.

Can enterprise development solve the societal problems of South Africa? Enterprise development is seen as an inexpensive way to earn B-BBEE points when compared to the other scorecard components. If done correctly, enterprise development will allow people to earn a living while mastering a skill that will eventually contribute to making the enterprise self-sufficient (Verwey, 2011).

It is important to note, however, that enterprise development will not solve all of society's problems. What it will do if correctly implemented is contribute to poverty alleviation. Although the desired outcome for all stakeholders should be to gain shared value, this is often not the case because many organisations still struggle to understand this concept and its true intention (Verwey, 2011). Enterprise development, if correctly implemented, becomes part of the organisation's strategy and can result in positive outcomes, such as providing a return on investment from the 3% of net profit before tax (NPAT), which listed companies are compelled to invest – they gain B-BBEE points that directly impact the

organisation's B-BBEE certification and accountability for SME development, job creation and poverty alleviation (Verwey, 2011).

2.4.1 Legislation, Regulation & Compliance

Black economic empowerment is a racially selective programme; a form of affirmative action that was launched to redress the inequalities created by apartheid. The Black Economic Empowerment (BEE) Act was gazetted in 2003, with the distinct advantage of providing opportunities to races that were historically disadvantaged, including blacks, coloureds, Indians and Chinese (The Presidency, 2013). In 2007, the Act was modified and renamed the Broad-Based Black Economic Empowerment (B-BBEE) Act. The Act contained eight Codes of Good Practice, including ownership, management and control, employment equity, skills development, preferential procurement, enterprise development, socioeconomic development, and qualifying small enterprises. This spurred the development of several sector charters aimed at ensuring transformation in specific sectors of the economy.

Together with affirmative procurement in both the public and private sectors, the Codes resulted in a substantial increase in the number of SMEs and black-owned companies operating in a range of industries, such as agriculture, construction, private security, catering, and transport. Initially, the Codes had an emphasis on ownership and senior management, which had unintended consequences, such as fronting, speculation and tender abuse. There was more scope for B-BBEE to incentivise large companies to create jobs and support small and local enterprises, and the codes were again amended in 2013, taking a broader approach and placing a stronger emphasis on these elements, as well as support for small enterprises and cooperatives, and procurement from local producers (Department of Trade and Industry, 2011).

The King IV Report

In addition to the B-BBEE Act, companies listed on the Johannesburg Stock Exchange (JSE) are compelled to comply with the sustainable reporting standards of the King IV Report (IoDSA, 2016). This report states that although organisations are not obligated by the Companies Act to adhere to social development initiatives, it is part of good corporate citizenship that companies establish and maintain ethical relationships with the communities in which they operate. This is done by triple bottom-line reporting, which focuses on the company's economic value contribution and includes reporting on social, economic and environmental involvement (IoDSA, 2016).

2.4.2 Changes to the B-BBEE Code

The codes were amended in 2013 and are reflected below as part of the B-BBEE scorecard, with enterprise and supplier development and skills development the highest-weighted codes. It is therefore essential for organisations to improve or implement effective enterprise and supplier development initiatives to ensure maximum points are accumulated if they wish to improve their organisation's B-BBEE status.

One of the main differences implemented by the amended code requirements is that the enterprise development element on the scorecard has now been divided into two separate sub-elements: supplier development and enterprise development. Furthermore, the previous target of 3% of an enterprise's NPAT has now been split into 2% for supplier development for generic enterprises, and 1% for a qualifying small enterprise. Failure to implement enterprise and supplier development initiatives results in the organisation being penalised, compromising its level of compliance.

Table 1: B-BBEE Scorecard Codes

Old codes	Amended codes – 2015
Direct Empowerment	
Equity ownership – 20 points Management – 10 points	Ownership – 25 points Management control – 19 points
Indirect Empowerment	
Skills development – 15 points	Skills development – 25 points
Preferential procurement – 20 points Enterprise development – 15 points	Enterprise and supplier development – 40 points
Socioeconomic development – 5 points	Socioeconomic development – 5 points

2.4.3 B-BBEE: Enterprise and Supplier Development

This enterprise and supplier development element of the B-BBEE codes comprises three main categories, with a fourth category that qualifies an entity to bonus points. The first category is preferential procurement, the second supplier development, and the third enterprise development. The fourth category grants bonus points to the entity that can graduate an enterprise development beneficiary to a supplier development level. The objective of this element is to create employment as a result of the initiatives undertaken by the respective organisations under supplier development and enterprise development. The intended beneficiaries being black-owned, designated suppliers that

are 51% black-owned exempt micro enterprises (enterprises with an annual turnover of less than R10 million) and qualifying small enterprises (enterprises with an annual turnover of between R10 million and R50 million) (The Presidency, 2013) .

The amended codes refer to procurement from supplier development beneficiaries, and encourage the alignment of enterprise development and supplier development initiatives with their value chain requirements. This statement assumes that both of the elements' supplier and enterprise development beneficiaries may be suppliers of the company (Verwey, 2011).

2.4.4 Types of Enterprise and Supplier Development

According to the Development Bank of South African, the following 15 activities constitute the different enterprise development activities in which an organisation could engage (Verwey, 2011).

Table 2: List of Enterprise Development Activities

1. Preferential credit terms
2. Preferential pricing structures
3. Mentorship
4. Business skills training given by large companies
5. Grants and interest-free loans
6. Investment in beneficiary entities
7. Technical skills
8. Guarantees or security
9. Providing seed capital
10. Access to capital through provision of collateral or relaxed security requirements
11. Early or timely payments for goods supplied
12. Extended credit terms for procurement amounts
13. Infrastructure support to suppliers
14. Investment in beneficiary entities through improving business process methods
15. Investment and support to enterprises operating in rural communities

2.5 Conclusion

Major contributors to poverty include lack of education and skills, and a low level of education and minimal to no job experience, which makes it difficult to find employment (Kao et al., 2016). It is therefore imperative that companies clearly identify a strategy that targets specific areas of development and value creation. Company responsibility should

not only be about providing job opportunities but also focusing on empowering the communities by educating and upskilling them through creating shared valued initiatives, so enabling sustainable futures for both company and community, by providing financial resources to assist with entrepreneurial initiatives (Rangan et al., 2015). The link between shared value and enterprise development within organisations has become a vital ingredient in maintaining a company's competitive advantage.

It is also evident from the literature reviewed that there are no conventional organisational capabilities that can be attributed specifically to creating shared value. This research intends to investigate if there are specific organisational capabilities that can be linked to the creation of shared value.

It is clear from the literature review that for business to create shared value initiatives, they cannot only focus on the 'sweet spot', as this concept comes with many challenges that can negatively impact an organisation's value chain. The tensions between government and business cannot be ignored, as this has an impact on project outcomes. Measurement tools should also be in place to measure the success, failure and impact of enterprise development projects that are seen to be creating shared value. The literature review in this chapter discussed the various schools of thought around the concepts of creating shared value, organisational capabilities and enterprise development. The following chapter will reflect the research questions, derived from the literature review, which need to be answered.

CHAPTER 3: RESEARCH QUESTIONS

This research aims to answer five questions which were derived from the literature reviewed in chapter 2.

3.1 Research Questions

Research Question 1: What are the major capabilities that are considered to drive enterprise development successfully within an organisational?

Research question 1 aims to identify the major organisational capabilities that drive enterprise development initiatives within organisations.

Research Question 2: From the identified capabilities that drive enterprise development, which are regarded as the most important?

Research question 2 aims to establish which of the identified capabilities were found to be the most crucial in determining whether an initiative fails or succeeds. It is expected that through this research question, a theme might surface indicating that some factors are more influential than others. This question will also aim to identify capabilities that individuals think should have been utilised in hindsight.

Research Question 3: What is the relationship between the identified capabilities and creating shared value?

Research question 3 aims to analyse the organisational capabilities identified in the previous two research questions and compare this to the definition of creating shared value to determine if the supplier and enterprise development initiatives implemented using these organisational capabilities create the platform necessary to create a shared value benefit for both the organisation and the enterprise.

Research Question 4: What measurement tools are used to monitor the success or failure of supplier and enterprise development projects?

Research question 4 aims to understand if business has clear measuring tools which can be used to measure the success or failure of the projects they support, or whether this support is seen merely as a cost.

Research Question 5: How does the organisation measure supplier and enterprise development return on investment?

Organisations are criticised for often having a financial motivation for any investment they make into a project. In the case of enterprise development, there should be both a financial and non-financial benefit for both the organisation and the enterprise receiving the investment.

CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

Following the literature review, the philosophical assumptions underlying this study came mainly from interpretivism, which was described by Saunders and Lewis (2012) as the ability to understand what was going on within an organisation by conducting research within the identified organisations among the employees.

This research used an exploratory qualitative study, which resulted in new insights and understandings being identified around the topic of organisational capabilities used to create shared value through supplier and enterprise development. An opportunity was also created for new questions to be asked, which brought a new dimension to the area of creating shared value (Saunders & Lewis, 2012). Further to this, the groundwork for further research and clarity on defining the identified problem was created (Zikmund, Babin, Carr, & Griffin, 2009).

This study was conducted in two phases. The first phase identified enterprise development specialists from six consulting firms who worked directly with organisations that were involved in enterprise development initiatives which focused on creating shared value. A telephonic interview was conducted with each participant from the consultancy firms, with the main purpose being to acquire a list of companies that had proven to be successful in the implementation and execution of enterprise development initiatives that contributed to creating shared value in the communities within which they operate.

The second phase of the research used the limited number of organisations identified in phase one, together with other organisations identified through other sources, to conduct in-depth interviews and telephonic interviews to gather information-rich data from key management individuals in the organisation who were directly responsible for supplier and enterprise development projects within their organisation (Saunders & Lewis, 2012).

4.2 Research Methodology

A deductive approach was adopted for this research. This deductive approach involved defining research questions using existing literature and the insights gained from the research process to answer the pre-defined research questions articulated in Chapter 3 (Saunders & Lewis, 2012).

4.3 Phase 1

This phase comprised a sample size of six individuals who worked with or knew organisations that had successfully implemented shared value initiatives through enterprise and supplier development. During this phase, a limited sample of organisations were identified, and in-depth interviews conducted in phase two. The initial stage of the study identified Devcom as a consultant current working with a listed company that was extensively involved in supplier and enterprise development and the creation of shared value in the communities within which it operates. A snowballing approach was used to identify additional enterprise development specialists who were involved in supplier and enterprise development initiatives. To obtain a list of organisations which fit the criteria of creating shared value, telephonic interviews were conducted with the following consultants: Devcom, Simanye Group, Business Fit, Empowerdex Ratings, Vukani Ubuntu, and Raizcorp. The discussions with these consultants assisted in identifying a brief list of organisations that were suitable participants for phase 2 of the interview process. A list of manufacturing companies was also accessed from the Durban Chamber of Commerce website, which assisted with identifying organisations in the area.

Organisations that had operations in KwaZulu-Natal were selected across all industries. The annual reports were analysed in conjunction with the data collected through the interview process, and the various supplier and enterprise development projects, with the goal of identifying initiatives that demonstrated the shared value concept.

4.3.1 Population

The population as defined by Zikmund (2013) is any group of organisations that share some common characteristics. In the case of the research in phase 1, the population consisted of consultants who worked directly with an organisation's supplier and enterprise development initiatives.

4.3.2 Sampling Method and Size

Non-probability sampling techniques were used by selecting a judgemental sampling method, which is frequently used when selecting a small sample size (Saunders & Lewis, 2012); a snowball sampling technique, where additional sample members are identified by previously interviewed members (Saunders & Lewis, 2012); and a convenience sampling technique, where participants are identified through peers. The research method selected was a qualitative study that consisted of a small sample size of six consultants who could identify organisations which created shared value through their supplier and enterprise development initiatives. The selection was based on the

consultants, all of whom were easily accessible and willing participants (Saunders & Lewis, 2012).

4.3.3 Unit of Analysis

The identified unit of analysis was based on the opinions and experience of the key role players interviewed, who were directly involved with organisations that adopt the shared value concept or individuals that knew these organisations well.

4.3.4 Data Gathering Process

This was an exploratory qualitative research study which, as defined by Saunders and Lewis (2012), comprises the searching of academic literature and interviews conducted that relate to the subject matter (Saunders & Lewis, 2012).

The approach used in phase 1 was a cross-sectional study, which is defined by Saunders and Lewis (2012) as the collection of data only, at one period in time, in what is often termed a 'snap shot' which, in the case of this study, was defined by specifically scheduled appointments that were set up to conduct interviews with key people within the consultancies.

The data collection technique in phase 1 was done by conducting structured telephonic interviews with willing participants from each consultancy. A structured interview method was used to collect data by using a questionnaire designed to ask participants standardised questions in the same sequence (Saunders & Lewis, 2012). A draft interview guideline is included in Appendix 3. The population was limited to a sample size of six participants.

All participants were contacted via email describing the nature and purpose of the research, and convenient times were scheduled to conduct the telephonic interview sessions. During the interview process, a brief explanation of the research was given to the participants, together with an outline of how they will be contributing to the study.

4.3.5 Data Analysis

All interviews were conducted telephonically, and the interviewer recorded all responses provided by each participant with the permission of the participant. All relevant responses were emailed to the relevant participants post interview to guarantee complete transparency and to ensure that the participant agreed with the responses recorded by the interviewer.

The data collected during these interviews produced very few common organisations. The reason for this was attributed to the limited sample size, which was concentrated to

organisations within KwaZulu-Natal for ease of access. A further reason cited was confidentiality, which prevented the consultants from divulging lists of organisations. Another valid reason was that the consultants worked only with entrepreneurs consisting of individuals. Alternate methods of obtaining organisations to interview had to be used. Snowball sampling was thus used to obtain names from confirmed interview participants, while judgemental sampling was used to select companies for the list generated off the Durban Chamber of Commerce website.

Table 3 below summarises the organisations identified for the in-depth interview phase. This table categorised organisations with a generic name for example "C1", "C2" and so forth. The source and sample technique are also listed to indicate how each organisation was selected. The organisations identified off the Durban Chamber of Commerce list were further analysed to ensure suitability for the in-depth interview phase by reviewing their annual reports and these B-BBEE level of compliance.

Table 3: Interview List for Phase 2

Organisation	Source	Sampling Method
C1	Consultant	Telephonic interview
C2	MBA peer	Convenience
C3	Consultant	Telephonic interview
C4	Consultant	Telephonic interview
C5	Consultant	Telephonic interview
C6	Previous interview	Snowball
C7	Previous interview	Snowball
C8	MBA peer	Convenience
C9	MBA peer	Convenience
C10	Previous interview	Snowball
C11	Consultant	Telephonic interview
C12	Consultant	Telephonic interview
C13	DCC	Judgemental
C14	Previous interview	Snowball

4.3.6 Data Validity and Reliability

The research in phase 1 was reliant on the information gathered from responses received from the six participants. Reliability can be threatened by subject bias, as

respondents might give unreliable information during interviews because they favour certain organisations or feel that being honest might risk further business opportunities with the organisations if seen in a negative light (Saunders & Lewis, 2012). This was definitely the case, as the participants either quoted confidentiality as a reason for not divulging or identifying companies, or provided a limited number of organisations despite being asked for a minimum of ten. A further challenge was that one consultant dealt only with individuals, which further compromised the sample size.

Validity could also have been compromised where the sample selection was not a true representation of the full research population – particularly in cases where snowball sampling and convenience sampling were used to select participants (Saunders & Lewis, 2012).

4.4 Phase 2

The second stage consisted of in-depth interviews conducted with key role players within the 14 selected organisations, and who were directly responsible for supplier and enterprise development. The individuals' titles and level of management is presented in Table 4 below.

Table 4: Interview Participants' Level of Management and Titles

Middle Management	9
Business Development Manager	3
Business Manager	1
CSI & Land Reform Manager	1
Enterprise and Supplier Development Manager	2
Head of Procurement ED & SD	1
Procurement Manager	1
Senior Management	5
Commercial Manager	1
GM: Sustainability & Corporate Citizenship	1
Group Executive: Strategy and Supply Chain	1
Human Resources Executive	1
Stakeholder Executive	1
Total	14

The objective of each interview was to gain insight into what each organisation was doing well, and how they could differentiate themselves from competitors with their enterprise development projects. Interviews were analysed and the findings compared to relevant literature, before conclusions were listed to align with the research questions initially identified.

The second phase approach was also a cross-sectional study which is defined by Saunders and Lewis (2012) as collecting data only, at a given period in time in what is often termed as a 'snap shot' which, in the case of this study, will be by way of interviewing key people within organisations and analysing company reports.

4.4.1 Population

The population as defined by Zikmund (2013) is any group of organisations that share some common characteristics. In the case of this research, the population used organisations identified in phase 1 that were practising supplier and enterprise development. This population was limited to organisations in KwaZulu-Natal across multiple sector and industries, as illustrated in Table 5.

4.4.2 Sampling Method and Size

A non-probability sampling technique was used by selecting a judgemental sampling method which is frequently used when selecting a small sample size (Saunders & Lewis, 2012). A snowball sampling technique was also used, whereby additional participants were identified by previously interviewed members (Saunders & Lewis, 2012). The research method selected was a qualitative study, and therefore consisted of a small sample size of 12 manufacturing organisations within KwaZulu-Natal. The selection was based on organisations that were easily accessible and consisted of willing participants (Saunders & Lewis, 2012). The willing participants were key role players identified within the organisations, and who were directly involved with the organisation's enterprise development programmes.

4.4.3 Unit of Analysis

The proposed unit of analysis will be insight, opinions and experiences of the key role players involved in enterprise development projects of the 14 companies identified in phase 1 and by previously interviewed participants by way of snowball sampling.

4.4.4 Data Gathering Process

An exploratory qualitative approach was used for this study, which is defined by Saunders and Lewis (Saunders & Lewis, 2012) as a search of academic literature and conducting interviews related to the subject matter.

This approach was also a cross-sectional study which, as defined by Saunders and Lewis (2012), is collecting data only at one period in time in what is often termed as a 'snap shot' which, in the case of this study, was by way of interviewing key people within the organisation and analysing the organisation's sustainability reports.

The data collection technique in the research was related to the various enterprise development projects undertaken by each organisation. This information was extracted from each organisation's annual sustainability report and the interviews conducted. The qualitative data was analysed and categorised into the different types of business engagement within society, namely corporate philanthropy, corporate responsibility and shared value (Porter & Kramer, 2011). An assessment criteria framework was designed to categorise the different projects into the different types, as disclosed by the organisation's annual sustainability reports. A table was used to clearly categorise the data gathered from the annual reports into business engagement approaches and further into the types of contribution, for example, job creation, education, health, and environment.

Further to the analysis of the annual sustainability reports, semi-structured interviews were conducted with key people within the organisations. A semi-structured interview is when the researcher has a predetermined set of questions or themes that they would like posed to the participant; however, it is flexible in that questions do not have to be asked in any particular order. This type of interview also allows for additional questions that may follow from the conversation or for questions to be omitted at the interviewer's discretion (Saunders & Lewis, 2012).

The interview questionnaire was developed using the capabilities audit framework identified by Ulrich and Smallwood (Ulrich & Smallwood, 2004). In so doing, this allowed the formulation of standardised capabilities assessment criteria when comparing the companies interviewed. The mapping of interview questions linked to the research questions identified in Chapter 3 is presented in Appendix 2: Research Question and Interview Question Mapping.

The interviews were undertaken with key people within the organisation, for a duration of approximately one hour, though they were not limited by a time constraint to avoid compromising the quality of the information. The interviews were largely conducted face to face, and telephonically in cases where the key role player was based outside of KwaZulu-Natal. The interview schedule was designed and piloted with two respondents similar to participants to be used in the actual interviews. This process gauged whether the interview schedule worked and was within the timeframe allocated (Saunders &

Lewis, 2012). The pilot interviews provided an opportunity to identify any challenges and limitations that could arise during the actual interviews and allowed for changes to be made to the questionnaire. The interviews were conducted in a similar manner to the actual interviews and the respondents provided feedback to the interviewer.

All interview participants were identified by title and role within the organisation post interviews, with the aim of anonymising each participant and the organisations at which they are employed. Each prospective participant was contacted either via email or telephonically to discuss the nature and purpose of the research. The interview process was briefly explained, along with why their contribution would be invaluable to this study. Post the telephonic conversation or initial email, a follow-up email was sent to each participant with an invitation and an interview consent form, inviting them to participate in the study. More than 50 people were contacted either telephonically or via email in an attempt to secure an interview or to reach the key contact person within the organisation.

4.4.5 Data Analysis

All company annual reports were analysed qualitatively and coded according to predetermined categories.

All interviews were recorded except one participant from a prominent processing mill, who refused to be interviewed but proceeded to complete the questionnaire which he requested be emailed to him to determine if he was the correct person to provide the information required. All recordings were done with the permission of each of the participants.

The detailed notes and recordings were analysed and coded using thematic analysis. Thematic analysis is a means of identifying, analysing and identifying themes within the qualitative data gathered during the interview process (Braun & Clarke, 2013). Common themes were identified and the findings recorded. All findings were compared to the findings of the organisation's annual sustainability reports for inconsistencies and to literature to identify common or new trends.

Table 5 below illustrates the 6 steps that were applied during the thematic analysis process.

Table 5 Stages of Thematic Analysis (Braun & Clarke, 2013)

Phase	Thematic Analysis	Description
1	Familiarisation with the data	Recordings and detailed note were reviewed multiple times to identify initial ideas and allow emersion into the data.
2	Coding	Codes were attached to important data relevant to each question in the questionnaire.
3	Searching for themes	Coding was reviewed and coherent constructs identified and collated according to relevance to the research questions.
4	Reviewing themes	Themes were reviewed and like themes combined or themes removed if irrelevant. At this point it was identified if the data was able to construct a story about the research question.
5	Defining and naming themes	The construct were defined and given relevant naming conventions. All like themes were grouped and elaborated on
6	Write- up	Themes were written up in Chapter 6 and discussed in detail in Chapter 6

The projects identified were benchmarked or compared to shared value projects of other developing countries with the aim of identifying if creating shared value was visible and how it was comparable to South Africa, and if organisational capabilities played a role in creating shared value.

4.4.6 Data Validity and Reliability

This research is reliant on the information produced in the annual reports and participant responses.

Reliability can be threatened by subject bias, whereby respondents might give unreliable information during interviews because they think being honest might portray them or the organisation in a negative light (Saunders & Lewis, 2012). Triangulation with annual reports was used to validate data where possible to increase reliability. A subjective

selection could threaten validity, where the sample selection may not be a true representation of the full research population (Saunders & Lewis, 2012).

4.5 Research Limitations

Limitations of this study will be the sample size, which was limited to organisations in KwaZulu-Natal and which covered multiple industries and sectors, to prevent any industry and sector trends from being identified. The organisations are split by listed and non-listed companies, which will also influence the extent of implementation because listed companies are governed by regulatory requirements, whereas non-listed organisations are not compelled to apply the same regulatory requirements.

Due to the sensitive nature of this field of study, in that enterprise development might be part of the organisation's strategy, the interviewees may not have been completely honest when answering questions, which might skew the findings.

Sample selection is subjective and limiting, which might affect results when comparing the companies. Moreover, it is possible that the true impact of the enterprise development initiatives on creating shared value in the South African economy will be difficult to determine.

CHAPTER 5: RESULTS

5.1 Introduction

This chapter presents the results according to the research questions derived in Chapter 3. The results were recorded and reported according to the research questions. A total of 14 participants were identified through judgmental sampling and snowballing techniques. A further three companies formally declined to participate in this study, citing reasons of time constraints, confidentiality concerns and numerous student interview requests. They did, however, cite their organisations' websites as having adequate information that could be included in this study.

The data was gathered through a process of in-depth interviews with participants from various industries. Hand-written notes were taken during each interview and all interviews were recorded with the permission of participants. An interview guide comprising 19 questions structured around the research questions was used (Appendix 1). The duration of each interview was approximately one hour.

5.2 List of Participants

All participants and their organisations were anonymised in the analysis and results. Each company and the respective respondents are represented by a sequential identity code prefixed by the letter C, for example, C1 represents the first organisation interviewed. The participants were identified as the relevant person either directly involved with enterprise development or overseeing the enterprise development projects within each organisation. Each participant was categorised by their title and level of management. Each organisation was categorised by their industry and whether or not the organisation was listed on the JSE.

The interview questions 1 to 4 consisted of filter questions aimed at getting an overview of each organisation being interviewed and to understand the types of enterprise development initiatives and their reasons for implementation. These questions will be included into the research questions that need these findings to strengthen an argument.

Table 6 below describes all the participants and the industries and sectors they belong to. The majority of organisations interviewed operate in the manufacturing sector, across various industries. This illustration is important to establish whether industry and sector is relevant to the adoption of enterprise development and the concept of shared value.

Table 6: Participants by Sector and Industry

Industry	Manufacturing	Mining	Retailer	Services
Agriculture	2			
Automotive	1			
Coal		1		
Electric and distribution	1			
Food & Drug Retailer			1	
Food Producer	2			
Forestry and Paper	1			
Industrial Metal & Mining	1			
Medical Technology				1
Parts Distributor				1
Logistics				1
Building			1	
Grand Total	8	1	2	3

Table 7 reflects the split between listed and unlisted companies. Given the stringent regulatory requirements that govern companies listed on the JSE, this illustration will also assist in establishing whether enterprise development is driven more by listed companies than unlisted companies.

Table 7: JSE-listed Organisations

JSE Listing	Participants
No	5
Yes	9
Grand Total	14

As mentioned in Chapter 2, the B-BBEE codes changed in 2013, which is represented by the red base line on the scatter plot in Figure 6, this figure illustrates that there were four organisations' above the base line started their enterprise and supplier development programmes after 2013, three organisations started in 2013, while six of the organisations indicated that they initially started their projects before 2013. Many organisations are adamant that the B-BBEE Act was not a driving factor in implementing these initiatives, although a lot of the initiatives were taken more seriously since 2013.

5.2.1 Chronological Implementation of Supplier and Enterprise Development

Each participant was asked to indicate the initial start date of their supplier and enterprise development projects. The intention of this question was to gain insight as to whether these projects coincided with the launch of the revised B-BBEE codes.

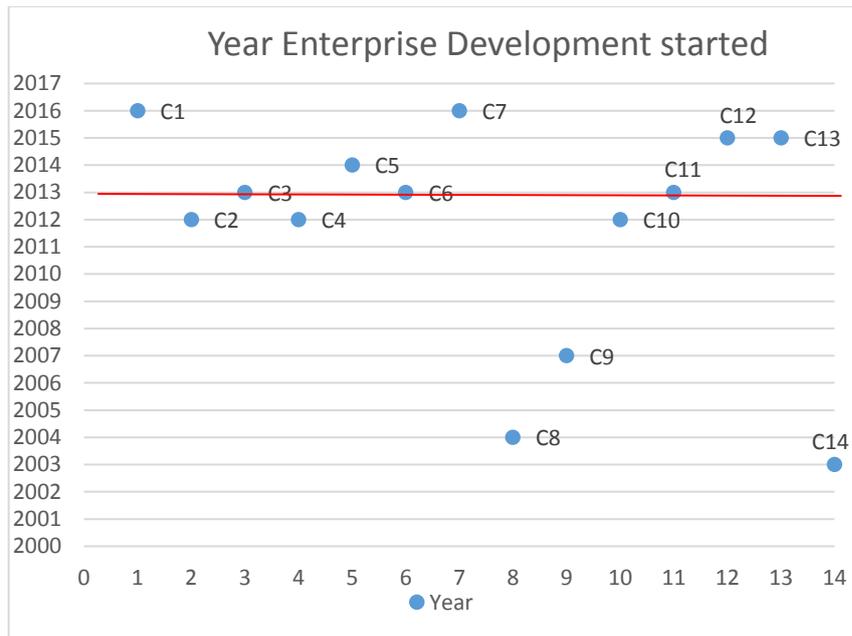
The scatter plot in Figure 6 below shows the initial start date for each of the organisations' supplier and enterprise development initiatives. This figure also highlighted that a few organisations started their supplier and enterprise development initiatives before 2013, which is represented by all organisations south of the red base line. These organisations indicated that they were addressing other societal needs at the time.

One participant stated: "Our organisation has a finite life and we only employ 1000 people in a community of approximately 175 000 people, we don't want to leave and then find we left a void in the community". Yet another's comment was: "We initially started this programme as a way of providing work for migrant labours who went to work in the mines, and this was a way to ensure they could earn a living when they returned to their homes, the project has since evolved with different goals now".

The participant which started the earliest, in 2003, according to the information supplied, stated: "This initiative was started to assist people that were recipients of land as a result of the land restitution act, people received large plots of land and didn't know what to do with it".

Participants were also questioned on different types of supplier and enterprise development initiatives in which they were involved. The list shown in Chapter 2, Table 2, was used in developing a taxonomy to the responses received.

Figure 6: Start Year of Supplier and Enterprise Development Projects



After analysing all responses, six enterprise development activities as reflected in Table 8 emerged as the most targeted supplier and enterprise development initiatives. Three other constructs surfaced, which were not related to supplier and enterprise development, being environmental, health and early childhood education initiatives. One response was completely unrelated and was financially driven only for the organisation, even though the organisation refers to their interventions as enterprise development, this organisation is risk averse and will not partner with another organisation unless they are able to realise a 20% return on investment. This behaviour is contradictory to the definition of supplier and enterprise development.

Table 8: Types of Supplier and Enterprise Development Initiatives

Rank	Enterprise Development Activities	No of occurrences
1	Investment and support to enterprises operating in rural communities	13
2	Mentorship	11
3	Business skills training given by large companies	9
3	Infrastructure support to suppliers	9
4	Technical skills training	7
5	Access to capital through provision of collateral or relaxed security requirements	6

Table 8 represents a list of initiatives implemented by the organisations interviewed. These initiatives were linked to organisational capabilities that were required in implementing these initiatives. These initiatives were categorised according to the capabilities listed in Chapter 2 and which are represented below. It was further expected that functional capability assistance is a high priority for organisations to address with the entities that are being assisted. This functional capability building will contribute to the most important organisational capabilities required in the implementation of enterprise and supplier development initiatives to ultimately create shared value for all parties.

5.3 Presentation of Results by Research Question

The results are presented as per the research questions listed in Chapter 3, and the interview questions as mapped in Appendix 2.

5.4 Results for Research Question 1

Research Question 1: What are the major capabilities that are considered to drive enterprise development successfully within an organisation?

Research question 1 aims to identify what the perceived organisational capabilities are that drive enterprise and supplier development initiatives within organisations. It was expected that the organisational capabilities identified in Chapter 2 by Smallwood and Ulrich (2004) would emerge as common categories with the possibility of new capabilities emerging from the insights received from the one on one interviews. The interview question relating to research question 1 was designed to get participants to identify a list of the organisational capabilities they utilised to implement their supplier and enterprise development initiatives.

5.4.1 Capabilities

Organisational capabilities as defined in Chapter 2 are organisation's ability to utilise available tangible and intangible resources effectively, to perform activities that will improve the organisation's performance (Inan & Bititci, 2015). The first question that was asked around organisational capabilities was to get the participants to supply a list of the organisational capabilities that have been leveraged during the implementation of their organisation's supplier and enterprise development initiatives. It was important to ensure that the interview participants answered in a similar way, hence the same question was asked to all interview participants. This was vital to identify constructs from the interview

responses. The identified constructs were then grouped according to the 11 capabilities identified by Smallwood and Ulrich (2004) in Chapter 2, and then by newly emerging constructs. Table 9 below illustrates 15 constructs that emerged from the responses to the question asking what organisational capabilities were used when implementing supplier and enterprise development initiatives within the organisation. The organisational capabilities highlighted in blue in Table 9 represent the new constructs that emerged. Collaboration, learning, leadership, and financial resources emerged as the top four highest-ranking capabilities. The five lowest-ranking capabilities – though not necessarily because they are unimportant – included, accountability, efficiencies, marketing, technology, and adaptability.

Table 9: Organisational Capabilities Used to Implement Supplier and Enterprise Development

Rank	Capability	Frequency
1	Collaboration	14
2	Learning	13
3	Leadership	11
3	Financial resources	11
5	Talent	8
6	Resources	7
7	Customer connectivity	6
7	Strategic unity	6
9	Innovation	5
10	Shared mindset	4
11	Accountability	3
11	Efficiencies	3
11	Technology	3
11	Marketing	3
15	Adaptability	1

In analysing the top three constructs, all participants stressed the importance of collaboration; collaboration in getting all stakeholders to work together to provide the services crucial to the implementation of supplier and enterprise development. The second most influential capability was learning: “Most beneficiaries came from a very poor background, with little or no education opportunities”. On the contrary to educating people, only one participant stated that they were not involved in any knowledge transfer

and upskilling programmes for beneficiaries they partnered with, this manager stating: “We will only engage with already established businesses, if there are any knowledge or skills gaps we expect them to address these inadequacies”.

Participants felt that collaboration was imperative for several reasons as stated by the head of supplier and enterprise development from a pharmaceutical company “Enterprise and supplier development is a term that’s being thrown out and a lot of people are doing it and there is a lot of silo mentality, we look at how we [can] link arms to other similar organisations”. Another manager thought collaboration was instrumental in growing smaller businesses, saying: “The ability to collaborate with [suppliers] and coordinate a vast number of suppliers towards a client’s common goal is the very basis of a smart supply chain solution.” One of the participants implied that collaboration across the different disciplines within the organisation provides the entity being engaged with maximum output benefits. This was backed up by the participant, who said: “We reach out to colleagues that sit in the different departments like supply chain, [the]commercial department, [the] legal department, [the] finance department and demand planning [to assist]”, and finally the CSI and land reform manager of a listed manufacturing conglomerate company summoned up the need for collaboration by stating “Because of the complexity of the challenges identified in each community, we choose to work in conjunction with other stakeholders – from government departments and municipalities to NGOs, NPOs and private businesses – to contribute to holistic solutions. This multi-partner, collaborative approach has enabled us to harness the expertise of a wide range of stakeholders and to ensure that we meet the real needs of the people on the ground”.

Learning was also identified by 13 of the 14 participants as one of the capabilities that was applied during implementation of the enterprise and supplier development initiatives. All 13 participants emphasised that knowledge and skills transfer was a compulsory capability that had to be imparted onto the beneficiary enterprises. One participant, the Group Strategy and Supply Chain executive from a prominent Industrial metal manufacturing plant, said: “Its [capabilities are] quite diverse but what we found that many of these entities that wanted to establish a business, there is [a] real challenge with real business acumen and ability to put together a comprehensive business plan, the ability to understand all the technical requirements of all the equipment they need to produce a product”. Yet another participant highlighted the importance of ensuring that people understood their role in the value chain of the organisation, saying that “people had to understand what is it they were making and why, how we use it so we took it from the back end of our business and we trained them as to where these [products] are going”.

Leadership and financial resources were equally ranked, with financial resources being a newly emergent capability. Both these capabilities are also important in the implementation of supplier development and enterprise development initiatives. A few of the participants stated that they assist with providing funding to the entities, while others provided surety or long-term contracts that assisted these entities in securing funding from financial institutions or from funding organisations such as the Industrial Development Corporation (IDC). Leadership was mostly in the form of mentoring the beneficiaries and trying to instil leadership and business acumen qualities.

Financial resources, resources, technology and marketing were capabilities that were not previously identified and surfaced during the interview process, which shows newly emergent fields in the field of general management.

5.5 Results for Research Question 2

Research Question 2: From the identified capabilities that drive enterprise development, which are regarded as the most important?

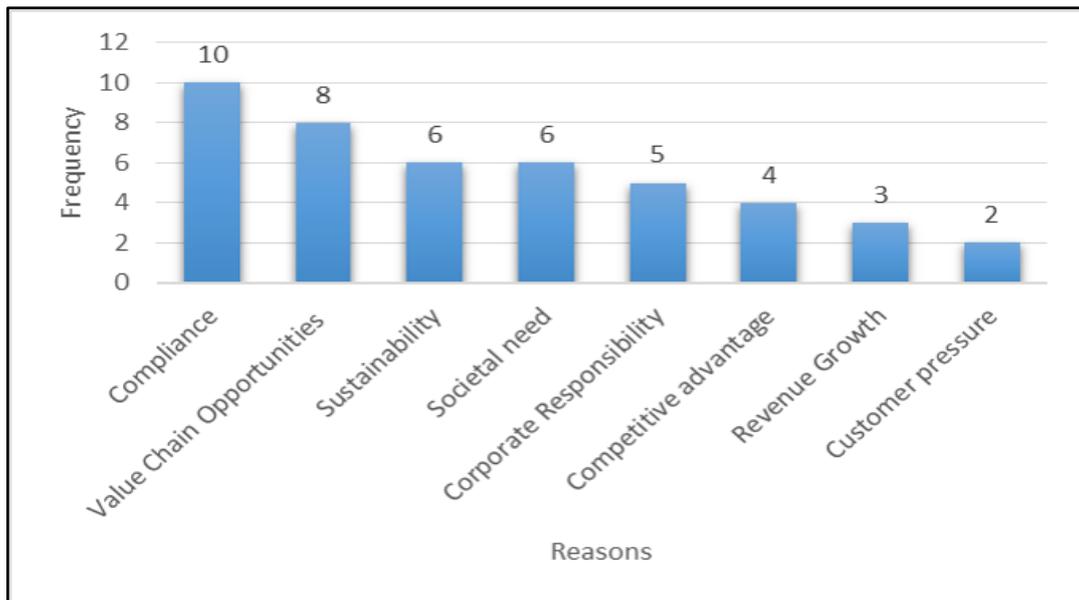
Research question 2 aims to establish which of the identified capabilities from research question 1 were found to be the most crucial in determining whether an initiative fails or succeeds. It is expected that through this research question a theme might surface indicating that some factors are more influential than others. This question will also aim to identify capabilities that individuals, when reflecting on the implementation of supplier and enterprise development initiatives, have identified as organisational capabilities that should have been leveraged in hindsight. To answer these two questions, it was important to understand what drove these organisations to implement these initiatives.

5.5.1 Reasons for the Implementation of Supplier and Enterprise Development Initiatives

Each participant was asked what drove the organisation to implement the supplier and enterprise development initiatives. Many responses showed that “compliance” was the most frequent reason for implementation, closely followed by value chain opportunities which were created through gaps identified in the organisations value chain. Customer pressure was the least important reason, referring in this instance to pressure placed on suppliers to comply with B-BBEE, which in turn helps the customer’s scorecard points. These suppliers need to comply, especially if they want to continue to do business with government, parastatals or other major organisations. One of the participants responded by saying: “If you are dealing with a [dominant parastatal] you

have to comply with B-BBEE because if you don't, they will find an alternate supplier". Yet another participant stated from a customer pressure point: "When major suppliers don't have a good scorecard or transformed ownership [this] heavily knocks our preferential procurement score". This is because it results in the customer's B-BBEE scorecard being affected, which could jeopardise his supply to his customers by making him less competitive in the market.

Figure 7: Reasons for Supplier and Enterprise Development Initiatives



The results for why compliance was important to the 10 organisations that quoted compliance as an important factor were as follows:

- Five of the 10 respondents said the reason for compliance was to increase B-BBEE points and to gain support from government.
- Four respondents said the reason for compliance was to ensure they remained competitive in their industry, adding that they were pressured by key customers to comply or they would not be able to continue trading with the respondent organisation.
- Two of the respondents complied because they had to comply with regulation as listed companies.

While compliance surfaced as the most frequent reason, value chain opportunities, sustainability and societal needs followed. Value chain opportunities are the most effective ways of creating shared value, 8 out of 14 participants who attributed their reasons to value chain opportunities.

5.5.2 Most Important Capabilities Applied

As discussed in Chapter 2, the organisational capabilities that are leveraged for each organisation will depend on the strategy and goal of the organisations (Ulrich & Smallwood, 2004). The capabilities that are best suited to achieve the organisation's strategy and goals should be applied and improved on (Ulrich & Smallwood, 2004). The organisational capabilities that are applied need to be dynamic in that they need to be adaptable in both the organisation's and the beneficiaries they are engaged in assisting (Achtenhagen, Melin, & Naldi, 2013). The main goal for each of the organisations was to successfully implement supplier and enterprise development initiatives, the reasons for which are reflected in Figure 7, which outlines the reasons for implementing supplier and enterprise development initiatives.

The main reason for implementation was around compliance with B-BBEE. The reason for this, which was an observation made throughout the interview process, was that organisations were struggling to meet the ownership transformation quota on the B-BBEE scorecard and therefore resorted to implementing supplier and enterprise development initiatives that accounted for 35% of the scorecard. This B-BBEE scorecard determines an organisation's compliance level and, as stated by one participant, "Your B-BBEE certificate is your licence to trade". This was affirmed by another participant, who stated: "If you don't have the scorecard you immediately start to lose business, so a one-year period can be the detriment of your entire business. [It] may even cause your business to go under".

The ultimate goal for organisations' was therefore to implement supplier and enterprise development as a way to increase B-BBEE scorecard points and in the process, created sustainability and value chain opportunities, as well as addressed a few societal needs. This is indicative of shared value being a spin-off from the projects to which a respondent from a well know automobile manufacturer stated "There is nothing wrong with that, we creating value at the end of the day which is helping people, even if it was not our initial intention or goal"

All participants were asked what organisational capabilities they perceived to be most crucial in implementing supplier and enterprise development projects. The aim of this question was to get the participants to reflect on the list of capabilities given in the responses from research question 1, and to select only the ones they thought were fundamental to the implementation of these initiatives.

Table 10: Most Important Capabilities Used in Implementing Supplier and Enterprise Development

Rank	Participant	Frequency
1	Collaboration	11
2	Learning	10
3	Talent	4
4	Leadership	3
5	Customer connectivity	2
6	Innovation	1
6	Resources	1
6	Shared mindset	1
6	Strategic thinking	1

Table 10 summarises the constructs that were identified as the most important organisational capabilities as perceived by the interviewed participants. Nine constructs were identified, with collaboration and learning emerging as the most important. Eleven of the 14 participants cited collaboration as one of the most important organisational capabilities needed to implement supplier and enterprise development initiatives. One of the participants stated: “We recognise that in order to create sustainable value for all, we need to be responsive to the expectations of all stakeholders. How do we collaborate to identify opportunities in the value chain which will then drive transformation?” Another participant supported collaboration by saying, “We nurture exceptional partner and stakeholder loyalty, enabling us to build trusted, long-term relationships”.

From a learning perspective, 10 of the 14 participants highlighted learning as being one of the most important organisational capabilities after collaboration. One of the participants who supported learning as an important organisational capability stated, “We seek to work closely with SMEs who can benefit from exposure to [our] technical and management skills, with the goal of encouraging skills transfer”, while another said: “[We] promote linkages to all the parts of the value chain, providing agricultural, technical, financial and administrative capabilities”.

Talent ranked third and leadership fourth, with only one participant identifying the following organisational capabilities as important: innovation, resources, shared mindset and strategic thinking.

5.5.3 Capabilities that Should have been Applied in Hindsight

Hindsight is defined by the Oxford dictionary as: “Seeing what has happened, and what ought to have been done, after the event; perception gained by looking backward”.

The second part of the research question sought to discover if participants would have done anything differently looking back at the implementation process of the supplier and enterprise development initiatives, and if there are additional organisational capabilities that should have been leveraged or improved upon.

Table 11: Organisational Capabilities Identified in Hindsight

Rank	Participant	Frequency
1	Strategic thinking	7
2	Leadership	6
2	Talent	6
4	Accountability	4
4	Efficiencies	4
4	Shared mindset	4
7	Adaptability	3
8	Building functional capability	2
8	Collaboration	2
10	Learning	1

All participants that responded to being asked if there were any additional organisational capabilities they believed ought to have been applied or if there were any that could have been improved during the implementation of enterprise and supplier development. Ten constructs emerged from this question, with strategic thinking ranking number one and leadership and talent following in second, and accountability, efficiencies and having a shared mindset following.

Interestingly, collaboration and learning, which were listed as most important in the previous question, ranked the lowest here. One of the participants who listed collaboration said: “Collaboration and relationship building has to continually be improved to ensure that the relationship stays relevant and that trust is maintained”. Another participant stated that he felt the learning capability could be improved upon “because [of the] low skill base among previously disadvantaged people”.

Strategic thinking ranked at the top of the list and is indicative of the lack of forward planning done by the small entities and suppliers being assisted. Seven respondents were concerned that due to poverty and the low education and skills base in rural areas, the beneficiaries were only concerned with short-term income. For example: “Most people are only interested in the here and now, their focus was how to earn an income to put food on the table now. The people involved in these programmes did not care about saving money or re-investing into the business”. Another respondent had a similar view, saying: “The small business owners wanted to grow too quick in a short period of time, as result they focused on multiple things [products] and succeeded at none, they wanted money now and did [not] want to invest in build a sustainable business. There was no forward planning on business grow and this lead to many failures.”

Leadership and talent were equally ranked after strategic thinking. Leadership is ranked high in the capabilities that should have been done in hindsight, even though it was ranked as one of the most important capabilities used by organisations. The reason for this was that six respondents felt that leadership “was not a one-size-fits-all process and must be consistently adapted to suit the beneficiary.” Talent was another highly ranked organisational capability that needed attention, as stated by one of the respondents, “Finding the right people was key it’s not just about finding [a] previously disadvantaged people and give [giving] them the opportunity [to run a business]”. Another respondent stated, “We would think of getting someone off the street or someone that has been employed by the current service provider who may not necessarily have the relevant skills or attitude.” Further to this, another response was recorded as such: “Upfront assessment and selection of the right entities or individuals/ entrepreneurs is one factor, we find that we have established a lot of small entities were the people are not entrepreneurial that have got absolutely no business acumen, one of the challenges we have is that in the past we set up small entities which consisted of ex-employees where there was no good selection or assessment process. And because of this we ended up with a lot of entities that are solely dependent on the organisation”. The result of this is an unsustainable business.

Accountability, efficiencies and a shared mindset ranked fourth and were quoted by four organisations as capabilities they felt they should have applied. While these four capabilities were only quoted by four organisations, they were not mentioned or ranked very low in the previous questions. Efficiencies linking to an organisation’s value chain is important if organisations want to create shared value.

5.6 Results for Research Question 3

Research Question 3: What is the relationship between the identified capabilities and creating shared value?

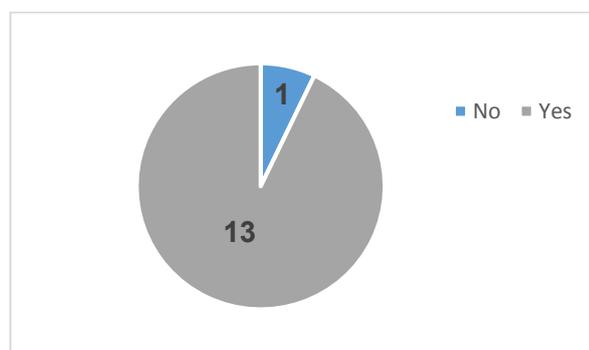
Research question 3 aimed to analyse the organisational capabilities identified in the previous two research questions, and compare this to the definition of creating shared value to determine if the supplier and enterprise development initiatives implemented using these organisational capabilities creates the platform necessary for a shared value benefit for both the organisation and the enterprise. Two questions were designed to answer research question 3. The first enquired whether the participants felt that the organisational capabilities being employed were, in fact, contributing to the concept of shared value, while the second asked participants to explain the shared value benefit.

5.6.1 Creating Shared Value

As discussed in Chapter 2, creating shared value can be linked to core competencies or a combination of organisational capabilities that organisations are able to utilise in a way that positively benefits the organisation and the communities within which it operates.

According to Porter and Kramer (2012), there are three ways to create shared value, the first being “reconceiving products and markets” by enhancing or developing new products and tapping into new market segments; the second “redefining productivity within the value chain” by improving efficiencies and leveraging on strengths; and lastly, “enabling local clusters development”, where local communities, suppliers and customers contribute to improving the external environment of the organisation to improve productivity (Porter et al., 2012). When participants were asked if they believed their organisations contributed to shared value among beneficiaries and the organisation through the capabilities being utilised, all but one agreed. See figure below.

Figure 8: Do Organisational Capabilities Employed Contribute to Creating Shared Value?



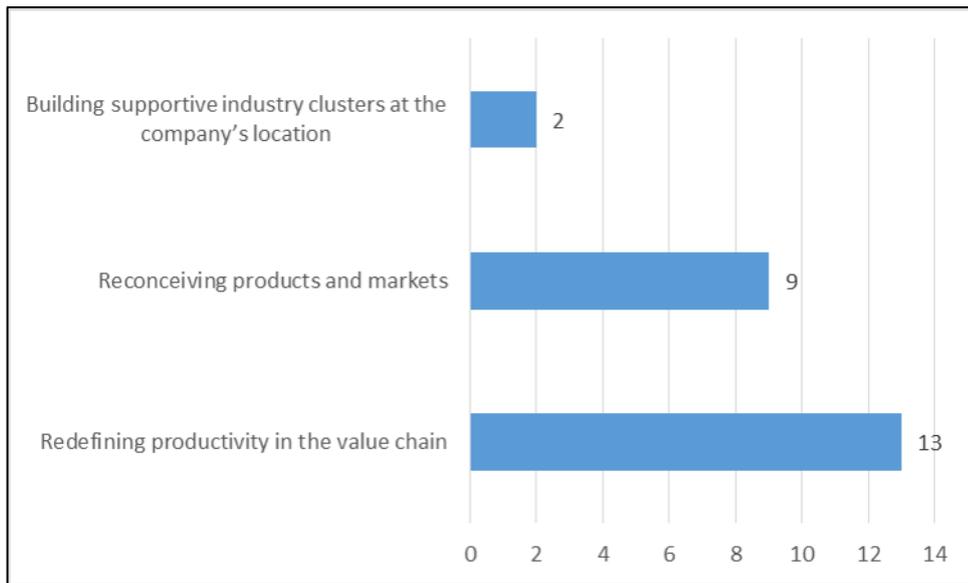
The one who disagreed said: “All we want is a 20% return on our investment. Our foreign owners are very strict, and they don’t like to take risks, so the criteria around selection is also quite stringent, for example, the business has to already be in operation and looking to expand their business. We will not invest in a business if we cannot get our 20% ROI.”

This business strategy seems harsh and the participant did not think there was any shared value created. Insights observed indicate that while the business strategy might be harsh, they are actually taking a well-run business capable of making profit and looking at how they can help expand that business and make it more sustainable, while holding the beneficiary accountable. The shared value created in doing this is more sustainable and requires the beneficiaries to be more accountable in ensuring they are able to produce the 20% ROI, which is required over a “10 to 20-year investment term”.

Thirteen of the companies felt they were utilising their organisational capabilities effectively enough to create shared value, while this may seem true and some business spoke proudly of their initiatives they need to take a step back to ask, “Are we creating value with our initiatives?” Having to constantly micro-manage beneficiary organisations is not the way to create shared value. One of the participants from a medium-size manufacturing organisation said: “Basically we have to do everything for them. We have to plan for them, stock for them and effectively buy for them, do quality check[s]. Constant training on how to receive [goods], what to do with the receipts. If you take your eye off the ball with that they [beneficiary organisations] stop doing it and you have to go back and insist that they have continue with the receipting [process]. Involvement in the enterprise development business is huge. Everyday management.” The insight observed from this comment implies a lack of developing the beneficiary into a self-sustainable entity, although the outcome of shared value is mimicked in this initiative, with it being part of the organisation’s value chain, creating jobs for a previously disadvantaged community. However, if management decreased or eliminated any involvement in the daily operations of the beneficiary, they would not be sustainable and would possibly fail.

The second question asked the participants to identify how shared value was created through the organisation’s supplier and enterprise development. The results of this question were organised by categorising the responses into three value creation constructs identified in Chapter 2. The first, building supportive industry clusters at the company’s location; the second, reconceiving products and markets; and thirdly, redefining productivity in the value chain.

Figure 9: Creating Shared Value Categories



From Figure 9 it can be observed that organisations create shared value by undertaking a combination of the creating shared value categories, with 93% “redefining productivity within the value chain”; 64% reconceiving products and markets, and only two of the 14 participants seeing the value in creating clusters that support business within the communities in which they operate.

5.6.2 Redefining Productivity in the Value Chain

13 of 14 the respondents as illustrated above in Figure 9 indicated that they reviewed the processes within their value chain and identified opportunities or gaps therein that needed to be improved. This could be achieved by improving efficiencies through incorporating supplier and enterprise development initiatives to close the gaps and exploit opportunities identified in the value chain.

One of the participants responded: “We have re-invented our value chain by getting the business [beneficiary organisation] to manufacture an important product onto which we package our main products”. Another said: “The [business] model further promotes linkages to all the parts of the value chain providing agricultural, technical, financial and administrative competences, together with assistance to access grants and other funding opportunities”. Yet another participant acknowledged, “If we don’t get in these types of initiatives we will fall behind in the industry”

5.6.3 Reconceiving Products and Markets

Organisations need to critically relook at their markets and products with a view of looking for ways within the value chain where processes can be adaptable to accommodate

supplier and enterprise development initiatives and create shared value. Some organisations have done this well with 9 participants adopting this category of shared value as illustrated above in Figure 9. One of the participants responded by affirming that, as a market leader in their industry, it was their responsibility to help beneficiary organisations reap benefits that they could influence, which they did by “bring[ing] international prices to the South African shores, allowing the SMEs’ [beneficiary organisations] to participate in the market place”.

Another participant shared his initiative: “We created special depots [markets] into with beneficiary entities can sell their products. This saves them the transport cost and we gain the raw material required for our manufacturing process”. The business development manager of a large retailer passionately shared their value-creating initiative: “We endorse them [beneficiary entities] and their products if they meet our criteria, and this opens them up to the market”.

5.6.4 Building Supportive Industry Clusters

Only two businesses as illustrated above in Figure 9 mentioned cluster development and saw the shared benefits around building supportive clusters close to the business operations. One participant said: “The process to increase [our organisation’s] understanding of its stakeholders is ongoing and includes identifying key clusters based on the degree to which they influence or are impacted by the company”, while another disclosed that cluster building was still a very new concept and that they were doing a trial in a smaller area of their organisation. They said: “We are looking at clustering to build value chain efficiencies within the organisation.”

5.7 Results for Research Question 4

Research Question 4: What measurement tools are used to monitor the success or failure of supplier and enterprise development projects?

Research question 4 aims to understand if business has clear measuring tools that can be used to gauge the success and failure of projects in terms of whether they are creating shared value. Is this support seen merely as a cost? It was expected that all organisations would have formalised measuring tools to be able to justify the large amounts of money spent on implementing and maintaining the supplier and enterprise development initiatives. The question posed to each participant refers to question 11 in the interview questionnaire. Each participant was asked what measurement tools each

organisation uses to measure the success or failure of the supplier and enterprise development projects.

Table 12: Measurement Tools Used to Monitor Supplier and Enterprise Development Initiatives

Rank	Constructs	Frequency
1	Increased or decrease in products supplied	5
2	Increase or decrease in revenue	3
2	Key performance indicators	3
2	Sustainability	3
5	Employment created	2
5	Increase or decrease in local supply	2
5	Increase or decrease in scale of project	2
5	Increased or decrease in revenue	2
5	Innovation	2
5	Revenue paid to community	2
5	Scorecard	2
12	Ability to settle debt	1
12	Cost savings	1
12	Expansion of small business	1
12	Measure personal growth and development	1
12	Measured on non-delivery	1
12	No formal measurement	1
12	Performance	1
12	Safety incidents	1

For the question asking what measurement tools organisations use to measure the success or failure of supplier and enterprise development initiatives, 19 constructs were identified and illustrated above in Table 12. The spread of measurement tools used does not reflect any one tool that is dominant. The highest frequency was 5 of 14 organisations. None of the participants could clearly articulate how they monitor their supplier and enterprise development initiatives, which is concerning, as millions are spent on these initiatives annually.

Five respondents said they measured success or failure by an increase or decrease in the products supplied. For example: “This significant growth in the volumes supplied by the projects reflects our commitment to supporting the development of sustainable

communities”. Increases or decreases in revenue or profits are monitored by three organisations, for example: “We get monthly financial statements which we use to monitor the revenue and profits [generated]” and a another example being “key performance indicators (KPIs), which are stipulated when contracts are signed, a point system is used and daily meetings are held to monitor the KPI’s”.

Many of the organisations used multiple ways of monitoring the enterprise and supplier development projects. The results do not create a clear outline for the measurement of these project, and there seem to be many different areas being monitored, which could contribute to failed projects as management is not focused on key areas. This lack of management is a major contributor to the lack of accountability, again leading to unsuccessful projects.

5.8 Results for Research Question 5

Research Question 5: How does the organisation measure Supplier and Enterprise Development return on investment?

Organisations are criticised for always having a financial motivation for any investment they make into a project. In the case of enterprise development there should be both a financial and non-financial benefit for both the organisation and the enterprise receiving the investment. Questions 12 to 16 in the interview questionnaire has been designed to answer research question 5. Each participant was asked in question 12 to quantify in monetary terms the average value invested in enterprise and supplier development annually, the results of which are listed below in Table 13, the values spent vary according to the size of the organisation and net profit generated after tax (NPAT).

Table 13: Annual Spend on Enterprise and Supplier Development

Rank	Participant	R'millions
1	C13	202.00
2	C2	100.00
3	C11	70.00
4	C10	50.00
5	C9	38.00
6	C4	30.00
7	C3	25.00
8	C6	18.00

9	C7	16.00
10	C14	15.00
11	C12	5.00
12	C1	4.20
13	C5	3.25
13	C8	3.25

Table 13 lists the total average spend per year by each organisation on supplier and enterprise development. The total combined spend for all organisations is R582 million, with 34% of the spend being one company. The mean of the investment is R41.6 million, which is R106 million below the highest spend. The spend range is shown below in Figure 10, where one can see that 50% of the organisations spend up to R20 million on average per annum, 29% spend between R21 and R40 million per annum, and 21% spend more than R50 million per annum. This varying range of amounts spent is indicative of the size of the organisations.

Figure 10: Total Average Annual Spend by Range

Spend Range	Participants
R0 to R20 Million	7
> 50 Million	4
R21 to R40 Million	3

The next question, question 13, asked each participant how their organisation measures return on the investment into the supplier and enterprise development initiatives. Each organisation invests at least 2% of their NPAT. As indicated in the previous question in Table 13, the investment value can range from R2.5 million to R200 million. It is expected that each organisation has an expectancy of a return on investment and that each organisation had prescribed key performance indicators that they used to drive a return on investment.

Table 14: Return on Investment Measurement

Rank	Constructs	Frequency
1	Increase in revenue for enterprise	6
2	Value chain cost benefits	4
3	Increase in volumes	2
3	Increased scale of project	2
3	Key performance indicators	2
3	Sustainability	2
7	Financial return of 20%	1
7	Innovation	1
7	Future return expected	1

The return on investment responses yielded 10 constructs, shown in Table 14. The highest ranking measurement used for return on investment was to monitor the organisations revenue. Again there is no constant measurement criteria in place to measure return on investment. Return on investment is defined as a performance measure used to calculate the efficiency of an investment (Ward & Price, 2005). It measures the amount of return on an investment relative to the investment's cost. To calculate return on investment, the benefit (or return) of an investment is divided by the cost of the investment, and the result is expressed as a percentage or a ratio (Ward & Price, 2005). Said one participant: "I must say, it hasn't always been a bed of roses with a lot of thorns. We have battled. It's not something that you just go and put in place and walk away and it's going to continue happening."

Only one organisation had a specific goal of wanting a "20% return on investment". This participant said: "If we are not guaranteed a 20% return, we don't invest". Another was happy to accept a "loss of between 6% and 15% on some projects". The organisation that invests the highest indicated that they are not looking for short-term returns but rather "to benefits in the future". Measuring supply was one of the measurements used, as confirmed by this participant: "This significant growth in the volumes supplied by the projects reflects our commitment to supporting the development of sustainable communities". Question 14 inquired about the non-financial costs that each organisation exploited when implementing the supplier and enterprise development initiatives. Time is expected to be one of the highest-ranking non-financial costs.

Table 15: Non-Financial Costs Incurred by Organisations

Rank	Non-Financial Costs	Frequency
1	Time	9
2	Management expertise	7
3	Permanent support	5
3	Psychological costs	5
5	On-the-job training	4
6	Constant communication	3
7	Administration services	2
8	Empowering people	1
8	Interest opportunity cost	1
8	Research benefits	1

The responses to this question yielded 10 non-financial costs incurred by participants. The responses generated in Table 15 show that time, as expected, was the highest-ranked non-financial cost incurred by the organisation. Psychological cost ranked third, together with permanent support, and was highlighted by only five participants, with one participant saying: "It is a process; it is not an easy implementation; [it] need[s] patience and you need to be resilient in firstly trying to understand the code and then going out to find someone that is capable that you can build up, someone that you can develop". Yet another participant said: "It takes hundreds of meetings", while another said: "I must say, it hasn't always been a bed of roses with lots of thorns. We have battled. It's not something that you just go and put in place and walk away and it's going to continue happening."

Although psychological cost did not get the most responses, it is expected that this non-financial cost, which identified factors like stress, patience, resilience and perseverance, outweighs the others because it can be linked to all the other non-financial and financial benefits in one way or another.

One of the participants expressed a very interesting non-financial cost, categorised under administrative service, which was a big benefit to the beneficiary organisation but a risk nightmare for the participant's organisation. The participant said this was where the company carried "the burden of payment. By that I mean we deduct funds from the revenue due to the beneficiary and pay it over to the beneficiary's contractors or suppliers on his behalf. This results in hundreds of payments which would otherwise not have been our problem".

Questions 15 and 16 asked participants to list all financial and non-financial benefits derived from the supplier and enterprise development initiatives implemented by the organisations. Their replies appear in

Figure 11, which shows that eight organisational financial benefits were identified, with sustainable supply ranking the highest, followed by increases in revenue, cost savings within the value chain activities, and being able to maintain a competitive advantage within the industries in which they operate.

Financial benefit analysis reflected nine emergent constructs that were recorded on behalf of the beneficiary organisations, including savings on training costs as the highest ranked, followed by increased job creation, creating sustainable businesses, and funding – whether it was seed funding, direct funding or surety funding.

Figure 11: Financial Benefits for Beneficiary and Organisation

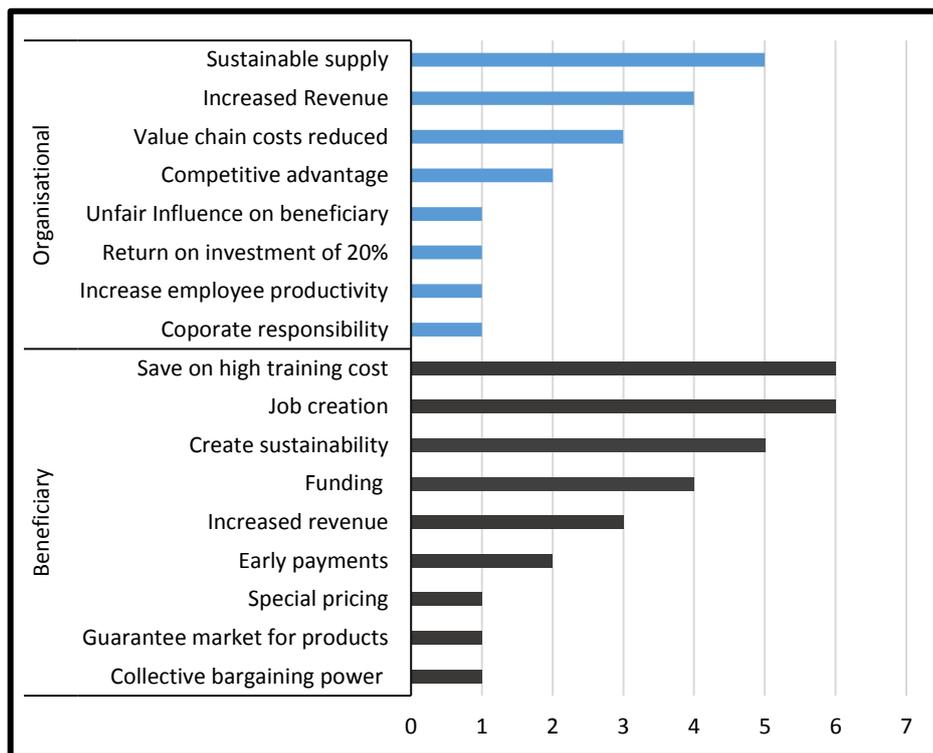
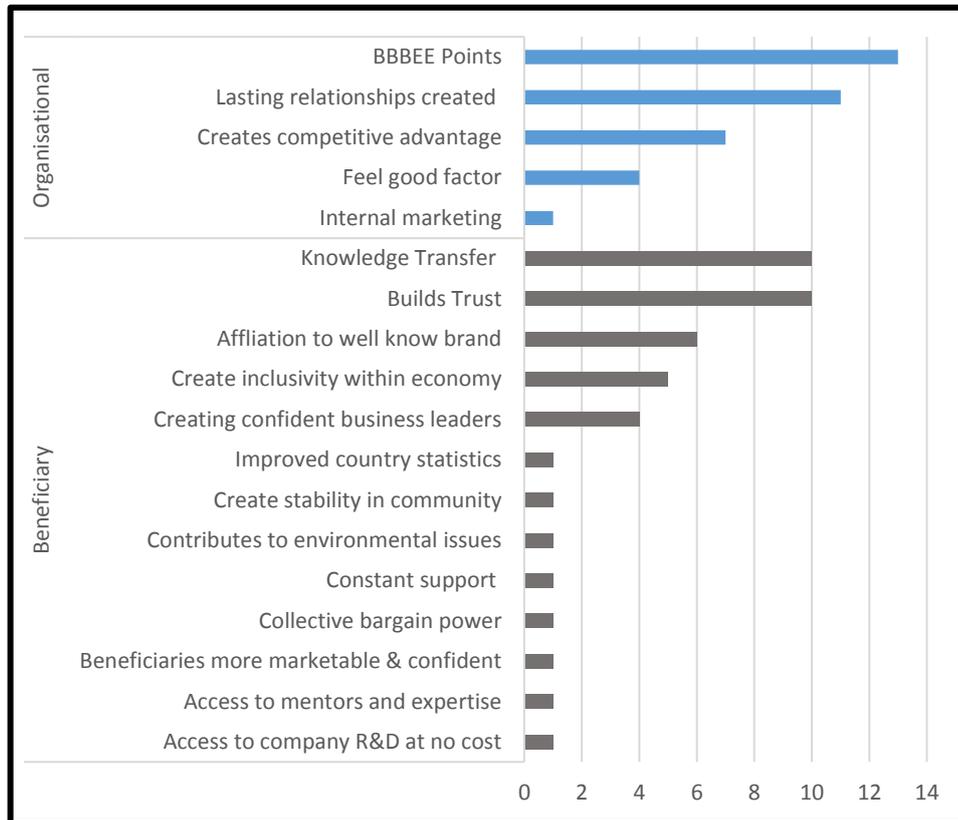


Figure 12 shows a list of non-financial benefits recorded for both the organisations and the beneficiary organisation. Organisational non-financial benefits identified five themes, with B-BBEE compliance topping the list, followed by relationship building, maintaining a competitive advantage, a feel-good factor, and internal marketing. Non-financial

benefits identified for beneficiary organisations amounted to 13 different themes, with eight of them appearing only once. Knowledge transfer and building trust ranked top of the list, with inclusivity, affiliation to a well-known brand, and creating confident business leaders following.

Figure 12: Non-Financial Benefits Recorded by the Organisation



5.9 Insights Highlighted from Results

The first important observation is that organisations seem to be unsure of where in the business structure to incorporate enterprise and supplier development, with some channelling it through procurement and others through sustainability.

Another major finding was the difficulty being experienced by organisations in meeting the ownership quota of the B-BBEE Act. Because of this, they turned their focus onto supplier and enterprise development to assist in boosting the B-BBEE scorecard points.

Conclusion

The findings and insights from the 14 interview questions were presented in this chapter. In Chapter 6, the results and findings will be discussed in detail, and the findings related back to the literature in Chapter 2. The results and detailed findings will allow for a

proposed framework of best-suited capabilities that would have the most positive impact on the creation of shared value between the organisations' and beneficiaries' which form part of the enterprise and supplier development initiatives within the organisation.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

The previous chapter presented the results according to the research questions that were derived in Chapter 3. The results were recorded and reported according to each of the research questions. The discussion of the results follows the same structure as that used in Chapter 5.

In Chapter 6, the research findings will be discussed in detail using the theory concepts highlighted in the literature from Chapter 3. Each section and sub-section relates directly to the data presented in the corresponding section in the preceding chapter.

The findings will prove useful to organisations wanting to implement enterprise development projects that concurrently create a benefit for both the organisations and the enterprises being supported.

6.2 Discussion of results for Research Question 1 and 2

Research Question 1: What are the major capabilities that are considered to drive enterprise development successfully within an organisational?

Research Question 2: From the identified capabilities that drive enterprise development, which are regarded as the most important?

Research question 1 and 2 are interlinked in that they both refer to organisational capabilities. Therefore both research questions 1 and 2 were discussed in conjunction with each other in this section. As discussed in the previous chapter research question 1 intended to identify the organisational capabilities that were leveraged by the participating organisations in implementing enterprise and supplier development initiatives within their organisations while research question 2 sought to understand from the participant's which of the organisations capabilities identified were perceived to be the most important. Further to this participants were asked to identify which organisational capabilities they felt should have been leveraged in hindsight. These research questions attempted to establish if the organisational capabilities that emerged from the in-depth interviews coincided with the generic capabilities identified in chapter 2 by Smallwood and Ulrich (2004) and if there are additional capabilities that emerged from the insights received the during the interviews.

Further to identifying organisational capabilities the research sought to establish which of the identified capabilities were found to be the most crucial in determining whether an initiative fails or succeeds. As expected through this research question a themes surfaced indicating that some factors are more influential than others. This question also aim to identify capabilities that individuals believed should have been developed in hindsight.

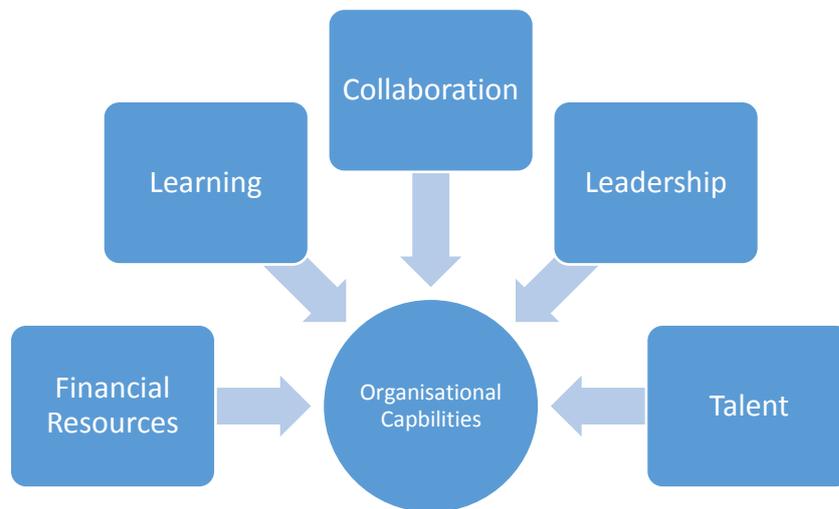
Organisational capabilities as discussed in chapter 2 are important to ensure an organisations sustainability and competitive advantage. The idea behind identifying an organisations capabilities is not primarily to improve on weak capabilities but rather build on the stronger capabilities ideally not more than three (Ulrich & Smallwood, 2004). It is important to recognise the interdependence between all capabilities and therefore building on the stronger capabilities will result in improvements of the weaker capabilities (Ulrich & Smallwood, 2004). Further to this it has also been highlighted that strong capabilities if not continually improved on can become vulnerable to depletion, substitution and ultimately becoming obsolete (Collis, 1994).

The findings as listed in Table 9, indicated that all eleven capabilities identified in the data analysed coincided with the eleven generic capabilities identified by Ulrich and Smallwood (2004) in chapter 2. The resulting eleven capabilities identified were collaboration, learning, leadership, talent, customer connectivity, strategic unity, innovation, shared mindset, accountability, efficiencies and adaptability. The additional four organisational capabilities that emerged were financial resources, resources, technology and marketing which supports the literature in that organisational capabilities leveraged for each organisation should depend on the strategy and goals of the organisation which in this instance is supplier an enterprise development (Ulrich & Smallwood, 2004). However to the contrary the insights from the interview process revealed contradicting observations which exposed organisations as lacking clear goals for each of the initiatives implemented and some showing uncertainty of where within the organisation the supplier and enterprise development initiatives should be integrated with some organisations managing the projects through the procurement division whilst others linking these initiatives to sustainability with little or no link to strategy.

It was also mentioned in chapter 2 that organisations should focus on capabilities that they are best at with a view of adapting these capabilities to achieve success with the supplier and enterprise development initiatives.

The capabilities that are best suited to achieve the organisations strategy and goals should be applied and improved on (Ulrich & Smallwood, 2004). Table 9 illustrates from the findings that the organisational capabilities that are applied need to be dynamic in that they need to be adaptable in both the organisation and the smaller business entity the organisation intend assisting (Achtenhagen et al., 2013) . The main goal for each of the organisations’ should be to successfully implement supplier and enterprise development initiatives which are directly integrated into the organisations’ strategy. The results from the interviews identified all eleven of the organisational capabilities listed by Smallwood and Ulrich (2004) and a further four new capabilities that organisations” were leveraging. The top 5 ranked organisational capabilities as illustrated below Figure 13, these five organisational capabilities were more consistently across the participants interviewed.

Figure 13 Top Five Organisational Capabilities



6.2.1 Collaboration

Collaboration emerged from the findings in chapter 5, listed in Table 9 as the most frequently identified organisational capability. The results also listed in Table 10, collaboration as the most important organisational capability applied by organisations when implementing supplier and enterprise development. The results in Table 11 ranked collaboration as one of the lowest hindsight capabilities identified.

Collaboration refers to an organisations ability to engage all stakeholders, internal and external to the organisation and across identified functions and disciplines to ensure maximum efficiency in achieving set targets or goals for any given project.

Collaboration is more than just stakeholder engagement, it is about making sure a group of people can come together to achieve a common goal that bears a benefit for all

ecosystem participants (Kramer & Pfitzer, 2016). can be define in terms of the research as follows, Collaboration, the ability to bring all stakeholders internal and external together to achieve a common goal of creating value for both the organisation and the beneficiary organisation(Ulrich & Smallwood, 2004). Collaboration can be done through collective impact a concept introduced by Kramer & Pfizer (2016) which creates successful collaborations within communities and continues to guide efforts within organisations to bring together various players within the ecosystem to create social value and assist organisations find opportunities that are overlooked by competitors(Kramer & Pfitzer, 2016).

It is evident that from the findings that the intention to collaborate with stakeholders was a priority in building relationships and creating a collective impact to create shared value. The effective use of collaboration can be summarised in the model designed in Figure 18. Collaborations is used as a catalyst in the where each contributing stakeholder has to ensure that they are aligned with the organisations strategy in developing a common agenda between all parties, the planning stage is crucial followed by execution and outcomes, If collaboration is done correctly with taking all stakeholder interest into account this will contribute to creating a sustainable business environment with value to be had for all beneficiaries.

Collaboration forms the base capability in the model developed in Figure 18 with the all stakeholders linked in constant engagement illustrated below.

Figure 14 Collaboration link to all stakeholders



6.2.2 Learning

Learning was identified as the second highest ranked organisational capability in Table 9 and the second in the most important capabilities listed in Table 10 required to implement supplier and enterprise development initiatives within the organisations' leveraged in implementing which allows organisations' Table 11 ranked learning at the bottom of the list in the hindsight capabilities.

Learning in this context refers to the skills and knowledge transfer to the beneficiary entities. Expert knowledge is leveraged across disciplines within the organisations' and applied together with training and upskilling beneficiary entities (Ulrich & Smallwood, 2004). Learning capabilities allows organisations' to identify new opportunities that will allow beneficiaries to contribute the organisation's value chain (Ulrich & Smallwood, 2004) by developing people with new skills and ideas. The participating organisations' found this capability very challenging in that they were dealing with people that had little or no education or a very low skills base and this meant that organisations' had to constantly assess skills gaps which had to be addressed on a continuous basis. These skills gaps identified was described as burdensome by some organisations as this continuous monitoring involved masses of time spent on upskilling.

Learning was incorporated into Figure 18, the model illustrated in the next chapter as a driving capability that assists beneficiary organisations with planning and executing of necessary skills required to achieve the desired outcomes or returns desired by the organisations'.

6.2.3 Leadership

Learning together with financial resources was identified as third most frequently appearing organisational capabilities in Table 9 but ranked fourth after talent in the most important capabilities listed in Table 10 that were leveraged by organisations when implementing supplier and enterprise development initiatives. Table 11 ranked leadership as the second highest ranked organisational capability that should have been applied in hindsight.

Leadership is a crucial organisational capability used to driver organisational goals and in getting people to understand the direction they should be moving towards (Ulrich & Smallwood, 2004). During the research it was evident that managers and their relevant departments invested huge amounts of time and effort into supplier and enterprise development initiatives. This leadership does not necessarily refer to managers only but refers to subordinates across the various disciplines within the organisation responsible for imparting knowledge and skills into the beneficiary organisation. Given the fact based

on findings during the interview process that supplier and enterprise development initiatives are not easily implemented therefore each leader has to apply a paradoxical leadership style which enables the leader to adapt to the changing environment for each initiative (Lewis, Andriopoulos, & Smith, 2014). Leadership is ultimately the ability to identify opportunities or threats within the supplier and enterprise development initiatives and to leverage or exploit all organisational capabilities require to achieve the organisational goals (Lewis et al., 2014).

Leadership is reflected in Figure 18 in Chapter 7, as a top down approach and a bottom-up approach, which implies that senior leadership within organisations' have to set the direction linking strategy to outcomes and the bottom-up leadership approach where the goals linked to the organisational strategy are driven by the beneficiary organisation (Lewis et al., 2014).

6.2.4 Financial Resources

Financial resources was a new organisational capability that emerged from the findings, coupled with leadership, financial resources was identified as the third highest ranked organisational capability in Table 9 but was not mentioned as one of the most important capabilities and was again not mentioned as an organisational capability that should have been applied in hindsight during the implemented of supplier and enterprise development initiatives. It can be argued that financial resources is not an organisational capability but is in fact as an organisational resource this would be true if the financial resource was being used as funds in the business but in this instance the organisations' have been using its financial strength to assist beneficiary organisations' with direct funding or indirect funding through an outside financial institution.

Financial resources is illustrated in Figure 18, the capabilities model as having an influence on beneficiaries and also being able to potentially attract state funding. This item in the model represents all funding received from the organisation and other institutions.

6.2.5 Talent

Talent identified as the fifth most frequently appearing organisational capabilities in Table 9 and ranked third in the most important capabilities listed in Table 10 That were leveraged by organisations' when implementing supplier and enterprise development initiatives. Table 11 also ranked talent as the third highest ranked organisational capability that should have been applied in hindsight. Talent is an organisation's ability to assess and select the most suitable candidates who are able to able to commit to driving the business strategy forward (Ulrich & Smallwood, 2004). The results implied

that talent was identified as being one of the most important capabilities required to implement supplier and enterprise development, it also emerged that stringent criteria had to be used when selecting suitable candidates for supplier and enterprise development to create more sustainable initiatives. It was also evident that there was no qualifying criteria that was used to select beneficiary entities which had devastating effects on the organisations' supplier and enterprise development initiatives.

Talent is illustrated in Figure 18 before learning which implies that suitable candidates should be selected to partner with organisations in their supplier and enterprise development initiatives.

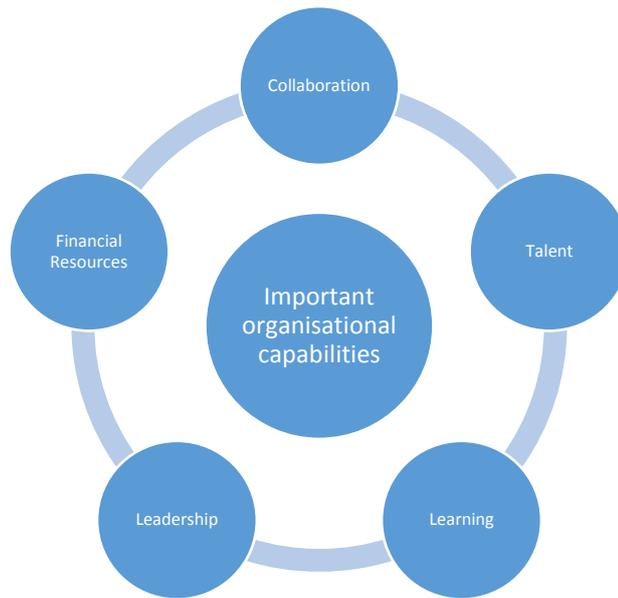
6.2.6 Conclusive Findings for Research Question 1 and 2

The research findings concluded a wide range of organisational capabilities for creating shared value via supplier and enterprise development initiatives which have been identified for the first time in the literature. This shows the complexity of organisational responses in this field of endeavour. The most important capabilities were identified as collaboration, learning, leadership and financial resources as illustrated in Figure 15. Collaboration between the various stakeholders is highlighted as the key factor in driving shared value through enterprise and supplier development.

After careful analysis of the findings it was inferred that organisational capabilities cannot be applied in isolation and to gain maximum benefit these capabilities have to be integrated in a way that yields maximum results. It was also evident that each initiative within the organisations' leveraged different organisational capabilities which supports the literature review in Chapter 2.

Furthermore, the outcomes supported the literature in that the eleven capabilities as identified in chapter 2 were present together with four additional capabilities which are financial resources, resources, marketing and technology.

Figure 15 Most Important Capabilities Identified



6.3 Discussion of results for Research Question 3

Research Question 3: What is the relationship between the identified capabilities and creating shared value?

Research question 3 aimed to analyse the organisational capabilities identified in the previous two research questions, and compare this to the definition of creating shared value to determine if the supplier and enterprise development initiatives implemented using these organisational capabilities creates the platform necessary for a shared value benefit for both the organisation and the enterprise. The answer to the research question was determined by each participant confirming whether or not they felt that the organisational capabilities being employed were, in fact, contributing to the concept of shared value, and if the answer was confirmatory the participants proceeded to explain the shared value benefit.

6.3.1 Creating Shared Value

In Chapter 2, it was identified that creating shared value can be linked to core competencies or a combination of organisational capabilities that organisations are able to utilise in a way that positively benefits the organisation and the communities within which it operates (Ulrich & Smallwood, 2004).

According to Porter and Kramer (2012), there are three ways to create shared value, the first being “reconceiving products and markets” by enhancing or developing new products and tapping into new market segments; the second “redefining productivity

within the value chain” by improving efficiencies and leveraging on strengths; and lastly, “enabling local clusters development”, where local communities, suppliers and customers contribute to improving the external environment of the organisation to improve productivity (Porter et al., 2012).

Figure 8 identified all except one participant who strongly agreed that their organisations were actively involved in creating shared value for themselves and for the communities within which they operated. Participants were further asked to describe the different ways in which they perceived shared value was being created by their organisations and all their responses were categorised into the three value creating concepts as suggested by Porter and Kramer (2012).

It was also identified from participants that they perceived creating shared value as an organisation’s ability to utilise resources, energy, suppliers and employees in ways that contribute to enhancing the capabilities and efficiencies across the value chain. This can be done in several ways by targeting the value chain functions with enhancements (Porter & Kramer, 2011). Some examples of these can be summarised by redefining the productivity in the value chain,

6.3.2 Redefining Productivity in the Value Chain

13 of 14 the respondents as illustrated above in Figure 9 indicated that they reviewed the processes within their value chain and identified opportunities or gaps therein that needed to be improved. This could be achieved by improving efficiencies through incorporating supplier and enterprise development initiatives to close the gaps and exploit opportunities identified in the value chain.

Creating shared value is an organisation’s ability to utilise resources, energy, suppliers and employees in ways that contribute to enhancing the capabilities and efficiencies across the value chain (Porter et al., 2012).

The organisational capabilities that would be crucial at this stage would be collaboration between all parties, the opportunity for the beneficiary entity to learn by gaining knowledge and new skills, financial resource, leadership and resources.

An impressive example of an organisation redefining productivity within its value chain to create shared value would be Coca-Cola bottlers in East Africa who have created Micro Distribution Centres (MDCs) that consist of thousands of micro-entrepreneurs serving as local distribution centres to retail outlets in the area. Beyond creating economic development benefits for local communities, this distribution model addresses

a key distribution challenge for Coca-Cola which accounts the company's high sales volumes in East African countries (Business Action for Africa, 2010).

Coca-Cola's distribution centre model offers an encouraging example of a company that is actively creating shared value through enterprise development. By tapping into local entrepreneurial talent and redefining productivity in the value chain, Coca-Cola is not only meeting a core business need but also providing local economic development opportunities for business (Business Action for Africa, 2010).

The shared value initiatives will be illustrated in Figure 18, a model designed to show the most suitable application of the organisational capabilities identified earlier in the findings. The shared value creation concepts are intended to be part of the planning phase when an organisations should decide which initiative to adopt in the implementation of supplier and enterprise development

6.3.3 Reconceiving Products and Markets

Figure 9 indicate that 9 organisations were involved in the process of critically reassessing their markets and products with a view of finding ways within the value chain where processes could be adapted to accommodate supplier and enterprise development initiatives and create shared value for the organisation. These 9 organisations relooked at the products and services within their value chain and identified the processes that could be reassigned to supplier and enterprise development beneficiaries. The reassignment of these processes to the supplier and enterprise development beneficiaries was the starting point for the organisation to leverage organisational capabilities identified in research question 1 to create shared value.

The organisations looked at redefining markets creating easy access for beneficiary entities to sell their product or buy product and services. Products were also redefined their products enabling the organisations to outsourcing certain production capabilities.

The organisational capabilities that would be crucial at this stage would be collaboration between all parties, the opportunity for the beneficiary entity to learn by gaining knowledge and new skills.

An example an organisation reconceiving its products and markets to create shared value would be Unilever in India redefined their market targeting different market segment which was made up of the rural areas in India. These areas were plague with illness and a high death rate all linked to poor hygiene routines. Unilever employed agents and redesigned their product packaging to cater for small sizes at a more affordable price. This initiative gave the India community access to cleanliness by

providing hygiene products at affordable prices, provided jobs by employing agents and ultimately increased revenue for Unilever (Unilever, 2015).

6.3.4 Building Supportive Industry Clusters

Only two businesses as illustrated above in Figure 9 mentioned cluster development and saw the shared benefits around building supportive clusters close to the business operations. However both these companies were still in the process of building a model to incorporate cluster development and were not convincing in their argument of how this will create shared value for the organisation and the beneficiaries.

The organisational capabilities that would be crucial at this stage would be collaboration between all parties, the opportunity for the beneficiary entity to learn by gaining knowledge and new skills.

6.3.5 Conclusive Findings for Research Question 3

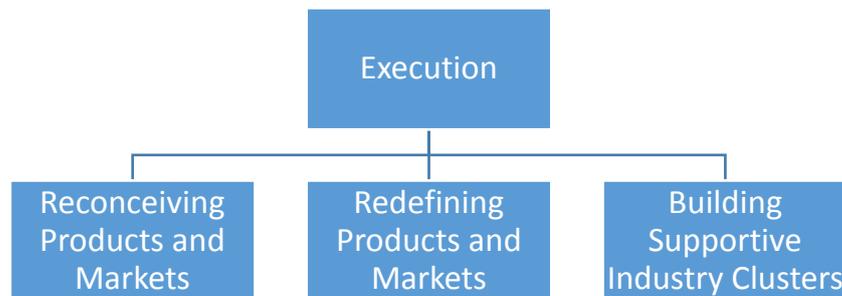
The findings resulted in participating organisations being able to identify their initiatives and categorise them according to the concepts of creating shared value as mentioned by Porter & Kramer (2012). Redefining productivity in the value chain and reconceiving products and markets were dominant in the initiatives implemented. It was clearly indicated from the finding that each of the participants that were involved in applying one or more of the value creation concepts within their organisations could linked to the organisation capabilities that needed to be leveraged to implement the three shared value concepts through enterprise and supplier development. The table below Table 16 summarises these shared value initiatives and shows the linked organisational capabilities.

Table 16 Summary of Organisational Capabilities linked to Shared Value initiatives

Share Value Initiative	Organisational Capability
Redefining Productivity in the Value Chain	Collaboration, learning, leadership, talent financial resources, resources.
Reconceiving Products and Markets	Collaboration, learning, leadership, talent financial resources.
Building Supportive Industry Clusters	Collaboration, learning, leadership, talent financial resources, resources, shared mindset.

The shared value initiatives will form part of the model develop in Figure 18 and form part of the execution of supplier and enterprise development initiatives.

Figure 16 Components of Execution



6.4 Discussion of results for Research Question 4

Research Question 4: What measurement tools are used to monitor the success or failure of supplier and enterprise development projects?

Research question 4 aims to understand if business has clear measuring tools that can be used to gauge the success and failure of projects in terms of whether they are creating shared value. Is this support seen merely as a cost? It was expected that all organisations would have formalised measuring tools to be able to justify the large amounts of money spent on implementing and maintaining the supplier and enterprise development initiatives. This questions was answered through the responses received from the participants listing their various measurement tools used to measure the success or failure of the supplier and enterprise development projects.

It is important to have a measurement tool of some sort to assist with creating an agreed list of indictors that can be used to monitor and report on the progress of each supplier and enterprise development project. This helps create accountability by formalising a common agenda that is understood by all parties especially on which projects are progressing and which are lagging behind (Kramer & Pfitzer, 2016).

6.4.1 Measurement tools used to Monitor Projects

This question identified a wide range of measurement tools which are illustrated in Table 12. The spread of measurement tools identified does not reflect any one tool that is dominant. The highest frequency was 5 of 14 organisations which was monitoring the

volume fluctuation in the supply of products. None of the participants could clearly articulate how they monitored their supplier and enterprise development initiatives, which is concerning, as millions are spent on these initiatives annually.

The average amounts spent annually is reflected in Table 13 and further classified by a spend range in Figure 10, seven organisations spent up to R20 million, four spent between R21 and R40 million while the remaining three spent in excess of R50 million.

Only three organisations mentioned key performance indicators that were agreed upfront with the beneficiary companies. These three companies are large manufacturing organisations, two of which are listed on the JSE. This indicated that the rest of the eleven organisations interviewed did not have a clear measurement tool to measure these projects irrespective of whether they were listed or not.

6.4.2 Conclusive Findings for Research Question 4

The findings from this question contradicted the assumption that given the amount of money spent there should be a formal measuring tool in place that is used to monitor each supplier and enterprise development initiative.

The only inference that can be made is that the money spent is relative to the size of the organisation but in term of a percentage spend all organisation are compelled to spend at least 2% of their net profit after tax (NPAT). This behaviour could be as a result of compliance being the main driving force as indicated by 10 of the 14 participants interviewed who indicated in

Figure 7 that compliance was their highest ranking reason for implementing supplier and enterprise development initiatives and the money spent was specifically set aside for these supplier and enterprise development initiatives.

6.5 Discussion of results for Research Question 5

Research Question 5: How does the organisation measure Enterprise Development return on investment?

Organisations are criticised for always having a financial motivation for any investment they make into a project. In the case of enterprise development there should be both a financial and non-financial benefit for both the organisation and the beneficiary. In answering the overarching question three additional measurements had to be determined, the first the non-financial costs incurred when implementing supplier and

enterprise development, secondly the financial benefits accrued from these initiatives and lastly the non-financial benefits derived from the implementation of these initiatives.

Companies can earn a return on investment through the strategic application of Enterprise Development Funds (EDF) which would result in growth in turnover and profits. This allows the contributor to not only recover the funds spent, but exceed the minimum contribution value in many cases (Verwey, 2011).

The measurement component is illustrated in Figure 18 as part of the outcomes that can be expected from the implementation of supplier and enterprise development.

6.5.1 Measuring Supplier and Enterprise Development return on investment

The return on investment responses yielded 10 constructs, shown in Table 14, illustrates the highest ranking measurement used for return on investment was to monitor the fluctuation in the organisations' revenue. Again there is no prescribed measurement criteria in place to measure return on investment. Return on investment is defined as a performance measure used to calculate the efficiency of an investment (Ward & Price, 2005). It measures the amount of return on an investment relative to the investment's cost. To calculate return on investment, the benefit (or return) of an investment is divided by the cost of the investment, and the result is expressed as a percentage or a ratio (Ward & Price, 2005). The reason that no prescribed measurement was in place could possibly be linked to the reasons for implementation highlighted in

Figure 7, where compliance was ranked as the most frequent reason for implementation. Linking these two outcomes leads to an assumption that that compliance was more important than a financial return on investment.

6.5.2 The non-financial costs incurred to the organisation's enterprise development project

The responses to this question yielded 10 non-financial costs incurred by participants. The responses generated in Table 15 shows that time, as expected, was the highest-ranked non-financial cost incurred by the organisation. Psychological cost ranked third, together with permanent support, and was highlighted by only five participants.

Although psychological cost did not get the most responses, it is expected that this non-financial cost, which identified factors like stress, patience, resilience and perseverance, outweighs the others because it can be linked to all the other non-financial and financial benefits in one way or another.

6.5.3 The financial benefits derived from supplier and enterprise development

Figure 11, which shows that eight organisational financial benefits were identified, with sustainable supply ranking the highest, followed by increases in revenue, cost savings within the value chain activities, and being able to maintain a competitive advantage within the industries in which they operate.

Financial benefit analysis reflected nine emergent constructs that were recorded on behalf of the beneficiary organisations, including savings on training costs as the highest ranked, followed by increased job creation, creating sustainable businesses, and funding – whether it was seed funding, direct funding or surety funding.

6.5.4 The non-financial benefits from enterprise development

Figure 12 shows a list of non-financial benefits recorded for both the organisations and the beneficiary organisation. Non-financial benefits identified for organisations listed five themes, with B-BBEE compliance topping the list, followed by relationship building, maintaining a competitive advantage, a feel-good factor, and internal marketing.

Non-financial benefits identified for beneficiary organisations amounted to 13 different themes, with eight of them appearing only once. Knowledge transfer and building trust ranked top of the list, with inclusivity, affiliation to a well-known brand, and creating confident business leaders following.

The highest non-financial benefit that organisations cited as most beneficial to them was Compliance, it was at this stage of the interview that a more accurate reason for supplier and enterprise development emerged in that most companies were unable to meet the ownership quota of the B-BBEE scorecard which would jeopardise their compliance rating, In order to avoid low compliance risk the only other option was to implement supplier and enterprise development initiatives which if done properly would contribute to 40% of the scorecard and if certain additional criteria like interest free loans in excessive of a certain value were granted to beneficiaries would result in further bonus points thus boosting the B-BBEE scorecard.

Companies can earn a return on investment through the strategic application of Enterprise Development Funds (EDF) which would result in growth in turnover and profits. This allows the contributor to not only recover the funds spent, but exceed the minimum contribution value in many cases

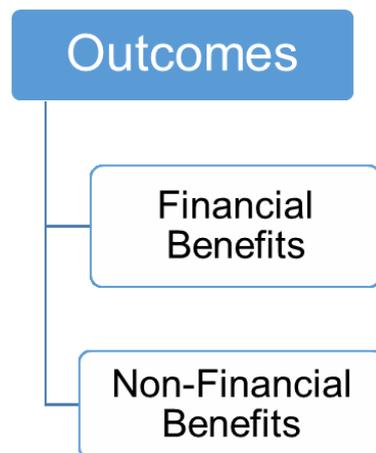
6.5.5 Conclusive Findings for Research Question 5

In answering the overarching question of how organisations' measured their return on investment. The findings from the four interview questions that were designed to answer this question indicated that organisations' did not have on conventional way in determining their return on investment. A return on investment was derived from both financial and non-financial benefits. The question of measuring return on investment could be linked to the insights gathered from the responses in

Figure 7 which highlighted the reasons for implementing supplier and enterprise development, the highest ranked being compliance. If compliance was the driving force for implementation then it can be assumed that return on investment in monetary terms was not a priority if the B-BBEE points were being accumulated on the scorecard. However it can also be argued that these supplier and development initiatives are seen as a means to provide a future return by allowing the organisations' to be more competitive in the industries within which they operate ultimately increasing revenue.

Organisations' accepted other forms of benefits which were not necessarily financial and are listed in Figure 12 as non-financial benefits, the most frequently quote non-financial benefit being. The financial and not financial benefits are illustrated below in Figure 17 which will be grouped under the component headed "outcomes", as shown in the capabilities model developed in Figure 18 in chapter 7.

Figure 17 Outcomes components



CHAPTER 7: CONCLUSION AND RECOMMENDATIONS

7.1 Introduction

In this chapter, the capabilities model for supplier and enterprise development is presented and discussed. This model summaries the results and insights gained through the in-depth interviews as discussed in Chapter 5 and Chapter 6. Based on the findings and the developed model recommendations for managers are presented with ideas and recommendations for future research suggested.

7.2 Principle Findings

7.2.1 How the “Capabilities Model for Enterprise and Supplier Development” was developed

The developed capabilities model for supplier and enterprise development illustrated in Figure 18 combines all findings from Chapter 5 and Chapter 6 to highlight certain important inferences and insights. The organisational capabilities listed from the findings identified five key capabilities in Table 9, four of which were also ranked as the most important in Table 10, collaboration, learning, talent, leadership and financial resources. These 5 organisational capabilities were used as the basis for building a model around a common goal or purpose. Key findings identified throughout Chapter 5 and Chapter 6 together with suggestions from the literature in Chapter 2 were used to create the building blocks of the model.

7.2.2 Explaining the “Capabilities Model for Enterprise and Supplier Development”

The capabilities model is explained in detail below:

7.2.2.1 *Collaboration Capability*

Collaboration was seen as the most important enabler in the developed model by creating the initial platform to create shared value. Collaboration was responsible for creating a conducive environment for communication between all stakeholders and there various disciplines across business. The model is centred on creating a common goal which must essentially align with the organisation’s strategy, after this goal or common purpose is identified and agreed with all parties in the business ecosystem, the necessary steps must be designed to achieve this goal. These steps include four steps which are planning phase, execution phase, measurement phase and the desired

outcomes which should loop back to the ecosystem of stakeholders to create shared value.

7.2.2.2 Talent Capability

Talent is the ability to identify the most suitably adaptable beneficiaries to partner with the organisation. These talented partners will surface through collaboration amongst the different stakeholders. This talent capability is important because it allows organisations' to identify beneficiaries that are able to contribute to the organisations value chain and who are open to receiving intangible and tangible investments into their entities in order to achieved the desired outcomes. Getting in the right people is important in finding common purpose and working together to fulfil that common purpose.

7.2.2.3 Learning Capability

The learning capability is leverage after the right people are identified and the four steps of planning, execution, measurement and outcomes are designed. The skills and knowledge gaps of each stakeholder involved needs to be assessed and the necessary training and development programs put in place to upskill the beneficiaries to close any gaps identified.

7.2.2.4 Leadership Capability

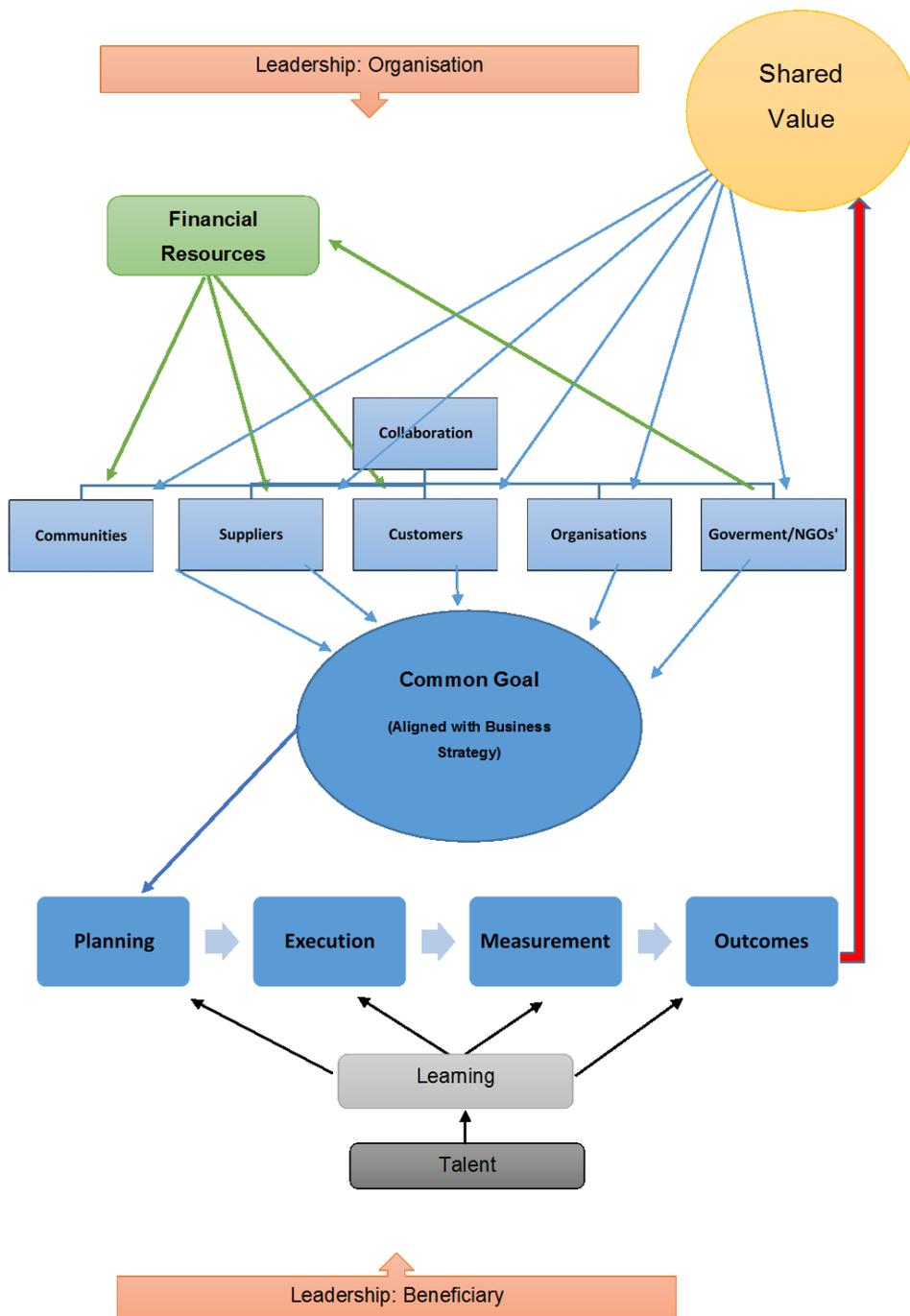
The leadership capability is mirrored at the top and bottom of the model illustrated below in Figure 18, the reason for this is that the leadership required for the successful implementation of supplier and enterprise development initiatives cannot be top down only, leadership has to be driven from the beneficiaries as well to ensure that the agreed goals are achieving the desired outcomes.

This model is based on the research findings of this report, but the literature states that the organisational capabilities applied must be aligned with the identified strategies and goals of the organisation. Therefore if different organisational capabilities are identified the model can be adapted to incorporate these capabilities.

7.2.2.5 Financial Resources Capability

The financial resources capability is illustrated at the top left of the model in Figure 18 and is key in assisting stakeholders identified in the model as suppliers, customers and communities with financial assistance. This funding can happen by proving seed funding, low interest or interest free loans, providing surety or long term contracts which allow beneficiaries to access funds from other funding institutions. The government can also assist with strengthening an organisations financial resources capability by proving state funding to the organisation in support of their supplier and enterprise development initiatives.

Figure 18 Capabilities model for Supplier and Enterprise Development



7.3 Implications for Management

The interview data, insights and findings from Research questions 1 to 5 proved that the research in the area of identifying specific organisational capabilities that could be used by organisations to create shared value through their supplier and enterprise development initiatives have not been done before. The findings and results from Chapter

5 and Chapter 6, identified the benefits of using the identified organisational qualities to create shared value for multiple stakeholders through supplier and enterprise development initiatives.

It is therefore imperative that managers seek to identify the opportunities for creating shared value within their value chains and use their organisational capabilities to realise the benefits that can be generated in the short and long term sustainability of their organisations' and the partnerships they create through supplier and enterprise development.

- Management currently invest extensive amounts of time in the operations of supplier and enterprise development initiatives. This time needs to be reapportioned to allow management to review value chain inefficiencies and to invest time in designing clear measurable goals for each possible initiative identified. The goals or common purpose need to be agreed with each beneficiary and aligned to the organisational strategy. The vision and values of each initiative must be clearly communicated internally and externally to get every participating stakeholder on board with the goals of the project and in a position to achieve the desired outcomes.
- The lack of accountability from both parties was strongly visible, this lack of accountability is grounds for disaster leading to failed projects or massive losses. Management need to ensure that when creating these partnerships for supplier and enterprise development, the key performance indicators must be agreed at the onset and incorporated into the agreed goals ensuring clear lines of accountability are defined.
- Management should also look at implementing measurement tools that can monitor the ongoing progress of each supplier and enterprise development initiative, it is important to proactively identify any shortcomings and gaps over the duration of the project process in order to implement corrective action to ensure the desired outcomes are achieved.
- Senior management need to commit to transformational change within their organisations and drive this change throughout the organisation which will in turn impact on the reasons that organisations' implement supplier and enterprise development initiatives. This will result in a mindset shift and which should ultimately change the organisation's reasons from compliance to looking for opportunities within the value chain to create shared value for all stakeholders. Organisations need to move away from the notion of helping people to creating empowered people running sustainable businesses.

7.4 Recommendations for Future Research

- How do the identified Shared Value initiatives compare to other developing countries? This would be an interesting topic to explore possibility from a multinational perspective to understand if the concept of value creation is consistently applied across the different countries they operate in. It would also be interesting to find out how regulatory pressures within each country drives these decisions.
- How can Incubation of smaller entities act as a tool in facilitating supplier and enterprise development? - These incubators are organisations that create value by providing support services to assist potential smaller entities to create sustainable businesses. Incubation can be used as a tool to facilitate enterprise and supplier development by combining organisational capabilities and business strategy and applying this consistently to a number of beneficiaries simultaneously.
- Should companies outsource their supplier and enterprise development project to consultants? – Organisations often do not have suitably qualified experts to execute the supplier and enterprise development initiatives successfully. This often results in losses for the organisations. Expert consultants can contribute positively by applying their technical expertise and experience in the implementation of supplier and enterprise development initiatives.
- Conducting similar research but incorporating the perception of the beneficiaries of supplier and enterprise development into the research and comparing beneficiary responses to responses from organisations'. The outcome of whether both the beneficiary and the organisation have the same view on the share value being created would be interesting.

7.5 Research Limitations

Qualitative research is subjective and at risk of being affected by bias as highlighted in Chapter 4. Potential limitations of this research were identified as follows:

- The interviewers prior lack of exposure to the long interview process could have impacted the results from the data collected (McCracken, 1988).

- The sample size, which was limited to organisations in KwaZulu-Natal, which covered multiple industries and sectors, to prevent any industry and sector trends from being identified.
- The organisations were split by listed and unlisted companies, which could have also influenced the extent of implementation because listed companies are governed by regulatory requirements, whereas unlisted organisations are not compelled to apply the same regulatory requirements.
- The interviewees may not have been completely honest when answering questions, which might have skewed the findings. The reason for this was due to the sensitive nature of this field of study, in that supplier and enterprise development might have be part of the organisation's strategy,
- Sample selection is subjective and limiting, which might have affected the results when comparing the companies. Moreover, that the true impact of the supplier and enterprise development initiatives on creating shared value in the South African economy was difficult to determine.

7.6 Conclusion

The literature shows shared value as a newly emerging concept that can be instrumental in solving societal issues. Contrary to this the concept of organisational capabilities used in supplier and enterprise development was not evident in the literature and therefore created an interesting research subject.

The research findings that emerged from the 14 managers that were interviewed concluded a wide range of organisational capabilities for creating shared value via supplier and enterprise development initiatives which have been identified for the first time in the literature. This shows the complexity of organisational responses in this field of endeavour. The common capabilities were identified as collaboration, learning, leadership, talent and financial resources.

The organisational capabilities identified provided the foundation in developing the “capabilities model for supplier and enterprise development” which can be utilised as a guide to implementing successful supplier and enterprise initiatives with the aim of creating shared value amongst all participating stakeholders. This model will prove useful to management, in that it clearly defines components that need to exist to implement supplier and enterprise development this will further assist management in creating a platform to benchmark their future initiatives against the various components identified in the model.

This study contributes to the literature through the empirical research which provided key insights into the different components and the understanding of the complexity of this endeavour. Furthermore, it is anticipated that this research contributes to new fields of general management through the application of the “Capabilities Model for Enterprise and Supplier Development” by organisations seeking to drive societal transformation through supplier and enterprise development.

REFERENCES

- Achtenhagen, L., Melin, L., & Naldi, L. (2013). Dynamics of business models - strategizing, critical capabilities and activities for sustained value creation. *Long Range Planning*, 46(6), 427–442. <https://doi.org/10.1016/j.lrp.2013.04.002>
- Braun, V., & Clarke, C. (2013). Teaching thematic analysis. *The Psychologist*, 6(2), 120–123. Retrieved from <https://thepsychologist.bps.org.uk/volume-26/edition-2/methods-teaching-thematic-analysis>
- Business Action for Africa. (2010). Business partnerships for development in Africa. Redrawing the boundaries of possibilities., 7. Retrieved from http://www.hks.harvard.edu/m-rcbg/CSRI/publications/BAARReport_2010.pdf
- Collis, D. J. (1994). How Valuable Are Organizational Capabilities ? Author (s): David J . Collis Source : Strategic Management Journal , Vol . 15 , Special Issue : Competitive Organizational Published by : Wiley Stable URL : <http://www.jstor.org/stable/2486815> Accessed : 21. *Strategic Management Journal*, 15(Competitive Organizational Behavior), 143–152. Retrieved from <http://www.jstor.org/stable/2486815>
- Crane, A., Pallazo, G., Spence, L., & Matten, D. (2014). Contesting the value of “Creating Shared Value.” *California Management Review*. <https://doi.org/10.1108/09600039410055963>
- Dembek, K., Singh, P., & Bhakoo, V. (2016). Literature Review of Shared Value: A Theoretical Concept or a Management Buzzword? *Journal of Business Ethics*, 137(2), 231–267. <https://doi.org/10.1007/s10551-015-2554-z>
- Department of Trade and Industry. (2011). A Strategy for Broad-Based Black Economic Empowerment. <https://doi.org/doi:10.1201/b11832-12>
- Friedman, M. (1970). The Social Responsibility of Business is to Increase its Profits. *The New York Times Magazine*, (32), September 13. https://doi.org/10.1007/978-3-540-70818-6_14
- Inan, G. G., & Bititci, U. S. (2015). Understanding Organizational Capabilities and Dynamic Capabilities in the Context of Micro Enterprises: A Research Agenda. *Procedia - Social and Behavioral Sciences*, 210, 310–319. <https://doi.org/10.1016/j.sbspro.2015.11.371>
- IoDSA. (2016). *King Report on Corporate Governance in SA. IoDSA King III Report.*

Retrieved from <http://www.iodsa.co.za/?kingIII>

- Kao, T. Y., Chen, J. C. H., Wu, J. T. Ben, & Yang, M. H. (2016). Poverty Reduction through Empowerment for Sustainable Development: A Proactive Strategy of Corporate Social Responsibility. *Corporate Social Responsibility and Environmental Management*, 23(3), 140–149. <https://doi.org/10.1002/csr.1365>
- Kramer, M. R., & Pfitzer, M. W. (2016). The Ecosystem of Shared Value. *Harvard Business Review*, 94(10), 80–89. <https://doi.org/R1610G>
- Lehohla, P. (2015). *Poverty Trends in South Africa - An examination of absolute poverty between 2006 and 2015*. Pretoria.
- Lewis, W. ., Andriopoulos, C., & Smith, K. W. (2014). Paradoxical Leadership to Enable Strategic Agility. *California Management Review*, 56(Spring), 58–77. <https://doi.org/10.1525/cmr.2014.56.3.58>.
- Maltz, E., & Schein, S. (2017). Cultivating Shared Value Initiatives: A Three Cs Approach. *Journal of Corporate Citizenship*, 47(47), 55–74. <https://doi.org/10.9774/GLEAF.4700.2012.au.00005>
- McCracken, G. (1988). Nine Key Issues. *The Long Interview*, 12–29.
- Michellini, L., & Fiorentino, D. (2012). New business models for creating shared value. *Social Responsibility Journal*, 8(4), 561–577. <https://doi.org/10.1108/17471111211272129>
- National Planning Commission. (2012). South Africa: National Development Plan. *Africa Research Bulletin: Economic, Financial and Technical Series*, 48, 19338B–19338C. <https://doi.org/10.1111/j.1467-6346.2011.04245.x>
- Pfitzer, M., Bockstette, V., & Stamp, M. (2013). Innovating for Shared Value Innovating for Shared Value. *Harvard Business Review*, 91(September), 100.
- Porter, M. E., Hills, G., Pfitzer, M., Patscheke, S., & Hawkins, E. (2012). Measuring shared value: How to unlock value by linking social and business results. *Conference Report Available ...*, 1–24. <https://doi.org/10.1002/tl.37219810504>
- Porter, M. E., & Kramer, M. R. (2006). Strategy & society: The link between competitive advantage and corporate social responsibility. *Harvard Business Review*, 84(12), 78–92. <https://doi.org/10.1287/mnsc.1090.1070>
- Porter, M. E., & Kramer, M. R. (2011). The Big Idea - Creating Shared Value. *Harvard Business Review*, 89(1/2), 62–77.

- Prahalad, C. K., & Hamel, G. (1990). The Core Competence of the Corporation. *Harvard Business Review*, 68(3), 79–91. Retrieved from <http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=9006181434&site=e=ehost-live&scope=site>
- Rangan, K., Chase, L., & Karim, S. (2015). The truth about CSR. *Harvard Business Review*. <https://doi.org/10.1007/s12119-008-9026-x>
- SASSA. (2017). Social Grant Stats As At 28 February 2017. Retrieved April 30, 2017, from <http://www.sassa.gov.za/index.php/statistical-reports>
- Saunders, M., & Lewis, P. (2012). Doing Research in Business and Management. In *Pearson: Edinburgh Gate* (pp. 109–112). <https://doi.org/10.1017/CBO9781107415324.004>
- Schwartz, M. S., & Carroll, A. B. (2003). Corporate Social Responsibility: a Three-Domain Approach. *Business Ethics Quarterly*, 13(4), 503–530. <https://doi.org/10.2307/3857969>
- Shared Value Initiative. (2012). Shared Value Initiative. Retrieved May 5, 2017, from <https://www.sharedvalue.org/>
- Statistics South Africa. (2016). Economy | Statistics South Africa. Retrieved from http://beta2.statssa.gov.za/?page_id=735&id=1
- The Presidency. The Broad-Based Black Economic Empowerment Act 53 of 2003, 583 Government Gazette § (2013). Cape Town. <https://doi.org/102GOU/B>
- Ulrich, D., & Smallwood, N. (2004). Capitalizing on capabilities. *Harvard Business Review*, 82(6), 119–127. <https://doi.org/Article>
- Unilever. (2015). *Mobilising Collective Action*.
- Verwey, I. (2011). *Enterprise development unpacked: A tool for prosperity* (18). Johannesburg.
- Ward, M., & Price, A. (2005). *Turning Value into Vision*. Van Schaik.
- Williams J.J.P. (2013). Identifying the Organisational Capability for Value Co-creation, 1–188. Retrieved from <http://hdl.handle.net/10871/13793>
- Zikmund, W. G., Babin, B. J., Carr, J. C., & Griffin, M. (2009). *Business Research Methods*. Thomson South-Western. <https://doi.org/10.1.1.131.2694>

APPENDICES

Appendix 1: Interview Questionnaire

Phase 1

1. Would it be possible to get a list of companies you work with or know of that have exciting enterprise development projects?
2. What are these companies doing that makes them exciting?
3. Are there any other ED specialists that you could recommend?
4. What is your opinion on ED and SD in general? Is it working or is it being done purely for compliance?
5. Please share your thoughts on what companies can do better.

Phase 2: In-depth Interview Questionnaire

Company Industry: _____ **Date:** _____

Listed Company:

YES

NO

Title of Interviewee: _____

Introduction

1. By way of introduction, briefly describe your organisation and its core purpose?
2. Tell me about the enterprise development initiatives that your organisation is involved with.

3. When did your organisation begin the enterprise development project?

4. What drove your organisation to implement these initiatives? Was the implementation driven by the need to comply with the B-BBEE Act and gain maximum ED points?

5. Why is compliance important to the organisation? (If it is)

6. What capabilities were required in implementing these supplier and enterprise development initiatives?

7. Which of these capabilities was the most important?

8. What other capabilities should have been adopted, in hindsight?

9. How has the organisation's enterprise development initiative contributed to shared value between the organisation and stakeholders?

10. Do the identified capabilities assist with creating value for both the organisation and stakeholders?

11. What are measurement tools that are used to monitor the success or failure of the enterprise development projects?

12. What is the average annual financial cost applicable to enterprise development?

13. How is return on investment measured in respect of supplier and enterprise development?

14. What are the non-financial costs applicable to the organisation's supplier and enterprise development projects?

15. What are the financial benefits from supplier and enterprise development for the organisation and for stakeholders?

16. What are the non-financial benefits from enterprise development for the organisation and for stakeholders?

17. What would you consider the shared value relationship between your stakeholders?

1	2	3	4	5
No Relationship				Very strong Relationship

Appendix 2: Research Question and Interview Question Mapping

<p>Research Question 1</p>	<p>What are the major capabilities that are considered to drive enterprise development successfully within an organisational?</p>	<p>7. List the capabilities identified during the implementation of enterprise development? And what are the capabilities that should have been adopted in hindsight?</p>
<p>Research Question 2</p>	<p>From the identified capabilities that drive enterprise development, which are regarded as the most important?</p>	<p>8. Which of these capabilities would you rate as the most important in enterprise development projects?</p>
<p>Research Question 3</p>	<p>What is the relationship between the identified capabilities and creating shared value?</p>	<p>9. How has the organisation's enterprise development initiative contribute to shared value between the organisation and the stakeholders?</p> <p>10. Do the identified capabilities assist with creating value for both the organisation and stakeholders?</p>
<p>Research Question 4</p>	<p>What are measurement tools that are used to monitor the success or failure of the enterprise development projects?</p>	<p>11. What are measurement tools that are used to monitor the success or failure of the enterprise development projects?</p>

<p>Research Question 5</p>	<p>How does the organisation measure enterprise development return on investment?</p>	<p>12. How is return on investment measured in respect of enterprise development?</p> <p>13. What is the average annual financial costs applicable to enterprise development?</p> <p>14. What are the non-financial costs applicable to the organisation's enterprise development project?</p> <p>15. What are the financial benefits from enterprise development for the organisation and for the stakeholders?</p> <p>16. What are the non-financial benefits from enterprise development for the organisation and for the stakeholders?</p>
-----------------------------------	---	--

Appendix 3: Invitation to participate in research study

Dear XXXXX

Further to our telephonic discussion earlier, I am in the process of completing an MBA at the Gordon Institute of Business Science and am currently undertaking the compulsory research component of the degree. The title of my research project is ‘Organisational competencies that influence the creation of shared value through enterprise development’.

I believe that you have the necessary experience and insight that will make an invaluable contribution to my research topic. I would really appreciate your participation in this study by agreeing to be interviewed on the subject outline.

The interview will be a semi-structured, in-depth interview which should last approximately one hour. I plan to conduct interviews during June and July 2017. I have attached a copy of the consent form which will be required to be completed prior to the commencement of the interview.

The data gathered during the interview will be solely for the purposes of my research and all information will remain confidential and anonymous.

The research questions I aim to answer through this process are as follows:

1. What are the major capabilities that are considered to drive enterprise development successfully within an organisation?
2. From the identified capabilities that drive enterprise development, which are regarded as the most important?
3. What is the relationship between the identified capabilities and creating shared value?
4. How does the organisation measure enterprise development return on investment?
5. Driving shared value creation through enterprise development initiatives requires participation from all parties involved. Does the organisation ensure that all stakeholders involved are included in the implementation journey?

Please confirm your agreement to participate and please indicate a convenient date during June and July 2017 to conduct the interview.

Yours sincerely

Ashika Singh – asingh3103@gmail.com

Appendix 4: Participant Consent Form

INTERVIEW CONSENT FORM

ORGANISATIONAL CAPABILITIES THAT INFLUENCE THE CREATION OF SHARED VALUE THROUGH ENTERPRISE DEVELOPMENT

Researcher: Ashika Singh, MBA Student at Gordon Institute of Business Science (GIBS), University of Pretoria.

I am conducting research on the most suitable organisational capabilities that influence creating shared value through an organisation's enterprise development projects, and I am trying to find out more about what influences the success and sustainability of these projects with regards to improving the quality of the communities and the organisation's competitive advantage.

The interview is expected to last about one hour, and the invaluable information gained will assist me in understanding the concept of creating shared value from the perspective of your organisation and will possibly also assist in identifying what the key capabilities are that successfully drive the concept of creating shared value.

Your participation is voluntary, and you can withdraw at any time without penalty. The interview will be audio recorded for my benefit to ensure that I do not lose any key points, the recording is also voluntary, and you may choose not to be recorded. All data will be kept confidential and any references used will be anonymised.

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

Ashika Singh
asingh3103@gmail.com
082 562 8066

Margie Sutherland
sutherlandm@gibs.co.za
011 771 4362

Name of participant:

Researcher's name:

Signature:

Signature:

Date:

Date:

Appendix 5: Ethical Clearance letter

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

07 June 2017

Ashika Singh

Dear Ashika Singh,

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

You are therefore allowed to continue collecting your data.

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

Kind Regards

GIBS MBA Research Ethical Clearance Committee

Appendix 6: Enterprise and Supplier Development Scorecard

The following table represents the criteria for deriving a score for Enterprise and Supplier Development under this statement

Criteria	Weighting points	Compliance targets
2.1 PREFERENTIAL PROCUREMENT		
2.1.1 B-BBEE Procurement Spend from all Empowering Suppliers based on the B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	5	80%
2.1.2 B-BBEE Procurement Spend from all Empowering Suppliers that are Qualifying Small Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	3	15%
2.1.3 B-BBEE Procurement Spend from all Exempted Micro-Enterprises based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	4	15%
2.1.4 B-BBEE Procurement Spend from Empowering Suppliers that are at least 51% black owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	9	40%
2.1.5 B-BBEE Procurement Spend from Empowering Suppliers that are at least 30% black women owned based on the applicable B-BBEE Procurement Recognition Levels as a percentage of Total Measured Procurement Spend	4	12%
Bonus points		
B-BBEE Procurement Spend from Designated Group Suppliers that are at least 51% Black owned	2	2%
2.2 SUPPLIER DEVELOPMENT		
2.2.1 Annual value of all Supplier Development Contributions made by the Measured Entity as a percentage of the target	10	2% of NPAT
2.2 ENTERPRISE DEVELOPMENT		
2.3.1 Annual value of Enterprise Development Contributions and Sector Specific Programmes made by the Measured Entity as a percentage of the target.	5	1% of NPAT
2.4 Bonus Points		
2.4.1 Bonus point for graduation of one or more Enterprise Development beneficiaries to graduate to the Supplier Development level.	1	
2.4.2 Bonus point for creating one or more jobs directly as a result of Supplier Development and Enterprise Development initiatives by the Measured Entity	1	