Integrated Corporate Social Innovation: Unmasking a Values-based Corporate Sustainability Framework for the Management of Corporate Sustainability Tensions in Financial Institutions in sub-Saharan Africa.

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By

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Abstract

Moral failure to address the management of multiple corporate sustainability tensions (CSTs) has made firms face difficulties in trying to balance social and business goals. Previous scholars have tackled this antinomy by focusing on one form of tension using instrumental logic, but little has been done to address multiple CSTs that impede corporate sustainability. The failure by corporations to manage social and business goals simultaneously is a major factor in rising poverty and inequalities in sub-Sahara Africa (SSA). The purpose of this thesis was to explore, using integrative logic, an analytical tool for managing multiple CSTs in order to achieve corporate sustainability. This study was carried out in Kenya and it involved 21 semi-structured interviews of senior managers. Out of the 21 interviewees, eleven were from corporations in the financial services sector, six from non-profit organisations (NPOs) and four were sustainability experts. The research explored how financial institutions in SSA are managing CSTs. The results showed that values-based governance, business to non-profit (B2N) partnerships and institutional arrangements are key pillars of an integrated corporate social innovation (ICSI) framework for the management of CSTs leading to social innovations with blended value.

The ICSI framework is an outcome of rigorous analysis of empirical data, which showed that effective management of tensions could lead to corporate sustainability. Specifically, in SSA where 68% of the world's poor live, there is increasing public demand for corporations to address social issues alongside profit making. However, most corporations view these demands as a trade-off between financial and societal goals and rationally favour financial goals while treating social issues as externalities to the firm. Nonetheless, this research applying the principles of the African communitarian ethic, *Ubuntu*, and the social contract theory, build a normative values-based business management theory that restores innovation processes that benefit both business and society.

First, the findings confirm that economic systems are influenced by cultural values of a given cultural context. However, the concept of a values-based governance system as a mediating logic for CST management is novel and responsible for the pursuit of common good. Second, B2N partnership is an intervening factor between values-based governance and social innovation leading to value co-creation. Third, corporations as persons are driven by self-interest. As such, they need an incentive in form of an institutional arrangement to pursue collective interest.

The study contributes to both scholarship and practice. First, by applying the social constructionist lens, the study reveals how practitioners in a collectivist society construct their own reality of CST and confirms the context sensitivity of CST management, which hitherto had not been explored. Second, the study makes a contribution to the construction, reform and assessment of organisations that play a role in poverty alleviation in SSA.

Keywords: Tensions, corporate sustainability, *Ubuntu*, social innovation, social contract theory

Dedication

I dedicate this thesis to my loving wife, Rosemary Wangwe, for her courage and faith in me, for letting me travel to the United Kingdom (UK) to study; and the support she has continuously accorded me while undertaking my studies in the UK, away from home; and the tremendous sacrifices she made while looking after our three children Emmanuel, Kezziah and Ezra. To you I am beholden.

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Third, a special thank you goes to Research and Development Management (RADMA) for awarding me a Doctoral studies scholarship, which helped me pursue my dream of studying in the UK for a doctoral degree in an area of my passion.

Fourth, I extend my appreciation to my friends at Barton Church, Canterbury including Pastor Oz & Nadia, Josh & Dani, Luke & Miriam, Tim & Liz, David & Fiona, Max & Sue, Peter & Cecilia, Paul & Priscilla, Dawn, Richard, Carin, Jacqui, Peter and many others. Your prayers and support was irreplaceable. Other friends in the UK include Georgina Wild, Keith & Angela, Ian & Cathy, Steve & Rachel and James & Ali. Your moral and material support has enabled me to come this far.

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"If the object of the trader is principally cupidity, which is the root of all evils, then certainly his trading will be evil. But that trade (as natural and necessary for the needs of human life) is, according to Aristotle, in itself praiseworthy which serves some good purpose—i.e., supplying the needs of human life. If, therefore, the trader seeks a moderate profit for the purpose of providing for himself and family according to the condition becoming to their state of life, or to enable him to aid the poor more generously, or even if he goes into commerce for the common good (lest, for example, the State should be without what its life requires), and consequently seeks a profit not as an ultimate end but merely as a wage of labour, he cannot in that case be condemned" (Antoninus of Florence, 1477).

Acronyms

4As	Awareness, Available, Affordable, Aspirational
B Corps	Benefits Corporation
B2N	Business to Non-Profit
BoP	Base of the Pyramid
CBA	Commercial Bank of Africa
CBO	Community Based Organisation
C-DoT	Centre for Development of Telematics
CEO	Corporate Executive Officer
COVID-19	Coronavirus disease
CRM	Cause Related Marketing
CSI	Corporate Social Innovation
CSO	Civil Society Organisation
CSR	Corporate Social Responsibility
CST	Corporate Sustainability Tensions
DFI	Development Finance Institution
DFID	Department for International Development
GDPR	General Data Protection Regulation
GE	General Electric
ICSI	Integrated Corporate Social Innovation
IT	Information Technology
KYC	Know Your Customer
MNC	Multi-national Corporation
MNE	Multi-national Enterprise
NACOSTI	National Commission for Science, Technology and Innovation
NGOs	Non-Governmental Organisations
NPO	Non-Profit Organisation
OECD	Organisation of Economic Co-operation and Development
R&D	Research and Development
SDGs	Sustainable Development Goals

SME	Small and Medium Enterprises
SOI	Sustainability-oriented Innovation
SSA	sub-Sahara Africa
TNC	Transnational Corporation
ToP	Top of the Pyramid
UK	United Kingdom

Research declaration

I John W. Makokha, declare that this thesis, entitled '**Integrated Corporate Social Innovation: Unmasking a Values-based Corporate Sustainability Framework for the Management of Corporate Sustainability Tensions in Financial Institutions in sub-Saharan Africa',** and the work presented in it is my own and has been generated by me as the result of my own original research.

I confirm that:

1. This work was done wholly or mainly while in candidature for a research degree at the University of Kent.
2. Where any part of this thesis has previously been submitted for a degree or any other qualification at this university or any other institution, this has been clearly stated
3. Where I have consulted the published work of others, this is always clearly attributed
4. Where I have quoted from the work of others, the source is always given. With the exception of such quotations, this thesis is entirely my own work
5. I have acknowledged all my main sources of help
6. Where the thesis is based on work done by myself jointly with others, I have made clear exactly what was done by others and what I have contributed myself
7. None of this work or part of it has been published or submitted for publication in any journal. However, part of this work has been presented in conferences as follows:
    - Makokha, J.W. (2019). 'Corporate social innovation: Challenging capitalist philanthropy in Africa'. Pre-conference PhD workshop by the European Research Network on Philanthropy (ERNOP), 9th International Conference. Basel, Switzerland.
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Signed ……………………………………………

Chapter 1: Introduction

1.1 Background

In the face of increasing problems of poverty, inequality and social injustices experienced in the world today, society is more responsive to the search for solutions to these issues than ever. Since corporations are recognised as being part of both the problem and the solution, there is increasing public demand for corporations to address social issues alongside business proclivities (Aguinis and Glavas, 2012). In order to do this, much research on sustainability has tended to focus on the relationship between corporate social performance and financial performance (Rexhepi, Kurtishi and Bexheti 2013; Vilanova, Lozano and Arenas 2009; Mahmoud, Blankson and Hinson 2017). In other words, researchers have argued for the potential for win-wins and trade-offs in theorising about social and financial performance relationships without explicitly considering the inherent corporate sustainability tensions (CSTs)[1] that affect sustainability (Van der Byl and Slawinski, 2015). It was not until Margolis and Walsh (2003) offered a divergent view that goes beyond win-wins and trade-offs that researchers started exploring tensions between economic and social goals. Although research on corporate sustainability, defined as the attempt by firms to balance social, economic and environmental goals has been increasing, there is silence on how firms might achieve such balance (Elkington, 1997; Van der Byl and Slawinski, 2015), which is the basis of tensions management.

Indeed, achieving a balance between social, environmental and economic goals, is crucial for firms[2] because they represent productive resources of the economy (Bansal, 2002). However, managers are faced with complex decision-making situations or paradoxes of sustainability. These paradoxes present themselves in three dimensions as CSTs: personal versus organisational agenda; efficiency versus resilience; and isomorphism versus institutional change (Jones, 2016). These tensions manifest in three sustainability spheres i.e temporal, spatial and contextual (Horak, Arya and Ismail, 2018; Sasse-Werhahn, Bachmann and Habisch, 2020). Due to this complexity, scholars have advanced instrumental as well as integrative approaches to solving sustainability tensions. Instrumental approach advances the view that tensions are oppositional and cannot be upheld simultaneously. Whereas integrative approach emphasises the need to integrate various sustainability aspects (economic, social and environmental) and pursue them simultaneously without elevating any over the others (Hahn *et al.*, 2015; Van der Byl and Slawinski, 2015). However, according to Van der Byl and

[1] In this thesis the terms tensions, sustainability tensions, corporate tensions and corporate sustainability tensions are used interchangeably to mean corporate sustainability tensions.

[2] In this thesis firm, corporate, corporation and company are used interchangeably to mean a company fully registered with legal identity.

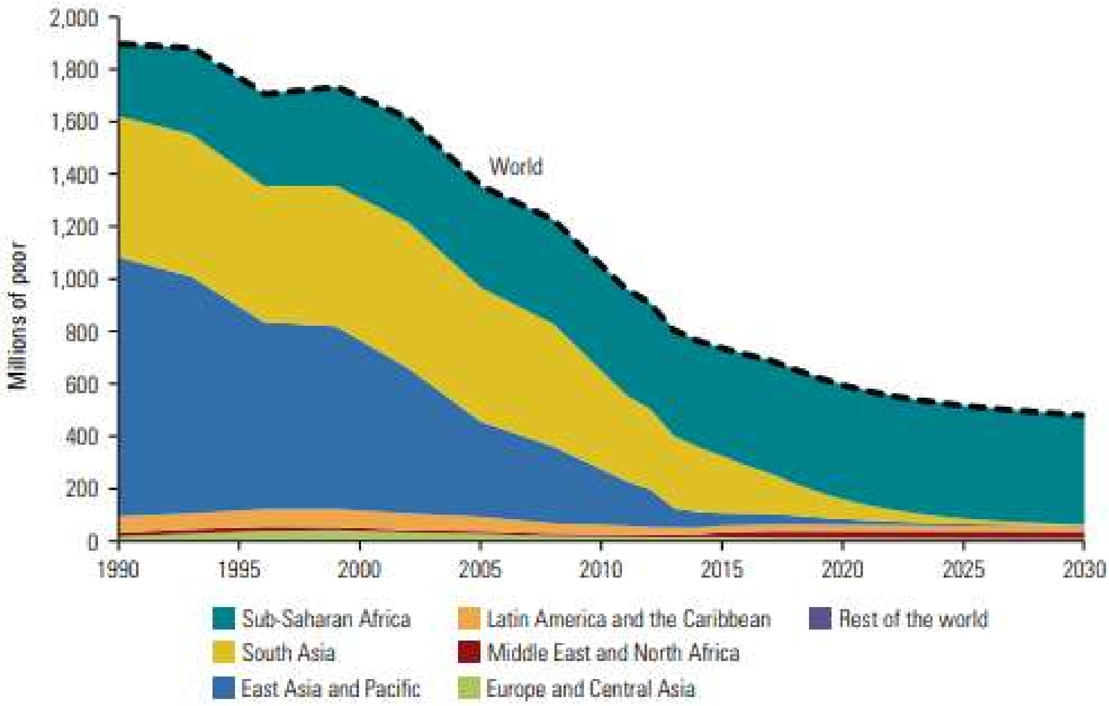
Slawinski (2015), there is little attention in the literature given to resolving these tensions using the integrative approach. ‘We found evidence that while an active discussion of tensions using the integrative approach exists, there is a lack of empirical studies examining *how* firms effectively integrate the dimensions of sustainability without focusing on win-wins, trade-offs, and more generally, profits’ (Van der Byl and Slawinski, 2015, p. 70). Therefore, the purpose of this research was to explore a conceptual framework, theorising Integrated Corporate Social Innovation (ICSI) as a strategy for effectively managing CSTs through an integrative view, for financial institutions in SSA.

This exploratory study seeks to unveil the ICSI framework, developed in this research as a dynamic model for managing multiple CSTs to achieve corporate sustainability. ICSI is an expansion of the Corporate Social Innovation (CSI) strategy, a corporate management tool designed to resolve CSTs and harmonise shareholder’s demands for growth, employee desire for meaning and public expectations to address social, economic and environmental issues (Mirvis and Googins 2017; Herrera 2016; Kanter 1999). The ICSI framework is a motivation for firms to fuse corporate social responsibility (CSR) with innovation and shift the innovation focus towards the social sector (Kanter, 1999; Mirvis and Googins, 2017). Thereby, solving the social sector problems and stimulating business development and competitive advantage. ICSI builds on the CSI foundation and based on an integrative logic, focuses on all the three spheres of CSTs thus providing a management frame for multiple CSTs (Hahn *et al.*, 2015; Sasse-Werhahn, Bachmann and Habisch, 2020).

Corporate sustainability refers to a set of systematically interconnected and interdependent economic, environmental and social concerns (Hahn *et al.*, 2015). Attempts to address these concerns often result in low performance on social issues by corporates (Stubbs, 2019). Although this is common in the service industry, it is specifically palpable in the financial sector given that it is not a high emission sector. Corporate sustainability requires a balance between business and social goals. Business goals are represented in the firm by innovation activities whereas social goals are represented by CSR activities. When CSR and innovation are integrated or more specifically balanced through CST management, the result is a corporate social innovation system that ensures corporate sustainability for the firm. Consequently, pressure from stakeholders for financial institutions to embrace social goals is increasing, presenting an opportunity for an empirical investigation on the management of CSTs in SSA (Weber, Diaz and Schwegler, 2014). Therefore, it is envisaged that for corporations to fuse CSR with innovation, they need to use CSI as a strategy. When CSI is used as a strategy, it provides a framework for the management of CSTs and the end result is corporate sustainability.

Sustainability, innovation and poverty in sub-Sahara Africa. Sustainability is dependent on corporate value creation, which is driven by innovation. Yet, innovation in sub-Sahara Africa (SSA) has faced a myriad of challenges. Ranging from poor economic infrastructure, weak policy enforcement and poor funding for research (Egbetokun *et al.*, 2016). SSA is home to majority of people at the Base of Pyramid (BoP). BoP population globally consists of four billion people living on less than two dollars a day (Prahalad, 2012). This vast number of consumers at the BoP has been neglected by corporations due to their low individual purchasing power, markedly different consumer behaviour and difficulties in creating distribution systems to reach them (Musteen, Rhyne and Zheng, 2013). According to Prahalad (2012), the BoP market is worthy five trillion dollars in purchasing power. This large untapped market is currently unorganised and needs to be organised to attract the private sector. Through ICSI, corporations in SSA can be able to offer a solution to this challenge.

SSA is important because whereas the poverty rate and the number of the poor in other regions of the world continues to decline, SSA is the only region where the total count of poor people continues to increase (Fig.1). This pattern is likely to continue in the coming decades (World-Bank-Group, 2018a). The main reason given for this worsening situation is the stagnating growth rates (rarely exceeding 5%). Consequently, majority of people belonging to the BoP live in Africa, which presents an opportunity to the private sector to leverage their business know-how and resources in alleviating poverty and including the BoP in their value chain (Hahn, 2009). In addition, the BoP market represents five trillion dollars sales market potential measured as in purchasing power parity (Hahn, 2009). Therefore, if firms innovate with a view to reaching out to BoP markets, they effectively contribute to poverty alleviation and unlock a huge sales market. Despite the promising outlook, it has become apparent that poverty is worsening in SSA because government institutions have become dysfunctional and businesses continue to transact with the poor without any attempts to support community resilience. Firstly because of lack of a facilitative framework and secondly due to self-interest that ignores the plight of society.



(Source: World Bank Group, 2018, p.25)

Figure 1: Poverty in Sub-Sahara Africa

Therefore, to turn this around requires firms to address economic as well as environmental and social outcomes simultaneously. This involves a risk of unintended consequences because a solution to one issue could erode the gains of another (Hahn *et al.*, 2015). Secondly, sustainability issues come from multiple stakeholders leading to conflicting pressures that cannot be solved through instrumental market transactions. Yet, there is little attention in the literature given to resolving these tensions and conflicts inherent in corporate sustainability. As such addressing these apparent and critical research issues has become important.

1.2 Rationale and significance of the study

In the current global knowledge economy, there is rising public expectations of businesses to not only show greater transparency but also produce goods and services for low-income consumers, promote inclusivity, reduce the rich-poor gap, and generally solve social problems. In other words corporations are increasingly being regarded as corporate citizens (Carroll, 1991; Googins, Mirvis and Rochlin, 2007), or the so called corporate personhood (Manning, 1984; Blair, 2013). As such, corporations like people are expected to subscribe to a social contract, in which persons' moral and/or political obligations are dependent upon a contract or agreement between them and the society in which they live (Donaldson and Preston, 2016). It is on this backdrop, that the concept of ICSI has emerged to explain the efforts of private sector organisations to engage in social innovations and solve social problems (Jerome, 2010). ICSI is based on moral principles. There is no law of nature justifying sustainable development. In fact, the natural laws of nature are about survival of the fittest and self-preservation. Therefore, a normative concept such as sustainability can only follow a number of ethical ideas (Hahn, 2009). Kantian Maxim Law that states, 'act only so that you can will that it should become a universal law' (Johnson and Cureton, 2019); implies that, if all generations acted to preserve the ecological basis of human life on earth, then everybody's ultimate goal would be long-term utilisation of earthly resources. As well, they would provide equal chance of living for present and successive generations, including those at the BoP. This is supported by Rawls Maxmin rule that social and economic inequalities are only valid if they maximise the welfare of the least favoured in society (Hahn, 2009). These ethical ideas are in agreement with African traditional culture of management that regard the firm as a community whose purpose is promoting the common good (Lutz, 2009). Therefore, to resolve CSTs and achieve sustainability, ethical values of the African values system, *Ubuntu,* can be deployed (Lutz, 2009). *Ubuntu* philosophy espouses the concept of common good, unlike agency theories, which tell managers to aim at a single target; and stakeholder theories, which ask managers to aim in many different directions at the same time (Lutz, 2009). The concept of common good or blended value, asks managers to have a single target but one that brings value to all members of society not just the corporate owners. Since the *Ubuntu* philosophy of Africa is based on the ideals of community, warmth, empathy and collective responsibility, it can make a significant contribution to the resolution of CSTs and the creation of blended value for business and society (Lutz 2009; Okereke, Vincent and Mordi 2018).

In view of all that has been presented so far, it appears there is increasing poverty and inequality in SSA. The failure of corporations to address these concerns is likely to lead to unconducive environment for business sustainability. However, there is evidence that the private sector has the capacity and resources to spearhead efforts to reverse the situation (Hahn *et al.*, 2015). Consequently, this research argues that a significant theoretical and empirical research contribution can be made by exploring a conceptual framework, theorising ICSI as a strategy for effectively managing CSTs through an integrative view to achieve social and business sustainability. Further, this study makes the following contributions to theory and practice. First, studies so far on CSTs and paradoxes are conceptual (van Bommel, 2018), the present study offers empirical insights on the normative delimitation of a CSTs management model. Second, previous studies on the management of CSTs, broadly identify and characterise CSTs without showing ultimate outputs of those management models. This study goes a step further to show that the possible result of effective CSTs management is co-creation of blended value. Third, whereas previous scholars have focused on one dimension of CSTs and employed instrumental logic, this study addresses multiple CSTs using integrative logic and applying a synthesis strategy.

Therefore, the ICSI framework proposed for this research seeks to restore the tenets of *Ubuntu* as essential in the management of CSTs. When the firm is understood as a community, the purpose of management is neither to benefit one collection of individuals but to benefit the community, as well as the larger communities of which it is a part (Lutz, 2009).

1.3 Research aims and objectives

Innovation is a key moderating activity that enables corporations to create value and meet the expectations of promoting common good for all. The ICSI framework being proposed in this research is a values-based innovation management framework that seeks to utilise innovation and CSR strategies to harmonise CSTs in order to produce products that have blended value for both business and society. The framework is based on a social-contractarianism theory mediated by CSR programs. As stated by Luetge, Armbruster and Muller (2016), social contract gives up on finding one justified social morality among contested moral convictions and focuses on a subject of morality that is both less contested and more important or regarded as of mutual self-interest (Donaldson and Dunfee, 2000). Whereas Luetge, Armbruster and Muller (2016) contest that individuals cannot be motivated to leave their moral convictions to ascribe to a third moral standard, Donaldson and Dunfee (2002) argue that social contract is negotiated. At any rate, the third moral standard is a blend of the moral convictions of the actors. It is a richer moral standard and it is mutually agreed upon by all actors. It is therefore expected that when corporations and communities transact, in the context of SSA, they implicitly or explicitly are not driven by self-interest but a third moral value based on the *Ubuntu* philosophy– “I am because we are, and since we are, therefore I am” (Mbiti, 1969, pp. 108–109). Indeed, in a social contract the agreed upon moral principles (authentic norms) are evaluated against substantive hypernorms that have a status akin to human rights (Donaldson and Dunfee, 2000; Luetge, Armbruster and Muller, 2016).

Therefore, the overarching aim of this research is to explore, analyse and theorise an evaluation framework for the management of CSTs in financial institutions in SSA, leading to an overall research question: How can CSTs in financial institutions in SSA be effectively managed to create blended value for business and society. Specifically, the following research questions (RQ) are addressed:

RQ1. How does a values-based governance system support CST management?

RQ2: How does the nature of Business to Non-profit (B2N) relationships influence management of CSTs?

RQ3: How do the macro-environmental conditions, influence financial institutions' management of CSTs?

In line with the research questions presented above, these research objectives (RO) are addressed:

RO1: To investigate the factors that motivate the emergence of social innovations as a way of resolving CSTs in financial institutions in SSA.

RO2: To examine CSR practices and activities in financial institutions and the role played by CSR and B2N partnerships in influencing social innovation at firm level.

RO3: To explore the role of macro-environmental factors in enabling or constraining the management of CSTs in financial institutions in SSA.

1.4 Overview of methodology

Given that little research attention has been given to this area of CSTs, an exploratory qualitative case study approach was used (Edmondson and McManus, 2007) in order to examine and make recommendations on the value of investigating further this phenomenon. A deductive process was initially followed in the literature review to identify anomalies in the extant theories. This was followed by an inductive research strategy, which included interviews with organisational informants, and was used for data collection, data analysis and transferability. Grounded theory (Charmaz, 2006) approach was used in coding and analysing data because it shows the dynamic relationships among emergent concepts that describe or explain the phenomenon and makes clear all relevant data-to-theory connections (Gioia, Corley and Hamilton, 2012).

To understand how corporations manage CSTs in order to pursue both social and economic goals, the study used semi-structured interviews with senior managers in selected corporations (financial institutions) in Kenya together with their counterpart non-profit organisations (NPOs) and independent opinion from sustainability experts. The corporation was thus considered the unit of analysis. The participating companies were sampled using purposive sampling technique with the help of gatekeepers based on the below criteria:

1. Have a product that can be considered a social product.
2. Is an institution founded and registered in a SSA country and
3. Has a corporate foundation running the social responsibility programs of the firm.

Documents were collected from the interviewees, and together with magazines, newspapers and digital content, documentary review was carried out to provide secondary data and for triangulation. In addition, further information was obtained from collaborating NPOs and independent experts in sustainability. All the 21 interviews conducted were recorded (with consent) and transcribed to aid coding and data analysis.

1.5 Definition of terminologies

There are key terminologies that will be used throughout this dissertation which need clarity and are now defined as follows:

Corporate sustainability: Is a firm's ability to achieve a balance between economic and social goals (Elkington, 1997). Other scholars include environmental goals, but environmental goals cannot be separated from social goals. Therefore, in this thesis reference to social goals is implicit of environmental goals.

Corporate sustainability tension (CST): two phenomena in a dynamic relationship that involve both competition and complementarity (English, 2001). Tensions may be looked at as social dilemmas in which case they are tackled through an instrumental logic of either win-win or trade-offs. However, if they are looked at as a paradox then instrumental logic cannot apply, rather they are managed through an integrative logic.

Corporate social innovation (CSI)/social innovation: Corporate social innovation is a concept where economic and social value are intertwined in the products and services of the firm. Value is measured as blended value. The focus is on new markets especially at the BoP and B2N partnership is encouraged to minimise transactional costs. Corporate social innovation is basically social innovation undertaken by the firm. Therefore, in this dissertation, corporate social innovation and social innovation will be used to mean the same thing, which is innovations of a social nature carried out by the firm.

Corporate social responsibility (CSR): It is a corporation's initiative to assess and take responsibility for the company's effects on the environment and social wellbeing. It can be equated to corporate citizenship where philanthropic donations are made to promote positive social and environmental change through charity (e.g build a school, clinic etc). Its focus is to mitigate or reverse the damage inherent in doing business, which might be equated to an oxymoron. It could involve volunteerism, match funding, public private partnerships. It seeks to make a positive impact on society by investing for example, in non-profits that benefits the community or in clean technology enterprises. It is an extension of philanthropy in as far as it is to help reduce the negative effects of business on the social environment.

1.6 Organisation of the dissertation

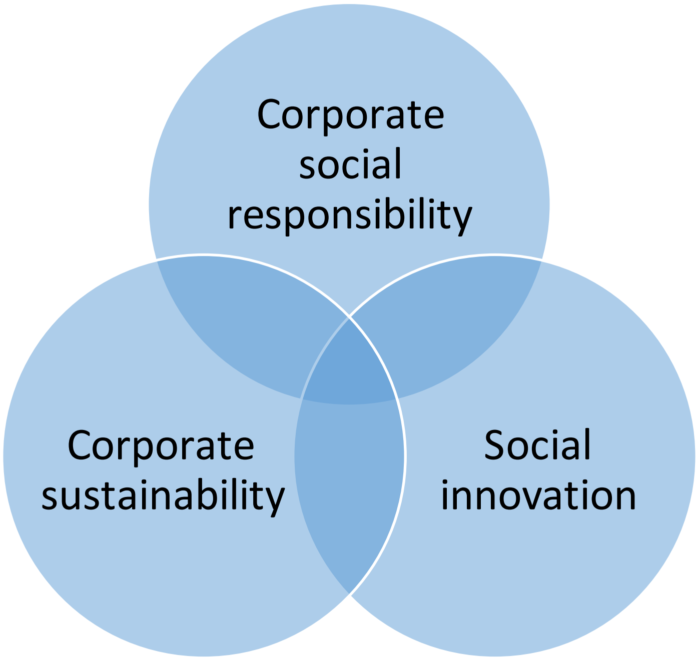
The rest of this dissertation is structured as follows:

- Chapter 2, which is on literature review, focuses on the literature around CSTs, with a view to identifying the conceptual/analytical framework, gaps in the literature and the research questions to address those gaps.
- Chapter 3 focuses on the theoretical and analytical perspectives of the research, analysing various theories of business ethics and culminating on the social contract theory as the basis for this research.
- This is followed by a discussion on the methodology in Chapter 4.
- Chapter 5 presents the findings of the study especially the seven key themes that came out of the data analysis.
- In Chapter 6, we discuss the interpretation of the findings capping it with the ICSI conceptual framework for this study.
- Finally, Chapter 7 looks at the conclusions, limitations, implications and future research.

Chapter 2: Literature review

2.1 Introduction

The purpose of this study was to explore, analyse and theorise an evaluation framework for the management of CSTs in financial institutions in SSA. To do this we first of all look at how corporate sustainability overlaps with other sustainability concepts. There are varied definitions of corporate sustainability, and at the same time scholars and practitioners hardly agree on the components of corporate sustainability. Indeed, corporate sustainability overlaps with so many other concepts that it is impossible to study corporate sustainability in isolation. For that matter, the current research on CSTs brings together three streams of literature: corporate sustainability, corporate social responsibility and social innovation (Fig. 2).



(Source: Author)

Figure 2: The intersection of literature concepts

These aspects of the corporation are important. In fact, they bring together significant social impact and demonstrate good corporate citizenship. Thus, they represent the good side of the corporation that should be developed to produce responsible practices.

The aim of this chapter is to navigate the complex landscape and to highlight the emerging research gaps from the literature review. In this review, I will advance the point that literature on CSTs has seldom distinguished between tension, paradox, dilemma, trade-off, dialect and duality (Smith and Lewis, 2011; Wannags and Gold, 2020). I will provide some clarity and some critical reflection on how these are understood in this thesis. This is critical to provide the context for understanding the application of the integrative logic and instrumental logic in corporate sustainability as perceived by practitioners. Specifically, I aim to analyse the instrumental and integrative approaches in the management of CSTs and highlight the research gaps around identifying factors that mediate between business goals and social goals using integrative logic and exploring structures and cultures of governance for the management of CSTs in multiple dimensions. So far, the literature has focused predominantly on the temporal dimension of CST management, which addresses the supply chain tensions, neglecting the governance and firm level tensions. Drawing on a social contract perspective, I argue that tension management ought to be approached from multiple dimensions and requires a mediating logic, and so I describe the limits of the mediating factors in an analytical framework.

Next, I will discuss the SSA context within which this research is situated. Here I propose that SSA is an emerging market characterised with high levels of poverty. As such, corporations' relationship with society is asymmetrical yet as a collectivist society, corporations are viewed as part of society. This creates a tension between societal expectations and organisational agenda.

This chapter therefore is structured as follows:

- First, the review starts with situating CSTs within the CSR and corporate sustainability literature and definitions of terms that are less understood.
- Next is a detailed description of the three CSTs under review that manifest in different dimensions. This is followed by strategies of resolving these CSTs. However, since they are paradoxes, they are better managed than solved. A synthesis strategy for the management of CSTs is advanced.
- Finally, the review culminates with the conceptual/analytical framework that is the basis for the ICSI framework being proposed as an evaluation model in this research.

2.2 The emergence of CSTs in corporate sustainability

In this section we discuss the field of corporate sustainability and distinguish it from corporate social responsibility. This is in recognition that unlike corporate social responsibility, corporate sustainability elements are always in competition and create inconsistencies that actuate tensions. We will therefore define tensions and discuss the various ways that tensions manifest and the suggested resolutions strategies.

The field of corporate sustainability emerged in the 1980s, whereas corporate responsibility has been around since the 1950s (Bansal and Song, 2017). Principally, corporate responsibility has a bias toward the 'harms' of markets on society, while sustainability has an orientation toward the 'harms' of economic development on natural systems (Bansal and Song 2017. p.107). However, there has been a convergence where both fields of responsibility and sustainability have taken a strategic orientation toward the business case for 'good' social and environmental practices (Bansal and Song, 2017). They both aim to balance economic prosperity, social integrity, and environmental responsibility. In most cases, corporate responsibility and corporate sustainability are summed up as CSR, which is an umbrella term overlapping with some, and being synonymous with other conceptions of business–society relations (Matten and Moon, 2008). However, CSR focuses on balancing stakeholder interests without acknowledging that such measures do in fact impose long-term liabilities on affected communities because they have to shoulder operational expenses in the long-term. Corporate sustainability on the other hand 'meets the needs of the present without compromising the ability of future generations to meet their own needs' (WCED, 1987). Sustainability shifts the focus from how systems could be sustained to how firms can sustain those systems (Bansal and Song, 2017) and CSR therefore becomes a contributor to sustainability, especially when integrated with innovation.

Corporate sustainability focuses on internal dynamics. It is about aligning social and environmental initiatives with extant routines and capabilities to achieve firm level benefits (Hahn *et al.*, 2015). Sustainability creates order, structure and patterns that ease competition and create symbiotic systems that stimulate growth. A sustainable business therefore is a business that ascribes value to social and environmental as well as economic considerations (Adams *et al.*, 2016). The relationship between social, environmental and financial goals is typically characterised with short-term competition and inconsistencies and long-term benefits (Mackey, Mackey and Barney 2007; Smith and Tushman 2005). More specifically, while these initiatives may benefit one another in the long-term, they are often conflicting in their need for resources (Margolis and Walsh, 2003) leading to tensions. These CSTs can be managed firstly, through an integrative logic, which presupposes that firms need to accept CSTs and pursue them simultaneously within a spatial, temporal or contextual sphere. Secondly, through an instrumental logic, which supposes that investment in social commitment should lead to financial performance. This research therefore aims to better understand inherent CSTs and offers an ICSI framework as a tool to manage CSTs for sustainable business.

In the current social and economic circumstances tensions have resulted in the construct of corporate sustainability, which seeks to balance the business goal of profit maximisation with the social goal of social welfare. Unfettered profit maximisation has consequences of increasing inequalities, poverty and global warming, which are counter to the goals of sustainable development. To meet sustainable development goals (SDGs), companies must incorporate social and environmental interests in their business goals and strategy (Sasse-Werhahn, Bachmann and Habisch, 2020). The potential for real change lies in the management of tensions. Tension management thus requires proper depiction of tensions and distinction from dialectics and dilemmas.

First, we consider comparable definitions of tensions. Wannags and Gold (2020) in their review define tension as the two opposing poles of a paradox and claim that paradox and tension are the same and exist at the meta-level with a trade-off or dilemma as the outcome. They treat trade-off and dilemma as the same (win-lose) concept and that it is the outcome of a tension (i.e if you have a tension in any organisation and do nothing about it you end up dealing with a trade-off or dilemma). Smith & Lewis (2011) on the other hand, define tensions as contradictory yet interrelated elements that exist simultaneously and persist over time. This agrees with English (2001) and Epstein, Buhovac and Yuthas (2015) who state that a tension arises in a situation where two phenomena are in a dynamic relationship that involve both competition and complementarity. Further, Van der Byl and Slawinski (2015) refer to tension as complementing demands and those demands are paradoxical if they are interrelated and persistent. Therefore, a tension is a duality that are oppositional yet synergistic when viewed within a larger system, and they represent two poles that are contradictory yet complimentary that persist over time. However, in order not to confuse tension with dilemma, Smith and Lewis (2011) suggest that a dilemma, poses clear advantages and disadvantages whereby resolving them involves weighing the pros and cons. Treating a tension as a dilemma results in a temporary trade-off solution where the tension resurfaces with time (Van der Byl and Slawinski, 2015). Also, Smith and Lewis (2011) suggest that a tension could as well be mistaken for a dialectic thereby stressing its similarities and neglecting differences, which results in a new opposition over time. Therefore, treating tensions as dilemmas or dialectics entails use of trade-off or win-win instrumental approaches that are short-term thus offering temporary reprieve, yet tensions are a phenomenon that persists over time.

When a tension is treated as a duality, the resolution is paradoxical and is best represented by both/and not either/or perspective. The paradox theory which presumes that sustainability depends on attending contradictory yet interwoven tensions simultaneously, rallies tensions from a both/and not either/or perspective. For example, elements like delegation and control, which create a tension in the spatial dimension, cannot be delinked. They can only be managed by addressing both simultaneously (Smith and Lewis, 2011). They might compete for resources in the short-term but eventually they reinforce each other and enable long-term success. For corporations to realise this long-term success, there are mediating factors that keep the contradictory poles together. These factors have not been studied and represent a research gap. Therefore, in this research we recognise that tensions persist over time and exist in multiple dimensions, as such, they are best managed by recognising the possible dimensions they manifest in and acknowledging and developing mediating factors within those dimensions.

In corporate sustainability, CSTs exist between competing elements of economy and society (Slawinski and Bansal, 2015). It is also suggested that CSTs go beyond social and economic goals and occur between different levels within spatial and temporal contexts of a firm (Hahn *et al.*, 2015). Researchers have identified multiple CSTs beyond those between social and economic goals (Van der Byl and Slawinski, 2015). However, Hahn *et al.* (2015) have categorised CSTs into four categories: personal agency versus organisational sustainability agendas, corporate short-term versus long-term orientation, isomorphism versus structural and technological change and efficiency versus resilience of socioeconomic system (see Table 1).

Table 1: Characteristics of the corporate sustainability tensions

Tension	Characterisation
Personal versus organisational sustainability agendas	Organisational members' propensity to address social and environmental issues may be constrained by structural elements of the organisation, such as planning, resource allocation or incentive schemes that include or exclude sustainability issues
Corporate short-term versus long-term orientation	Due to an intertemporal choice problem, corporate decision-makers make choices that are best for the short-term but might have detrimental impacts for the long-term
Isomorphism versus structural and technological change	Demands for fundamentally changed products and business models for more sustainability jar with well-established and institutionalised practices so that change comes at the risk of institutional disapproval and loss of legitimacy
Efficiency versus resilience of socioeconomic system	Under similar conditions, single firms adopt similar solutions to increase their efficiency. Such homogenisation leads to a loss of diversity and thus lowers resilience at the systemic (societal) level.

(Hahn *et al.*, 2015, p. 304)

Jones (2016) on the other hand, suggests that CSTs enhance meaning making amongst stakeholders and has narrowed them into three exemplary tensions that cut across social, environmental and financial dimensions as well as short-term and long-term orientations:

i. Personal versus organisational sustainability agendas,
ii. Efficiency versus resilience of socioeconomic systems,
iii. Isomorphism versus institutional change.

Unlike Hahn *et al.* (2015), Jones (2016) has categorised short-term versus long-term tension as an orientation within which CSTs happen rather than a tension on its own. This is plausible since short-term and long-term perspectives are temporal and spatial in nature and they cut across all the other three CSTs i.e different hierarchical levels of the organisation might be more inclined to focus on the short-term rather than the long-term goals. For example, senior managers are expected to make long-term plans at personal, organisational and institutional levels, whereas technical staff would rather concentrate on short-term plans. Therefore, the short-term versus long-term CST is not a stand-alone tension but is embedded in the other tensions. CSTs can relate to various kinds of economic, environmental or social concerns, but they may reside at different hierarchical levels in the market system, require varying change processes, or operate in conflicting temporal or spatial frames. CSTs are considered a hindrance to firms seeking to pursue contradictory goals as proposed by the integrative approach. In corporate sustainability, CSTs exist between competing elements of economy and society (Slawinski and Bansal, 2015).

In this section we have considered the definition of tensions and distinguished it from dilemmas, trade-offs, win-win, and dialectics. We have discussed that tensions are contradictory yet interrelated elements that need a mediating logic to manage the opposing poles and this represents a research gap. In the next section we will discuss the nature of tensions focussing on examples in the three dimensions of spatial, temporal and contextual.

2.2.1 The Nature of the CSTs

CSTs as defined in this study fall into three frames or spheres – temporal, spatial and contextual (Hahn *et al.*, 2015; Jones, 2016; Sasse-Werhahn, Bachmann and Habisch, 2020). This categorisation is important because it allows us to see the antagonistic phenomena and be able to determine a management solution. In this section, we discuss first the personal versus organisational agenda tension, which is situated in the spatial sphere. Since in the personal versus organisational agenda tension, employees counterbalance the organisation, addressing this tension is also a recognition of the intimacy between employees and the organisation. As a result of this intimacy, conflicts and disharmony are prone to occur (Woermann and Engelbrecht, 2019) yet employees' performance determines the overall performance of the organisation. Therefore, managing this tension is the foundation to managing the rest of the CSTs; as such, it is prioritised in this study. Second, we discuss the efficiency versus resilience tension, which is situated in the temporal sphere. This tension is an encounter between society and the organisation and is viewed in terms of short-term versus long-term goals. Lastly, the isomorphism versus institutional change tension is found in the contextual sphere and arises from competition with other market players.

2.2.1.1 Personal versus organisational agendas CST

The CST between personal and organisational agendas is driven by personal agency and the rigidity of the organisational structure (Hahn *et al.*, 2015). Organisations establish rules, norms and administrative procedures to coordinate and control individual action to implement organisational sustainability agendas, but these organisational structures constrain individual agency. For example, a manager may feel justified in making a particular decision driven by a personal commitment to sustainability, yet the organisation records his actions as outright noncompliance (Hahn *et al.*, 2015). A manager who nonetheless pursues sustainability objectives that deviate from the organisational agenda, risks facing disapproval by the organisation.

Personal versus organisational agendas CSTs arise when individual employees promoting social issues in decision-making processes face constraints imposed by organisational culture, structure, policies or incentive systems that is steeped for financial gain (Hahn *et al.*, 2015). For example an employee may have a strong belief that social issues need to be addressed as part of the organisation's strategy, yet key features of the organisation such as formal reporting relations or a top down organisational culture may prevent them from implementing what they belief (Berrone and Gomez-Mejia, 2009). This implies that a corporation's organisational agenda is designed for economic and not social value. According to the Anglo-American model of corporate governance, organisational agenda emphasises profitability and shareholder value (Crane and Matten, 2016). The European model on its part, is opposed to the Anglo-American model and focuses typically on the long-term preservation of influence and power. The Asian model, on the other hand, as seen in Japan and Korea, is not predominantly focused on the maximisation of shareholder value but includes securing employment, market share and other societal interests. In SSA, corporations are hugely influenced by the Anglo-American model, mainly because of the influence of the Commonwealth Association for Corporate Governance (CACG) (Okeahalam and Akinboade, 2003), and so the organisational agenda prevalent is that of profit maximisation and shareholder value.

In an auto-ethnography study by Anderson (2018), it was found that a mismatch between employee expectations and organisational values would lead to an emotional socialisation process leading to a

CST between the personnel and the organisation. Similarly, Warren (2002), conducted a research on an Information Technology (IT) firm where the management had introduced a 'think tank' brainstorming room (with a pool table, a micro-scooter, massive Russian dolls) to stimulate creativity within their staff. However, the workers saw such top-down aesthetic manipulation as artificial and counterproductive. According to them, such aestheticisation needed to be autonomous and spontaneous and the key issue for them was to provide performative-free opportunities for creative freedom and play. They asserted that true aesthetic experiences, from which their creativity flowed, were to be had away from the office, amongst the trees and the fields. Ultimately, when employees are circumscribed in a top-down organisational culture and structure they 'feel uncomfortable, excluded and devalued' (Anderson, 2018, p. 88). As a result, the absorptive capacity of the firm is diminished, affecting the innovation process and sustainability. However, these short-term CSTs between personal agency and organisational agenda can be transformed into complimentary long-term tension through a social contract arrangement and managed through an integrative approach.

2.2.1.2 Efficiency versus resilience CST

Efficiency considerations need to be complemented by the notion of resilience. Resilience is the magnitude of disturbance that a system can tolerate before it can no longer recover to its previous state (Carpenter *et al.*, 2001). High resilience is linked to high diversity. Efficiency can often be increased through specialisation, leading to economies of scale; yet these practices tend to lead to lower diversity (Schuetz 1999). As each firm aims to increase its efficiency at the organisational level, both intra- and inter-firm diversity and resilience on the systemic level are reduced.

Efficiency at organisational level takes the form of incremental innovation. Leading companies are consistently ahead of their industries in developing and commercialising new technologies to remain competitive. However, these same companies are rarely in the forefront when it comes to products that do not meet the needs of mainstream customers and appeal only to small or emerging markets. It is nearly impossible to convert resources from known customers to insignificant customers or customers that do not even exist. Corporate processes for analysing new investment opportunities are focused on current customers and markets (Bower and Christensen, 1995). These processes are designed to weed out products and technologies that do not address current customer needs as projected. This way, companies miss the opportunities in new and emerging markets and tend to focus on sustaining innovations by sticking to existing customers and markets.

Managers tend to stick to sustaining innovations because they are able to serve their customers profitably, risk is reduced, careers are safeguarded, and the market is assured leading to profit maximisation or excess capital (Bower and Christensen, 1995). The excess capital or innovation rent, an amount of money earned beyond what is economically or socially acceptable, is again reinvested in the innovation process to improve efficiency with resultant high prices/premiums hence limiting the product to wealthy customers at the top of the pyramid (ToP) (Bower and Christensen 1995; Hart 2012). This creates the notion that corporations do not serve the needs of the poor whilst they are responsible for numerous recurring societal problems, such as environmental degradation, water shortages, social inequality, unemployment and food crises, that have an immense impact on populations at the BOP, majority who live in Africa. As a result, there is an increasing public demand for businesses to show greater transparency in solving social problems on moral grounds rather than focusing entirely on profit maximisation (Jackson, Amaeshi and Yavuz 2008; Googins, Mirvis and Rochlin 2007; Mirvis and Googins 2017; Mirvis, Googins and Kiser 2012; Mirvis *et al.* 2016). Corporations have been trying to fulfil this moral and political obligation to society through various approaches including CSR, social entrepreneurship, social impact investing, micro-financing among others (Mirvis, Googins and Kiser, 2012). However, these have been criticised as being too disconnected from the corporation's business agenda (Banerjee, 2008; Porter and Kramer, 2011) and viewed as perpetuating the same self-interest capitalist business strategies that often compound the very inequalities that should be dismantled (McGoey, 2012). Therefore, to resolve this disconnect between public expectations and corporations' delivery of their mandate and obligation to society, it is important to examine the question of how corporations can apply CSR in innovation processes as a proactive alternative to solve societal problems.

Bower and Christensen (1995) propose what is known as disruptive innovation. They claim that disruptive innovations are best marketed in new markets because they do not have attributes that existing customers value. Their performance also is lower than the traditional (sustaining) innovations and they typically have a later break-even point. Thus, to commercialise these disruptive innovations managers must protect them from competition from traditional innovations. This protection could come as a spin-off organisation also known as structural ambidexterity. Disruptive innovation though with a later break-even point, gradually outperforms traditional technologies. However, since they introduce novel attributes that are not valued by traditional customers, they best thrive in new markets thus expanding the market share of the organisation. Bower and Christensen (1995) claim that 'every company that has tried to manage mainstream and disruptive innovations within a single organisation failed' (p.51). However, examples of General Electric's (GE's) Vscan and Grundfos' LIFELINK projects discussed in Chapters 2 and 6 do challenge this view.

Therefore, efficiency versus resilience CST pits the need to focus on sustaining innovations and increasing performance and efficiency against seeking to diversify and enter new unfamiliar markets.

2.2.1.3 Isomorphism versus institutional change CST

Firms are expected to act as drivers of change for sustainable development at the systemic level. At the same time, in order to earn legitimacy and to survive, firms tend to comply with institutional norms prevailing in the environment also known as isomorphism. Isomorphism tends to stabilise existing structures and technologies (Jones, 2016). As a consequence, there is a CST between the need for firms to comply with institutional pressures and established practices and the call for firms to act as innovators for more sustainable business practices (Hahn *et al.*, 2015). This tension is labelled isomorphism versus institutional change CST and can be managed through institutional arrangements as shown in Table 2.

Table 2: Characteristics of institutional arrangement as a mediating logic for isomorphism and institutional change

Isomorphism (Zhang and Hu, 2017; Horak, Arya and Ismail, 2018)	**Mediating logic (Institutional arrangement)** (Reiser, 2011)	**Institutional change** (Hiller, 2013)
Knowledge sharing	Social benefit	Learning centre
Similar rules, norms	Third party review	Continuous innovation
Cognitive & cultural pressures	Transparency	Collaboration
Recognition, approval & legitimacy	Self-regulation	Differentiation
Homogeneity	Certification	Negotiated change
Inverse U-shaped influence on innovation		

(Source: Author)

Isomorphism is whereby an institutional environment has the power to cause organisations within it to perceive similar rules, norms and cognitive and cultural pressures such that they act in similar ways to earn recognition and approval and to increase their legitimacy (Zhang and Hu, 2017). In turn, they receive the support and resources they need for their own survival. Isomorphism exerts positive effects on innovation. It helps firms to imitate and learn from other network members. When enterprises in a network recognise their poor performance, rather than seek help elsewhere, they might be inspired to use existing relationships within that network to influence on a firm's knowledge acquisition.

Isomorphism is categorised into three types as follows (DiMaggio and Powell, 1983; Horak, Arya and Ismail, 2018):

1. Coercive isomorphism – is a result of formal and informal pressures exerted by the government, society, and other organisations on which they are dependent
2. Mimetic isomorphism – is a result of imitation of other firms, and
3. Normative isomorphism – is a result of professionalisation or pressure to conform to norms to demonstrate professionalism.

Horak, Arya and Ismail (2018) carried out a conceptual study on how cultural dimensions influence organisational commitment to undertake sustainability initiatives (e.g CSR, innovation). They concluded that collectivist cultures exert coercive and mimetic isomorphism on organisations while individualistic cultures exert normative isomorphism. This is so because without regulatory obligations fewer companies, especially in collectivist cultures, will be motivated to adopt sustainability initiatives and practices voluntarily. Long-term commitment to voluntary courses is more prevalent in Western and affluent cultures (Aydinli, Bender and Chasiotis, 2013). Therefore, stakeholders including government, society and peers impose coercive pressures on organisations that motivate sustainability practices. These conclusions are in line with Schein (1996), who found that national culture plays a leading role in management practices, perceptions and organisational behaviour. Therefore, we can conclude that SSA being a collectivist society will likely have coercive and/or mimetic isomorphism. The determinants of isomorphism derived from the literature are listed below in Table 3.

Table 3: Determinants of sustainability in exerting coercive, mimetic or normative isomorphic pressure

	Coercive	**Mimetic**	**Normative**
Government interventions	X		
Regulations imposed by industry/legal stakeholders	X		
Social expectations	X		
Relationship oriented socialisation		X	
Strategic alliance partners' culture and power status		X	
Organisational uncertainty and crises		X	
Commercial-based socialisation			X
Top management team characteristics and exposure			X
Corporate culture orientation			X

(Source: Horak, Arya and Ismail 2018, p.7)

Zhang and Hu (2017), claim that isomorphism creates geographical proximity, which facilitates knowledge sharing leading to increased innovation. They aver that knowledge externalities are in the air where firms with absorptive capacity can leverage and affect a firm's innovation performance. Other views hold that isomorphism leads to homogeneity, which kills differentiation leading to negative performance (Oliver, 1991). Therefore, isomorphism may work best in uncertain environments where the cluster serves to protect the organisation from the harsh environment enabling firms to thrive.

In their study Zhang and Hu (2017), observed that both normative and mimetic isomorphism have an inverse U-shaped relationship to innovation, meaning innovation may rise at start but as isomorphism intensifies, innovation starts to decline. The reason for this is legitimacy. In a highly isomorphic environment corporations tend to mimic each other to remain legitimate. This creates group think or herd mentality, which is a barrier to innovation, as people huddle around the status quo. It kills creativity since there is personal belief or fear to contradict what others are doing. The result is that groups evolve to be unresponsive to changes in the environment.

To balance this anomaly, firms need to move from their comfort zone and embrace institutional change. Institutional change occurs if minimum coalition in a network agrees to effect change and the beneficiaries agree to compensate the losers. According to Coccia (2018, p.2), ‘it is a centralised and collective-choice process in which rules are explicitly specified by a collective political entity, such as the community or the state, and individuals and organisations engage in collective action, conflict and bargaining’. Institutional change is a disruption of isomorphism and is ideal when the impact of isomorphism on innovation is declining. Other views suggest that institutional change is a result of human action such as learning and imitation (Coccia, 2018). Institutional change is path-dependent where individuals learn, organisational ideologies form in the context of a particular set of formal and informal rules. It is a continuous process building slowly like a tectonic pressure along a fault line that occasionally erupts into an earthquake causing substantial changes i.e formal rules (Roland, 2004). Although, isomorphism and institutional change are oppositional, they are also complimentary and are expected to co-exist. An institutional arrangement modelled after the Benefit Corporation (B Corps) is recommended as a mediating logic whose impact could be seen in improve d firm innovation.

According to Harjoto, Laksmana and Yang (2018), coercive and mimetic isomorphism stemming from political influence and product market competition respectively, have a stronger impact on a firm’s decision to become B Corps. Firms in a more competitive environment are more likely to respond to competition by obtaining B certification, which makes them have a better CSR performance.

B Corps are a member of a global voluntary association that supports corporate responsibility. They operate under a legal statute known as Benefit Corporation, which enables B Corps to address head-on the shareholder primacy and profit maximisation standards and to change the duties of directors and officers to include social and environmental considerations. The statute enables B Corps to integrate CSR in their businesses. Characteristics of B Corps companies include:

1. Social action of the B Corps are primarily voluntary

2. Externalities are addressed –they are not passed on to the government
3. The interest of multiple stakeholders are considered
4. Environmental and social interests are integrated in the core business strategy
5. CSR is adopted into value systems
6. CSR is operationalised

The B Corps can be viewed as a hybrid form that promotes the integration of profit and social purpose. They are modelled along ethical approach to CSR because it does not require profit to be a primary motive of a corporation but allows flexibility for stakeholders to consider societal and environmental interest. It is also suggested that belonging to a B Corps group can benefit an organisation financially through networking and support between like-minded socially responsible businesses (Hiller, 2013). Also it is been observed that knowledge exchange among B Corps helps improve innovation performance for firms (Harjoto, Laksmana and Yang, 2018). Therefore, by leveraging on partnerships and legitimacy, firms can increase outreach and improve their market share.

Despite the benefits of B Corps, there are criticisms that B Corps is a profit perversion of CSR. Firstly, concern exists that the integration of profit and non-profit purposes might lead to co-opting CSR for profit generation rather than benefitting stakeholders (Hiller, 2013). That would be a win-win approach. To the contrary, the balance here is a dynamic search for an equilibrium between profit making and social benefit. Secondly it is claimed that corporations are self-interested and will use CSR for their benefit while being held accountable to themselves rather than to society or government (Hiller, 2013). This assertion can be challenged because the endeavour of B Corps to bring value to society is voluntary and over and above government requirements. B Corps do not need to be accountable to government concerning their voluntary commitments. Thirdly, B Corps have been criticised because they gain financially by their association thus negating the intention of not making profit a primary motive of the corporation. However, the financial gain for B Corps stems from the networking and support from like-minded businesses and so it is a benefit rather than the goal. Further, it is part of the business case for CSR, since it justifies CSR activities of the firm. The fourth criticism is that an unethical manager could transfer funds from earnings and attribute the loss to the social mission. To address this concern, B Corps are accountable to an independent third party, the B Lab, who offer checks and balances and encourage transparency and accountability. Lastly, B Corps is accused of having no liability for failing to meet the social benefit standards. Nevertheless, social mission is not an end in itself; it is a means to social innovation. The public will evaluate the firm based on the goods and services they offer. If the public is dissatisfied with the firm's goods, they will not buy the goods i.e withdraw the 'licence to operate' and that is the liability.

B Corps is a probable example of an institutional arrangement that can effectively manage isomorphism versus institutional change CST. Therefore, modelled along B Corps, an institutional arrangement framework would have the following attributes:

1. The purpose of a member corporation should be to provide social benefit
2. An independent third party standard be used to review corporate public benefit annually
3. Transparency
4. Enforceability by means of self-regulation
5. Third party certification

Institutional arrangement ought to act as a learning centre and support continuous innovation and collaboration. Through constant interaction, firms gain ability to adjust their behaviours to respond to the changing environment.

We have discussed the three examples of tensions that exist in the three dimensions. This has helped us to appreciate that a holistic approach to managing tensions ought to conside r multiple dimensions. In the next section we will discuss the probable strategies to tension management and narrow down to what may work in the SSA context.

2.2.2 Corporate sustainability tension management strategies

In this section we built on tension management strategies beginning with instrumental logic and integrative logic leading up to synthesis strategy, which emphasises development of structures and cultures for the management of tensions.

CST management has been approached through both instrumental and integrative logic. Several scholars have considered these two approaches. However, the literature that has adopted the integrative logic has focused more on one tension, efficiency versus resilience (Porter and Kramer, 2011; Prahalad, 2012; Herrera, 2016; Candi, Melia and Colurcio, 2018; Lashitew, Bals and Tulder, 2018; Daddi *et al.*, 2019; Tuni, Rentizelas and Chinese, 2019; Manzhynski and Figge, 2020), leaving the other CSTs unattended. Thus, using Jones' (2016) categorisation of tensions, this study uses the integrative framework (Hahn *et al.*, 2015) to propose a management framework for multiple CSTs.

But first, according to Smith & Lewis (2011) firms following an instrumental logic typically discriminate social and environmental issues from the company's core business (i.e innovation processes). Such tendencies polarises businesses and social goals as if the two are at odds and tends to show that social and environmental commitments should only predict higher financial performance. Instrumental logic considers tensions as either dialectic or dilemma. When tension is treated as a dialectic, decision makers apply win-win approach by merging the two opposing poles but since they are distinct issues merging them simply ends up creating a new problem. On the other hand, when tensions are treated as a dilemma, managers use trade-off approach by weighing the pros and cons in order to select one. This approach eventually leads to the resurfacing of the tension in the long-term. Trade-off approach is a temporary decision-making situation that entails a crucial loss (Olsen, Kruke and Hovden, 2007). It is also claimed that trade-off and win-win are outcomes of the same tension (Haffar and Searcy, 2017). Thus, to address tensions in the long-term, we turn to integrative logic.

Integrative logic is an approach to business sustainability that recognises and embraces contradictory dimensions of social and business goals (Gao and Bansal, 2013). Integrative logic transcends contradictory goals through creative solutions. It recognises that people work together to achieve seemingly contradictory goals (Denison, Hooijberg and Quinn, 1995). Therefore, it is possible to keep the two poles of a tension together though contradictory and achieve a unified outcome. Integrative logic is not new to organisational management. However, the theoretical foundations of this approach have not been investigated. Gao and Bansal (2013) state that 'integrative logics build upon a temporal and spatial orientation that permits a deep reconciliation of otherwise contradictory elements' (p. 244). Business and social pursuits are inherently positioned in different time scales – short and long-term respectively. Integrative logic fuses these time dimensions into a system by embedding the parts into one another. Organisations employing integrative logic 'care for' rather than 'care about' parties involved by active engagement rather than cost-benefit analysis considerations (Gao and Bansal, 2013, p. 247). This is more related to the egalitarian ethic of virtue than the utilitarian view or egoism. Fig 3 illustrates how business consequences drive social concerns and vice-versa.

(Source: Author)

Figure 3: Representation of integrative relationship of business activities and social concerns

As such, an integrative approach that proposes to bring the contradictory goals together without favouring any (Van der Byl and Slawinski, 2015), has emerged as an approach that integrates social issues into the firm's core business. As a result, an integrative view manages the CSTs between contradictory goals by counterbalancing the focus on financial gain with social considerations (Van der Byl and Slawinski, 2015). Hahn *et al.* (2015) have proposed an integrative framework that embraces tensions in CST using the paradox theory. This research extends the integrative view by proposing structures and cultures that embed contradictory goals together. Based on the paradox theory, there is benefit in acknowledging the co-existence of CSTs in a firm. By recognising the existence of CSTs we can explore possibilities to pursue both goals leading to creating solutions to such complex problems like corporate sustainability (Smith and Lewis, 2011).

Indeed, an innovation like *M-pesa* (an innovative mobile money payment service for the unbanked in Kenya) is an example of the application of integrative logic to attain both financial and social good. The *M-pesa* innovation has been a success because of investing in society by way of the large volume of transactions and low profit margins (see Box 1). The low margins foster low cost structures for the underlying supply chain and distribution systems, which lead to large volumes of transactions and thus result in economic viability (Rosca, Arnold and Bendul, 2017). Another example where a firm achieved both financial and social performance as a result of low margins and high volumes is the case of Safaricom's 'per second billing' introduced in 2000. This approach made Safaricom popular among low-income workers in Kenya (Lashitew, Bals and Tulder, 2018). Whereas 'per second billing' was a price sensitivity strategy that lowered profit margins per item in order to enable the poor to access mobile phone services (i.e social good), it gave Safaricom an edge over its competitors and turned it into a market leader thus achieving a desired business goal. This is an example of embracing both social and financial goals with positive results for both business and society.

Box 1: M-pesa – Financial services social innovation

Vodafone in partnership with its Kenyan subsidiary Safaricom launched *M-pesa* in Kenya in 2007, under its CSR program. The motive was to tackle financial exclusion in developing countries. To keep the costs low, *M-pesa* was designed to run on a basic and low-cost mobile phone that enabled cash transfer via short message service. *M-pesa* a mobile money innovation in the financial services sector, runs like a commercial bank providing cash in/cash out services through a network of agents. Vodafone accessed capital financing from Department for International Development (DFID) to keep the costs of the initial design and pilot low and working through local partners like *Faulu* and Commercial Bank of Africa (CBA) created awareness and legitimacy of the product among BoP markets. *M-pesa* is credited for enabling financial inclusion in Kenya by decreasing the population excluded from formal financial services.

Source: (Onsongo, 2019)

Several studies have provided insight into the management of CSTs. Manzhynski and Figge (2020) used the concept of coopetition in a circular economy to identify four tension typologies i.e intrafirm, interfirm, intraresource and interresource. These typologies compete and cooperate at societal level leading to positive impact on sustainability. Therefore, coopetition, which involves two coopting (competing and cooperating) firms has positive societal level outcomes that contribute to sustainability. Tuni, Rentizelas and Chinese (2019), have applied the integrative approach to support organisations in addressing CSTs in the supply chain. Interventions in the supply chain are aimed at problems of resilience at societal level. This is because resilience, which is the ability to bounce back, happens at supply chain level. Where supply chain is simply a way of managing resources to improve resilience (Morais and Silvestre, 2018). Daddi *et al.* (2019), argue that an integrated approach cannot work in some industries such as paper, textile and leather, because their different sustainability aspects cannot be pursued simultaneously. For example, in the paper industry, an environmental objective would be to cease to cut down trees, whereas a financial goal would only be achieved by cutting trees. Therefore, the CSTs that arise from pursuing both objectives would eventually lead the industry to cease to exist. They recommended that CSTs in a circular economy be looked at as paradoxical CSTs and focus on the use of recycled material as a positive environmental benefit that does not compromise competitiveness.

Others have attempted to offer resolutions to the problem of tensions between financial and social goals. For example, Lashitew, Bals and Tulder (2018), have proposed the inclusive business framework as a solution to overcome CSTs. The framework, which is anchored on two pillars, embeddedness and mission-driven identity, spells out how organisations can break away from the established dominant economic logic of profit making and adopt mission-based models. Inclusive business is based on a resource-based view and 'requires both internal drive through transformational and responsible leadership as well as favourable external conditions' (Lashitew, Bals and Tulder, 2018, p. 3), to help businesses improve their financial performance, gain legitimacy in society and acquire strategic resources. Overall, CSTs that emanate from lack of motivation for change; need for new capabilities, conflict between social goal and corporate identity, and the difficulty to acquire legitimacy are overcome through an inclusive business model leading to social innovation. As such, inclusive business dwells on resource allocation without spelling out the expected outcome of that process. Candi, Melia and Colurcio (2018), considered how and when firms are likely to include social issues in their innovation. They concluded that corporations are likely to engage in social innovation when the market is turbulent and there is high customer acceptance. These findings suggest that customers and other stakeholders are more likely to drive firms to focus on the social dimension of innovation than competitors. Whereas competitors influence efficiency, customers on the other hand influence resilience. Therefore, Candi, Melia and Colurcio (2018) offer a solution to efficiency versus resilience tension as a means to meet both business and social goals simultaneously. In another study, Herrera (2015) has analysed CSI, which occurs when social issues are integrated in business, leading to value co-creation, shared value and competitive advantage. The CSI framework according to Herrera (2015), creates both social value and competitive advantage and is modelled on three pillars – stakeholder engagement, operational structures and processes, and organisational culture.

All the above studies have focussed on one dimension, the efficiency versus resilience tension, though they have used different terms and variables: coopetition (Manzhynski and Figge, 2020), paradox tensions (Daddi *et al.*, 2019), customer acceptance (Candi, Melia and Colurcio, 2018) and mission-driven identity (Lashitew, Bals and Tulder, 2018), among others. However, other studies have looked at more than one dimension of the CSTs.

Sasse-Werhahn, Bachmann and Habisch (2020), introduced the concept of practical wisdom, which 'builds on comprehensible knowledge about a good life for self and community, embodies management practice that supplements knowledge with a set of moral epistemic and practical virtues, and guides excellence in judgement through knowing when to do the right thing at the right time and for the right reason' (p.56). The practical wisdom approach attempts to address the personal versus organisational agendas tension by proposing a management practice that supplements knowledge with morality and the efficiency versus resilience tensions by advocating a good life for self and for the community. Siegner, Pinkse and Panwar (2018), have extended efficiency and resilience tension beyond simply social and economic goals, suggesting that it could occur between social and social goals as well. For example, deciding to initiate a new social activity versus supporting an existing social activity run by a Non-Profit Organisation (NPO) partner could result in a social-social tension. van Bommel (2018), looking at how to manage CSTs around business model innovation, concluded that firms that handle CSTs by paradoxical integrative strategies find it easier to advance their sustainability business models than those that use instrumental strategies. Hahn *et al.* (2018) have also used the paradox perspective to show how firms and decision makers deal with tensions among multiple interrelated yet competing sustainability issues.

Other scholars have proposed strategic agility, which categorises CSTs into strategic sensitivity, collective commitment, and resource fluidity, as an approach to resolving multiple tensions (Ivory and Brooks, 2018). This compares positively with the integrative framework (Hahn *et al.*, 2015; Jones, 2016), except that strategic agility requires that one capability is achieved before the others can be achieved. Moreover, strategic agility (i.e management of CSTs), can only be attained once all the three capabilities have accrued. This differs from integrative framework where each CST can be addressed independently (Hahn *et al.*, 2015; Jones, 2016). Ozanne *et al.* (2016), borrowing from Smith and Lewis

(2011) have taken a divergent view and outlined CSTs as belonging, performing, organising and learning. They have illustrated how public policy environment makes these CSTs salient and that organisational responses to these tensions can create a dynamic equilibrium that balances the demands of the triple bottom line over time, creating conditions of abundance, stability and certainty. Altuna *et al.* (2015), proposes structural ambidexterity, which involves company spin-off as a strategy to manage personal versus organisational agendas tension as well as the efficiency versus resilience tension. Structural ambidexterity is based on the commitment of top management to invest in a long-term venture and give full autonomy to the social venture at the same time ensuring that social activities are separate from core business activities. All of these studies have attempted to address dual CSTs; none of the frameworks has attempted to confront the three CSTs simultaneously.

The preceding studies broadly allow us to identify and characterise CSTs, and agree that social responsibility, innovation and morality are mediating factors between social and business goals. However, they theoretically propose development of operational structures and organisational cultures as features for creating social value and competitiveness. None of them has studied the influence of cultural values on governance as a factor of sustainability and this represents a research gap.

However, it is important to look at further models that explicitly recommend social innovation as a mediating factor in the management of CSTs. Scholars have proposed various strategies anchored on innovation for dealing with CSTs. Innovation is a key mediating activity that allows firms to comply with institutional pressures at the same time act as innovators for more sustainable business practices. According to Adams *et al.* (2016), sustainable innovation includes product, process and organisational innovation. In a systematic review of sustainable oriented innovation (SOI), Adams *et al.* (2016) came up with a three-pronged SOI model of sustainable business. SOI is an approach that looks at sustainability transformation within companies, with a focus on the product and service portfolio. It is based on the assumption that companies cannot significantly contribute to sustainability if they do not make their products sustainable (Adams *et al.*, 2016; Hansen and Schaltegger, 2018). SOI involves making intentional changes to an organisation's philosophy and values, as well as to its products, processes or practices to serve the specific purpose of creating and realising social and environmental value in addition to economic returns (Adams *et al.*, 2016).

SOI is a step-change process that 'commences as a response to regulatory stimuli with incremental change at the firm level and culminates with radical change at the large-scale systems level' (Adams *et al.*, 2016, p. 181). It has five steps that are accomplished progressively within three dimensions i.e operational optimisation, organisational transformation, and systems building. One drawback with SOI is that it is assumed that by progressing to the systems building dimension, the organisation will be in a position to resolve all the CSTs. The progressive nature of SOI assumes mutual exclusivity of the dimensions in that they cannot resolve various CSTs in the same organisation simultaneously. For an organisation to be able to resolve all the CSTs, all the three dimensions must have accrued. However, organisations exist in both spatial and temporal dimensions and they are bound to experience CSTs at different spatial levels within the same time span or tension within the same spatial level at different time spans.

Equally, using Biophilic organisation approach, Jones (2016) illustrates how various CSTs exist independently and how they ought to be addressed individually. Jones has used the Biophilic organisation approach, which is divided into generative design, Biophilic design and Taoist cultural context, to resolve personal versus organisational tension for a children's hospital in Chicago, efficiency versus resilience tension in Khoo Teck Puat Hospital (KTPH) in Singapore and isomorphism versus institutional change tension for a Taoist leader in China. Therefore, Biophilic organisation is an empirical example of how CSTs exist independent of each other in multiple dimensions and could be addressed collectively (i.e under one framework) using integrative approach.

In a review of the literature on how tensions in corporate sustainability have been addressed, Van der Byl and Slawinski (2015), found that studies that take an integrative view were mostly conceptual, opening opportunities for empirical work. They issued a call to scholars to extend the conceptual work through empirical studies. Since then, there has been a shift towards CSTs management from an integrative view as an emerging area of scholarship. A literature search on the *webofknowledge* database in the last five years (2015-2020) on how CSTs are managed, showed majority of empirical studies published tend to take an integrative view to CSTs. The integrative view offers a normative perspective to the management of CSTs (Hahn *et al.*, 2015). The current research is a response to CSTs and it assumes an integrative approach. Further, although scholars have attempted to develop frameworks to manage CSTs, most of the frameworks only focus on one or two CSTs, thus leaving a knowledge gap to explore structures and cultures for the management of CSTs in multiple dimensions. In other words, scholarly literature has focussed more on one or two spheres of tension with little attempt being made to address CSTs in multiple dimensions especially using the integrative approach. Managers are constantly faced with the challenge of allocating resources between these CSTs, which is difficult because the long-term financial gains of social/environmental initiatives may not fit well into a traditional capital budgeting format that is short-term oriented. Researchers have therefore come up with approaches to try to resolve these CSTs. There is however, a lack of consistency in how researchers approach CSTs in sustainability research. In an extensive literature review, van der Byl and Slawinski (2015) have grouped the approaches to resolving CSTs into four broad categories – win-wins, trade-offs, integrative, and paradox. van Bommel (2018) on the other hand, has categorised the strategies as suppression, acceptance and resolution.

Research on win-win CST examines how firms attempt to realise financial gains by improving their sustainability performance, including social and environmental performance (Fremeth and Richter 2011; McWilliams and Siegel 2011). Porter and Kramer (2011), for example have looked at how firms create shared value that aligns with economic performance and benefits society. Other scholars have found a positive relationship between corporate social performance, and corporate financial performance (Orlitzky, Schmidt and Rynes 2003; Luo and Du 2015). However, Jensen (2002) has argued that social welfare is maximised when all firms in the economy maximise total firm value. According to Jensen (2002), it is logically incoherent to maximise value along more than one dimension. Therefore, if shareholder value is maximised, social value is maximised as well and the 'challenge for firms to invest in social initiatives is no challenge at all' (Margolis and Walsh, 2003, p. 272). The win-win approach takes an instrumental logic view, which focuses on how firms can benefit from addressing societal concerns. The instrumental logic posits that firms can benefit financially when they address environmental or societal concerns but dismisses situations where CSTs exist and environmental and social aspects cannot be aligned with financial outcomes (Dentchev 2004; Husted and de Jesus Salazar 2006). Managers who ascribe to this view are likely to avoid addressing the tensions between these two disparate sustainability objectives and attend to the two opposing domains simultaneously while keeping the two poles apart. This view thrives on a fallacy that 'the end justifies the means'. However, social performance is not merely a means to financial gain or wealth maximisation. It stands on its own and is as much a contributor to corporate sustainability as financial performance.

The view that firms can gain financial benefit while addressing social and environmental issues is challenged by the trade-offs sustainability approach. Trade-offs are defined as "an exchange of one thing in return for another, especially relinquishment of one benefit or advantage for another regarded as more desirable" (Angus-Leppan, Benn and Young, 2010, p. 231). In other words, trade-offs involve accepting a loss in financial performance in the short-term in order to generate greater positive corporate contribution to sustainable development in the long run (Hahn *et al.* 2010; Orsato and Wells 2007). The trade-offs approach is not convincing to managers because over time the tension resurfaces. Also if managers are given a choice between financial performance and sustainability, they will normally favour financial goals (Slawinski and Bansal, 2015). The result is that sustainability goals remain secondary and the CST between financial and social goals is not addressed. Sustainability is therefore treated as an externality (existing outside of the firm) rather than being considered as part of the firm's value chain. Whereas van der Byl and Slawinski (2015) contend that trade-offs eliminate the CST between financial and social goals, this is temporary. Managers are bound to make choices that are best for the short-term but might have detrimental impacts for the long-term (Hahn *et al.*, 2015). The market system is structured such that corporations are under pressure to outcompete each other in order to survive. The rational choices of managers in such circumstances is to focus on survival tactics that eventually crowd out any consideration of long-term thinking, which could be construed as elimination of the existing CSTs.

Whereas win-win approach uses social performance as a means to financial gain, and trade-offs ignores the CST between social and financial performance, the integrative view brings together the three components of sustainability (financial, social and environmental) (Van der Byl and Slawinski, 2015). The integrative view presupposes that firms need to accept CSTs and pursue different sustainability aspects simultaneously even if they seem to contradict each other. However, van der Byl and Slawinski (2015) argue that integrative approach manages tensions by counterbalancing financial performance by placing too much weight on social and environmental considerations. The resultant integrative approach is therefore, seen to be less clear on how firms might address CSTs.

The integrative approach, unlike win-win and trade-offs, proposes to bring the contradictory goals together without favouring any (Van der Byl and Slawinski, 2015). As a result, integrative view manages the CSTs between contradictory goals by counterbalancing the focus on financial gain with social considerations (Van der Byl and Slawinski, 2015). The integrative view presupposes that firms need to accept CSTs and engage different sustainability aspects simultaneously even if they seem to compete with each other (Hahn *et al.*, 2015). Therefore, according to the integrative view, firms are better off accepting both phenomena, and by recognising the existence of the inherent CSTs, they can explore possibilities to pursue both leading to creating solutions to such complex problems like corporate sustainability (Smith and Lewis, 2011).

Integrative view helps firms to strike a balance between external stakeholder demands for non-economic outcomes and the need to align extant routine to achieve firm-level benefits (Yuan, Bao and Verbeke, 2011). It accepts CSTs and balances out conflicting aspects of sustainability (Hahn *et al.*, 2010), allows decision-makers to map and measure economic and social issues simultaneously (Kleine and von Hauff, 2009), and balances social and economic goals without predominating any over the others (Hahn and Figge, 2011). However, when a corporation is being formed, its purpose is to have a fiduciary duty to its shareholders. Therefore, whereas firms will recognise the inherent CSTs and contradictions arising from these expectations, some firms choose to do nothing about it (acceptance strategies), others seek to resolve the CSTs (resolution strategies). Although Hahn *et al.* (2015), recommend acceptance and resolution strategies to deal with CSTs, it is important to investigate why some organisations seek to resolve these tensions when fiduciary duties compete with social concerns.

Acceptance strategies simply acknowledge the existence of CSTs but does nothing about them. Whereas resolution strategies accept the existence of CSTs and seek a solution to resolve the tension. Resolution strategies are divided into separation and synthesis strategies. Separation strategies create temporal pockets within the organisation or spaces outside the organisation where organisational members (employees) can pursue their personal sustainability agendas. Examples of separation strategies include structural ambidexterity (Altuna *et al.*, 2015) and employee volunteering programmes (Muthuri, Moon and Idemudia, 2012). Synthesis strategies on the other hand institute empowering structures and policies that enable organisational members to participate in enacting the organisational agenda in an emergent and interactive way. Examples of synthesis strategies are inclusive business (Lashitew, Bals and Tulder, 2018), CSI (Mirvis, Googins and Kiser, 2012) and Biophilic organisation (Jones, 2016).

Synthesis strategies seek new perspectives or elements that link or accommodate the opposing poles of a paradox. This strategy facilitates the pursuit of competing demands by offering managers an alternative way to make sense of two opposing elements through an overarching or mediating logic. Whilst such a synthesis strategy does not merge the two poles into a new entity, it offers a novel frame that can hold both opposing poles (Hahn *et al.*, 2015). ICSI is a synthesis strategy. Whereas other synthesis strategies like inclusive business, CSI, biophilic organisation, strategic agility, and practical wisdom are descriptive in nature, ICSI is a normative strategy that introduces cultural values as a mediating logic for multiple CSTs. This concept of a values system as a mediating logic for CST management is novel and unique to this research and makes a unique contribution to scholarship. The introduction of a values system as the mediating logic restores social value in business processes to achieve sustainability and common good, thus unmasking a values-based sustainability management.

However, some researchers refer to an integrative approach to mean balancing the elements of sustainability, others use the integrative view in a similar way to a paradox theory to mean embracing and managing the CSTs (Gao and Bansal 2013; Hahn *et al.* 2015). As such, there is an inconsistency in how the term *integrative* is used. Integrative lens does not present sustainability as a choice between society or environment and economy as in the trade-off lens, but rather views sustainability from a systems or holistic perspective where each element is interconnected. Integrative approach advocates for a managerial shift from the instrumental view that is dominated with financial goals toward emphasis of other elements of sustainability. That change in the mind-set of managers requires a departure from primary concern for economics to a values-driven business or a moral concern for the environment and society.

So far, we have discussed the relationship between CSR and corporate sustainability and observed that CSR is an intervening factor of sustainability and innovation. Innovation represents commercial value which is the fiduciary duty of the firm. However, for firms to transition towards sustainability CSR activities play a great role in ameliorating the inherent tensions that hinder corporate sustainability. We have also distinguished between tensions, trade-offs, win-win, dilemma and dialectics by affirming that tensions are a duality that require a mediating logic for effective management. Therefore, we have proposed integrative logic and synthesis strategies as intervening theories in tension management. Nevertheless, previous scholars have focussed on one or two dimensions of these tensions leaving a research gap to investigate factors that mediate between tensions in multiple dimensions. The next section will discuss context with a view to describing the practicality of tension management in SSA using financial institutions as case examples.

2.3 The SSA context in relation to underlying factors to tensions management

In this section we underscore the fact that tension management cannot be replicated across the world. For example, SSA has its own unique challenges that cannot be ignored in business sustainability. We, therefore, highlight the *Ubuntu* cultural values as unique cultural system in SSA that underpins the economic system. Secondly, we highlight social innovation as a mediating factor in tension management and a contributor to corporate sustainability. Lastly, we look at the application of social innovation and *Ubuntu* principles in financial institutions across SSA with a view to identifying a research gap.

SSA faces major development challenges like malnutrition, illiteracy, water scarcity, insecurity, poor healthcare, and poor shelter among others. Despite all these challenges, SSA is fast-becoming an attractive destination for global investors (Sinclair and Yao, 2011). Further, overcoming these challenges requires coordinated efforts by both public and private sectors. These efforts present an opportunity for the private sector to apply corporate sustainability principles to create value and reduce poverty. This research contributes to such efforts by exploring structures and cultures of tensions management in corporate sustainability. However, there is a misconception that tension management can be replicated around the world (Cruz, 2020), ignoring underlying cultural differences and economic systems in different regions of the world. Thus, this research contributes to knowledge by focusing on SSA where this subject is least studied representing a research gap (van Bommel, 2018). Indeed, variations in tension management at firm level is influenced by contextual factors that cannot be underestimated. Therefore, exploring the structures and cultures that influence tension management in a collectivist society is novel.

Ethical theories of business help us to understand corporate governance from a morality standpoint. However, in Africa the notion of morality has been overtaken by economic pursuit. Whereas traditionally a firm was recognised as community, or as an institution that should become a community, and not a mere collection of individuals (Lutz, 2009), the current competitive and individualistic spirit of capitalism has overtaken the traditional firm. When the firm is understood as a community, the purpose of management is to benefit the community, as well as the larger communities of which it is part of. This in essence is the *Ubuntu* philosophy. *Ubuntu* philosophy ties in with corporate sustainability and systems thinking where societal components are interconnected to create a symbiotic system that stimulates sustainable growth. Therefore, in line with the synthesis strategy, *Ubuntu* facilitates the pursuit of competing demands by offering managers a values-driven way to make sense of opposing elements through a mediating logic.

Based on the *Ubuntu* philosophy, the individual does not pursue the common good instead of his or her own good, but rather pursues his or her own good through pursuing the common good (Lutz, 2009). The ethics of a true community does not ask persons to sacrifice their own good in order to promote the good of others, but instead invites them to recognise that they can attain their own true good only by promoting the good of others (Lutz, 2009). This maximin rule (maximisation of welfare for the least favoured individual) is the bedrock of African business management where a company is likened to a citizen and, “as with any other group or individual in society, has to contribute to the common good because it is part of society” (Garriga and Melé, 2004, p. 62). However, this has been criticised as a pessimistic view of the world (Hahn *et al.*, 2010). It only holds true in an unjust world where there is fear to live at the BoP. Indeed, in SSA where government institutions are dysfunctional, those who live in extreme poverty, cannot access basic needs like food, health care, water, education, shelter, security and clothing; allows for a pessimistic view of the world (World-Bank-Group, 2018b). However, Western modernist theories advance a standardised management theory with broadly the same things across cultures (Blunt and Jones, 1997; Crane and Matten, 2016). This has resulted in a mismatch between theory and culture for the African manager resulting in a misappropriation of Western capitalism in Africa. African managers need a management theory consistent with their communal cultures. Such a theory would be built upon the ideals of community, warmth, empathy, and sharing based on a sense of intersubjective formation and collective responsibility and contractarianism.

Contractarianism, which stems from the Hobbesian line of social contract thought, holds that persons are primarily self-interested, and that a rational assessment of the best strategy for attaining the maximisation of their self-interest will lead them to act morally (where the moral norms are determined by the maximisation of joint interest) (Mastin, 2009). Contractarianism argues that we each are motivated to accept morality "first because we are vulnerable to the depredations of others, and second because we can all benefit from cooperation with others" (Navarro, 1988, p. 148). That kind of approach can enable managers to shift their thinking from merely using goods and services as a means to maximise profits; to using prudent financial management as a means to provide goods and services to the community. Thus, not only challenging global capitalism but, in fact, offering morality as a factor of production and an alternative model for dealing with CSTs.

2.3.1 *Ubuntu* and the 21st century Corporation in a collectivist society

Culture is a contributor to economic activities. Political and social systems which people find themselves in serve to foster personal attributes of leadership, creativity, self-reliance and self-confidence (Ajekwe, 2017). SSA is considered a collectivistic culture with the following attributes (Cherry, 2020):

- Social rules focus on promoting selflessness and putting the community needs ahead of individual needs
- Working as a group and supporting others is essential
- People are encouraged to do what's best for society
- Families and communities have a central role
- Greater emphasis is placed on common goals over individual pursuits

In collectivistic cultures, people are considered good if they are generous, helpful, dependable and attentive to the needs of others. Whereas in individualistic societies a greater emphasis is placed on characteristics such as assertiveness and independence (Cherry, 2020).

Micro-level research has shown that those who are innovative tend to be individualists (Cherry, 2020). Business innovation requires two dimensions, generating variety through self-drive and leveraging resources and knowledge through external ties. Variety generation depends on individual initiative whereas external ties thrive under collectivism. Individualism and collectivism therefore influence how business innovation is accomplished (Ajekwe, 2017). Hence, individualists produce breakthroughs that collectivists improve and implement. Individualists are prone to produce major innovations whilst collectivists generate variety through group based incremental changes. These group-based innovations are a source of tensions in the spatial and temporal spheres. Recognising these disparities can help firms implement policies, structures and cultures to address shortfalls. For example, individualistic societies can focus on building close network ties while collectivist cultures can focus more on encouraging individual enterprise where external ties already exist.

Therefore, individual agency can be said to be an outcome of both individualism and collectivism. This can be seen in the success of firms in Japan, South Korea and Singapore that are highly collectivist societies yet they have produced some very successful companies, thus dispelling the notion that business cannot thrive in collectivist cultures (Tiessen, 1997). There are national variations in the nature and outcomes of corporate responsibilities driven by underlying socio-cultural differences. For example, in East Asia businesses have their own norms and practices related to corporate responsibility. Therefore, the idea of corporate responsibility is contextual, driven by national and organisational cultures, and not universal (Krukowska, 2014). National culture is like the climate of a country, where millions live in it and it is part of the shared environment that they take for granted and see as normal. Whereas organisational culture is more like the weather on a foreign trip, it forces us to adapt, and we ask others and ourselves whether it is always like this. We are born and raised in our national culture. It shapes our unconscious shared values, and we internalise it as normal. When we join an organisation, they can never change our values. As with weather and climate, if you follow the weather for long enough you start to sense the climate. An organisation with strong social cohesion will develop some shared values and attract new members with compatible values. With time, you discover that these values that form organisational culture were informed by the national culture. Therefore, a successful business model must take cognizant of the national culture, cascade it to the organisation, and integrate it into the business model. Table 4 shows that the prevalent national culture in SSA countries is collectivism.

Table 4: SSA National cultural dimensions

Dimension	Kenya	Malawi	Ghana	Ethiopia	Namibia	Nigeria	Senegal	Tanzania	Mean	Median
Power distance	70	70	80	70	65	80	70	70	72	70
Individualism/collectivism	**25**	**30**	**15**	**20**	**30**	**30**	**25**	**25**	**25**	**25**
Masculinity/femininity	60	40	40	65	40	60	45	40	49	43
Uncertainty avoidance	50	50	65	55	45	55	55	50	53	53
Long-term/short-term orientation	0	0	4	0	35	13	25	34	14	8
Indulgence	0	0	72	0	0	84	0	38	24	0

(Source: Hofstede, 2020)

Table 5: National cultural dimensions for East Asian countries

Dimension	**Japan**	**Hong Kong**	**Singapore**	**South Korea**	**Mean**	**Median**
Power distance	54	68	74	60	64	64
Individualism/collectivism	**46**	**25**	**20**	**18**	**27**	**23**
Masculinity/femininity	95	57	48	39	60	53
Uncertainty avoidance	92	29	08	85	54	57
Long-term/short-term orientation	88	61	72	100	80	80
Indulgence	42	17	46	29	34	36

(source: Hofstede 2020)

Based on the Hofstede cultural dimensions, collectivism-individualism dimension measures the degree of interdependence a society maintains among its members. In individualistic societies people ought to look after themselves and their direct family only. In collectivist societies, people belong to in-groups that take care of them in exchange for loyalty.

With a median of 25, SSA is considered a collectivist society (the median gives a suggestion of cultural characteristics of a typical country). This means there are close, long-term commitments of a member in a group (i.e family, workplace, relationships etc). This long-term commitment to a group extends to corporations. Once a corporation has set camp in a community, it becomes a member of that community. Loyalty in a collectivist culture is paramount and overrides most other societal rules and regulations. In those relationships, everyone takes responsibility for fellow members of the gro up. So, for example, employees of a company become a family, and everyone takes responsibility for the other. Similarly, the corporation takes responsibility for the other members of the society. These are strong values that are vital for business sustainability.

However, Dondo and Ngumo (1998), claim that societies that are predominantly communal and hold collectivism values do not support wealth creation as much as individualistic societies. Indeed they have argued that African culture, which is collectivist, is not conducive for business (Dondo and Ngumo, 1998). They claim that business is a highly individualistic wealth creation activity that cannot thrive on communal responsibility. This is supported by Ajekwe (2017) who claim that in collectivist societies income earned is directed to provide for the community and not investment in private enterprise. To the contrary, Jackson et al (2008), reports high levels of entrepreneurship in many African countries. They assert that in African cultures individual entrepreneurship is encouraged, nurtured, harnessed and celebrated collectively. Apart from individual entrepreneurship, 'levels of humanism, collective responsibility, community self-help and mutual assistance are manifest within many African societies' (Jackson et al, 2008. p.402). They give an example of Afriland First Bank in Cameroon that started as a small-medium enterprise (SME) in 1987 with a mission to operate internally as an African family. Two decades later, the bank had grown to more than 300 employees. Therefore, providing for community does not negate private enterprise. Looking yonder to the Far East, China with a Hofstede cultural rating of 20, Japan with a cultural rating of 46 and South Korea with a cultural rating of 18, have all grown their economies tremendously yet they are collectivist cultures heavily influenced by Confucianism (see Table 5 above). This goes to show that collectivism culture is not a barrier to entrepreneurship. Collectivism culture is a motivator of business acumen. Like weather, it is important for corporations to unearth the African values that encourage entrepreneurship and incorporate them in the operations and governance systems of the firm to realise sustainability. To fully realise corporate sustainability, corporate organisations must put in place a process to integrate social, environmental, ethical and consumer concerns into their business operations (The-British-Academy, 2019). For SSA, the *Ubuntu* philosophy underpins the social and ethical imperatives of society and corporate responsibility. It has the potential to unify opposing elements akin the integrative approach. We will therefore discuss the philosophical foundations of *Ubuntu* and its implications on tension management and corporate sustainability.

***Ubuntu* philosophy and business sustainability:** *Ubuntu* is the foundation and edifice of the African philosophy (Lutz, 2009). It is the basis of African communal cultural life (Tambulasi and Kayuni, 2005). It functions as a unifying factor bringing together people of different backgrounds with varying agendas. Under *Ubuntu* a common agenda is realised because people realise that its only through interpersonal relationships that they can attain self-realisation (Lutz, 2009). In other words, under *Ubuntu* 'there is an individual existence of the self and simultaneous existence for others' (Luthans, Van-Wyk and Walumbwa, 2004, p. 515). In management parlance, a firm is recognised as a community or corporate citizen, not a mere collection of individuals (Lutz, 2009). As such, a firm has moral duties and responsibilities towards the society in which it operates and these duties and responsibilities exceed legal requirements (Woermann and Engelbrecht, 2019). Therefore, *Ubuntu* as a values system offers a mediating logic that defines expected duties and responsibilities of a corporation in society, offering managers a roadmap for managing CSTs.

Though there are other African philosophies such as *Harambee* and *Omuluwabi* (Dartey-Baah and Amponsah-Tawiah, 2011); *Ubuntu* is more encompassing. It carries values that are widespread across SSA from Ghana to South Africa. It is also more researched than *Harambee* and *Omulawabi*, and it is found more in the business and management literature than the former (Nussbaum, 2003; Shutte, 2008). Literature on business ethics claims that economic systems should reflect the value systems of their societies (West, 2014). Therefore, economic systems in SSA ought to reflect the values of *Ubuntu* (Ndiweni, 2008; Lutz, 2009; Ntibagirirwa, 2009). What that means is that the SSA context would support a significantly different economic system from other cultures and that a values system based on *Ubuntu* can find application in organisational settings in SSA. But values are a way of life and 'organisational commitment to values is a lived practice rather than words on paper' (Painter *et al.*, 2019, p. 76). Therefore, if an organisation is governed by *Ubuntu* then there would be a sense of human interconnectedness based on the theoretical interpretations of *Ubuntu*, that sparks empathy for the vulnerable, ethical leadership, inclusivity or pro-poor economic empowerment, the need for employee participation, and a concern for the common good. Whereas it may be argued that *Ubuntu* has been overtaken by modern human advancement, the British Academy in their most recent publication, *Principles for purposeful business: How to deliver the framework for the future of the corporation: An agenda for business in the 2020s and beyond* (British Academy, 2020), recommends a paradigm shift to a trustworthy, purposeful business with *ethical cultures*. The emphasis on ethical cultures reinforces the inclusion of *Ubuntu* in the management of corporations in SSA. *Ubuntu* underscores the importance of respect for the other person's dignity, promote the well-being of others, perfect everyone's valuable nature as a social being, act in solidarity with groups whose survival is threatened and act to produce harmony and reduce discord. These values are aimed at creating peace and harmony in a society. Upholding these values enables decision-makers to act unselfishly, conduct positive business dealings and promote harmonious relationships, which are good business management practices in supporting corporate sustainability. Further *Ubuntu* values are comparable to the integrative view. The integrative view seeks to balance external stakeholder demands with a firm's extant routine, which is an aspect of promoting harmony. For that matter, the morality of an enterprise is not only essential while considering the future of the corporation, but also for tension management and as such sustainable corporations ought to be assessed according to the extent to which they promote harmony and the common good (Lutz, 2009). It is apparent that the 21st century corporation is going to lay much emphasis on ethics. In the case of SSA, the 21st century corporation is going to revolve around *Ubuntu*. However, the organisational structures and cultures to facilitate this transition have not been studied but first let us look at the comparison of *Ubuntu* and other world philosophies.

***Ubuntu* and other world traditional values.** *Ubuntu* is rooted in human nature which is common to the entire human race (Lutz, 2009). Values of *Ubuntu* are not only African values but human values. China and Greek traditional philosophies have much in common with *Ubuntu* making it universally relevant to business management. In traditional Chinese ethics of Confucianism, as in traditional African ethics family is central. According to Confucian tradition, "the pursuit of material profit did not coincide, but more often directly conflicted with the dictates of virtue" (Lutz, 2009, p. 320). During the rise of the East Asian economies, it is believed that Confucianism was the bedrock of the economic revolution (Chan, 2008). Confucianism applies to business in:

- Being sincere towards others.
- Being trustworthy in handling transactions.
- Treasuring righteousness more than profitability and
- Being grounded on kindness.

Confucianism forms the philosophical foundation of other Asian countries like Japan, Korea, Vietnam, Singapore etc. For example, Japan adopted technology from the west, formed business corporations consistent with their own traditional culture and were able to produce products of higher quality at lower cost. The Japanese business model of Kaizen (continuous improvement), which is based on the Confucian sense of duty and loyalty, has its roots in the ethical sense, which grows and builds moral fibre (Krukowska, 2014). Japan's example shows that modernisation need not mean Westernisation and African countries can learn from this (Guest, 2004). This shows that the Confucian tradition of East Asia is relevant to management, and insofar as it is a tradition of communities, it resembles African traditional virtues of *Ubuntu*.

Similarly, the Greek Aristotelian approach to management is a promise of something staid and established and above all very human (Lutz, 2009). Therefore, a theory of management that is consistent with traditional philosophies of Africa, would have the following features, which suggests that a management framework modelled along *Ubuntu* values does not negate universal management principles, rather, it extends the management theory by domesticating it in the African cultural context:

1. It must be a theory of productive management i.e output must outweigh input so that poverty is overcome.
2. It must understand the business firm not as a collection of individuals but as a nurturing community in which individuals may flourish morally as well as materially.
3. Managers must promote the good of all members of the firm and the community not just its owners.
4. Produce and sell goods and services that are genuinely good for customers not just what they can persuade customers to buy.
5. Understand prudential financial management as a means to the end of providing goods and services to the community rather than understanding the provision of goods and services as a means to maximising profit.
6. Lead to globalisation for the common good.

2.3.2 Social innovation in emerging markets

The following section is focused on understanding social innovation literature. Understanding the definition of social innovation is important in determining whether an innovation is social or not, and whether an activity is an innovation or not; and thus, impose some dimensions on the search for social innovations. Social innovation is important in this research because innovation is the core business of corporations producing value and therefore it becomes an important moderating activity that enables corporations to create value and meet the expectations of society (Hahn *et al.*, 2015; Adams *et al.*, 2016). When innovation is interwoven with social responsibility it creates social innovation, which acts to harmonise CSTs. Therefore, in this section we seek to show that social innovation like cultural values is a mediating factor of tension management. As such, structures and cultures of tension management ought to drive social innovation.

Innovation according to Schumpeter (1950) is a process by which new products and techniques are introduced into the economic system and according to Tidd and Bessant (2009) is 'a process of turning opportunity into new ideas and of putting these into widely used practice' (p. 16). Further, Dodgson and Hinze (2000) describe innovation as the process by which knowledge is directed to competitive ends. Therefore, innovation is a process that delivers a product or service into the system for use. Innovation could be incremental, evolutionary or revolutionary/disruptive/radical. Most of the time innovation is incremental which means creating variations on an existing product or service but occasionally its evolutionary – reaching new markets, or disruptive – reaching new markets with a new offering (Tidd and Bessant, 2009).

Social innovation according to Esen, Asik-Dizbar and Maden (2015) is seen as an innovation concept, which adds the 'social' dimension to the process. Organisation for Economic Co-operation and Development (OECD) uses the term inclusive innovation to describe social innovation and is divided into "innovation for the low- and middle-income groups" and "innovation by the low- and middle-income groups" (OECD, 2012, p. 124). The former consists of obtaining cheaper versions of existing devices for purchase by lower income groups and the later involves facilitating grassroots entrepreneurship that could help integrate previously marginalised groups into the circuit of economic activities. The OECD definition agrees with Esen, Asik-Dizbar and Maden (2015) and is limited to product innovation. However, Altuna *et al.* (2015), define social innovation 'as innovative products or services motivated by the goal of meeting a social need, with the opportunity to create new social relationships or collaborations' (p.258).

Broadly speaking, an innovation is social to the extent that it is socially accepted and diffused widely throughout society or in certain societal sub-areas and ultimately institutionalised as part of a new social practice (Howaldt and Schwarz, 2016). Therefore, social innovation needs to mobilise citizens to take an active role in innovation processes and thereby enhance society's generic innovative capacity. This requires partnerships among actors on one hand and processes in support of scaling up and diffusion on the other a role that is taken up by corporations facilitated by CSR programs. Therefore, social innovation when implemented by corporations combines both innovation and social responsibility roles.

Rüede and Lurtz (2012) carried out an analysis of the use of the concept of social innovation through a systematic conceptual literature review and concluded that there is lack of clarity on the concept of social innovation. A company's intent when investing in social innovation activities and how it funds the effort will determine its outlook to social innovation. If it is interested more and motivated by economic value, then it will look at social innovation as an innovation with a social dimension. However, if it is motivated by social value then it will look at social innovation as a social responsibility subsumed in innovation. Examples of this are major multi-national enterprises (MNEs) making big commercial earnings with their eco-innovations. Social benefits are still important to these companies, but they are motivated by financial returns. Such innovations do not benefit BoP consumers because they are highly priced. However, social innovations that are driven by social responsibility are designed to benefit BoP consumers.

From this discussion, there are three attributes of a social innovation: that it should answer to a social need, create networks and collaborations and bring positive impact on the whole society particularly low and middle income groups.

Oliveira and Machado (2017) used a case study methodology to develop a framework that explains how the dynamics of innovation process occur in the markets at the BoP. In their framework, they presented four dimensions that are adapted to what is expected of an organisation when deve loping services directed to a layer of the population with differentiated characteristics. The four dimensions are: market interface, peculiar characteristics of the target audience, delivery system, and technological options and they are enabled by four e lements: buying power, shaping aspirations, improving access and tailoring local solutions (Oliveira and Machado, 2017). This means, to meet the needs of the BoP market the service innovation should adapt to the low buying power through credit and employability and model the consumers' aspirations through demonstrations and training. To increase access for the customer, a system of distribution of goods or services is needed which should be communicated to the customers. This resonates with other definitions of diffusion that require extensive network alliances and collaboration (Murray, Caulier-Grice and Mulgan, 2010). Prahalad (2012) on the other hand emphasises that innovation that benefits BoP markets must be developed within a framework of constraints or the 'innovation sandbox'. The innovation sandbox outlines the constraints within which a successful BoP innovation may work. These include *aspirational* i.e the product should appeal to local tastes, *scalability* i.e the innovation should be scalable, *safety* i.e quality and safety standards should be built in the product or service and finally it should be *affordable* by the local population. Therefore, in summary, the following characteristics will drive innovation that creates value at the BoP:

1. The innovation must be scalable meaning it is in abundant availability to reach a wide range of consumers.
2. Diffusion channels should be opened through networks to meet consumer demand.
3. The innovation should answer to a social need and be affordable.

4. The innovation should create a positive impact on the whole society and not just the people using the innovation.

These characteristics are in line with Prahalad's 4As or organising themes of awareness, access, affordability and availability (Prahalad, 2012). Prahalad (2012) in a widely cited paper uses an example of the development of a biomass stove for the rural poor in India to highlight the process of social innovation as driven by a corporation. Supported by British Petroleum, the process involved a research institution and several NPOs. Whereas Prahalad's work focused mainly on the external processes of social innovation, it lays a basis upon which to build a framework for social innovation.

To operate in the settings of BoP, corporations must transcend the whole concept of technology and products perspective and focus on value delivery (Prahalad, 2012). According to Prahalad (2012), the BoP market consists of four billion people living below two dollars a day. However, this market is worthy five trillion dollars in purchasing power (Prahalad, 2012). Therefore, corporations cannot ignore it. For example, with the introduction of mobile phones, over 20 million people were connected to cellular phones in less than 10 years in Kenya. Most of them being BoP consumers. The situation is similar in India, China, and South East Asia. Prahalad (2012) suggests that corporations need to focus on awareness creation, enabling access, ensuring affordability and ensuring availability of products and services in order to capture this market. This market has been considered the domain of governments, aid agencies, NPOs, and other do-gooders, since it is claimed that it is severely constrained by low income that only utilitarian products and services would be viable there. However, BoP consumers are motivated not just by survival and physiological needs, but they also seek to fulfil higher order needs either to build social capital, for cultural reasons or as a means to compensate for deficiencies in other areas of life thus providing an opportunity for business to make profits. Besides, BoP markets provide huge volumes and despite low profit margins, suppliers do realise profits as the volumes grow. Moreover, more than simply facilitating access to products and services, corporations can contribute to qualify people in need of competencies (Oliveira and Machado, 2017).

Another element of social innovation is blended value. Most corporate sustainability models discuss social value and business value as though there is a trade-off between the two (i.e that to advance toward one is to retreat from the other). However, blended value is a non-divisible combination of the elements of the corporate bottom-line: economic, social and environmental (Emerson, 2000). In a study by Jiraporn and Chintrakarn (2013), it was found that Chief Executive Officers (CEOs) that are more powerful significantly reduce CSR investments. The CEOs 'view CSR as depriving them of the free cash flow they could otherwise exploit' (Jiraporn and Chintrakarn, 2013, p. 345). It must be understood that the interaction between social and economic value is not a direct inverse relationship. The two can be combined to produce blended value. Blended value is not about wealth creation and social change but creation of value. Value is about consumption and usage experience (Galvagno and Dalli, 2014). It is the worth, merit, utility or importance of something (El-gohary, 2010). Value carries subjective factors such as experience and service (Bharti, Agrawal and Sharma, 2015). Therefore, the key issues to consider are how shall we measure value and how will value be created for each stakeholder.

From the literature above, it can be concluded that social innovation embodies the following principles:

1. Involves a business model that seeks to penetrate the group of price-sensitive and hitherto unserved markets while trying to generate profits with thin margins in a volume-driven business (Prahalad, 2012).
2. It is cushioned by CSR programs since it is low on returns in the short-term.
3. It is scalable through innovation collaboration and networking, and
4. The innovation outcome is blended value rather than discrete economic and social value.

We have considered social innovation as a mediating factor in tension management. Now we will look at East Asian countries and how they used social innovation to reduce poverty.

2.3.3 Social innovation in East Asian Countries

Typically, western-based business models operating in emerging markets have not considered the resource constrained consumers, instead focusing on the affluent at the ToP (Zeschky *et al.*, 2011). However, consumers globally are becoming conscious of the need for corporations to act as corporate citizens (Porter and Kramer, 2011; Mirvis, Googins and Kiser, 2012). In fact, consumers are shunning corporations that do not address societal needs like pollution, poverty, justice and so on. For that matter, corporations have started to look for alternative business models that address social issues at the same time make business sense (Porter and Kramer, 2011). Frugal innovation is such a model that responds to resource-constrained consumers with products that have extreme cost advantages compared to existing solutions.

The four East Asian economies of Japan, China, South Korea and Hong Kong, have been hailed as ‘economic miracles’ (Tiwari and Herstatt, 2012). These economies have transformed into global economic powerhouses within half a century lifting millions of people out of poverty. Previous research has shown that locally owned firms such as Samsung of South Korea have narrowed the technological gap with the West through innovation (Tiwari and Herstatt, 2012). In Japan on one hand, a response to the government’s failure to reconstruct disaster-stricken areas, resulted in impact investing which quickly helped turn around the livelihoods of those in great need. Whereas, in China, the China Social Innovation award has encouraged community-based innovation led by NPOs. NPOs and social enterprises are helping transform provision of public services as well as expand citizen participation. Social innovation has become China's tool to meet the needs of its most vulnerable citizens. Others especially in the South East Asian region (Malaysia, Singapore, and Thailand) have relied on transnational corporations (TNCs) rather than local firms for growth in industrial exports. East Asian countries generally have utilised social innovation (also known as frugal innovation) because of its focus on resource-constrained consumers at the BoP, to turn around many of their social challenges thus becoming candidates for other regions like Africa to learn from.

Frugal innovation seeks to minimise the use of material and financial resources in the complete value chain with the objective of reducing the cost of ownership while fulfilling or even exceeding certain pre-defined criteria of acceptance (Zeschky *et al.*, 2011). Frugal innovations enable significant reductions in price, are simple enough for easy functionality and reach out to non-traditional consumers (Tiwari and Herstatt, 2012). For example, India has become a 'lead country' for frugal innovation. A lead country is a country where an innovation is widely accepted and adopted. As such innovations in lead countries trickledown to other countries because the environmental conditions that stimulated the innovation becomes relevant in those other countries. GE, for instance, in collaboration with NGOs and hospitals in India, designed a pocket-sized ultrasound device (Vscan) that is smaller, cheaper and portable and can be used by health workers to deliver services to rural folks without the need for them to go to hospital. This innovation has trickled down to other countries in Africa and South East Asia and is being used by clinicians to provide healthcare to patients in the most remote of settings (Hart, 2012). In effect, frugal innovation requires a deep understanding of the specific environment for which the product is developed. In the case of TNCs, a substantial degree of autonomy for the local subsidiary helps facilitate the development of frugal innovations.

Frugal innovations develop frugal products that complement the lower end of a company's existing offerings. In other words, they are born of a situation of constraint, are designed to meet basic needs of poorer consumers and they target potential markets that offer great business opportunities. They are motivated by local low-cost advantages and involve collaboration with indigenous local firms.

Mainstream explanations of East Asian economic growth tend to focus on government policies ignoring the role of innovation and technological change (Hobday, 1996). Innovative ideas and products are increasingly being developed by local companies in emerging nations and marketed worldwide. Corporations from China and India in particular have flourished by developing disruptive innovations. For example, the Chinese home appliances Haier developed a washing machine, Mini

Magical Child, designed for daily small loads that offered an alternative to large expensive washing machines. Apart from enabling more people to own a washing machine, it added value to children in that children clothes could be washed regularly enabling them to play more and still have clean clothes to attend school regularly. Therefore, the product has not only social good but it is also a viable commercial product.

Another Chinese firm Galanz developed a low-cost energy efficient microwave small enough to fit inside cramped Chinese kitchens. Galanz has enabled millions of households to own a microwave and thus turning it into the world's biggest manufacturer of microwaves. In India, Tata Nano car selling at only $2,200, has improved transport needs for populations in India. These innovations could be termed as disruptive innovations, social innovations, resource constraint innovations, cost innovations or frugal innovations. Frugal innovations often look inferior to existing solutions because they provide limited functionality and are often made of simpler, cheaper materials. Whereas frugal innovations are initially developed to meet the needs of consumers in emerging markets, they are now gaining their way into developed markets. For example, GE's ultrasound Vscan is now being sold in the United States, despite being developed originally for India and Chinese markets (Mirvis and Googins 2017; Zeschky *et al.* 2011).

It is expected that corporations need to make profits in order to survive. Whereas frugal innovations are aimed at serving a social need, it is apparent that with increased uptake of the products the company in turn realises profits. The underlying contractarian notion is that we will never resolvedeep moral disagreements about whether corporations should focus on profits or social good. However, the core question is which set of rules are in the interest of everybody. Therefore, social-contractarianism unlike economic contractarianism regards mutual interest as central (Margolis and Walsh, 2003; Luetge, Armbruster and Muller, 2016). The basic structure of society is justified only if it is in the long-term interest of everybody. Frugal innovations in East Asia have therefore served as a moral obligation of companies to society at the same time achieved financial returns and contributed to economic growth of those nations.

Besides, consumers at the BoP markets can only buy the most inexpensive products hence look for affordable, functional and durable offerings with long consumption cycles. Designing appropriate products that meet the price performance criteria of BoP markets in emerging economies requires a better understanding of the often latent and unarticulated needs of consumers many of whom have low literacy levels (Ray and Ray, 2010). It calls for appropriate technological effort, building up local skills and forging linkages with local NPOs who facilitate knowledge transfer. Whereas the BoP has over four billion consumers, the unique social cultural and institutional characteristics of BoP markets imply that conventional global strategies may not be sufficient to penetrate the BoP. Therefore, companies resort to informal rules, social rather than legal contracts and shared use of assets. However, weak institutional structures that do not guarantee intellectual property protection make it difficult for corporations operating in emerging markets to be actively involved in innovation (Onsongo, 2019). Hence, limited Research and Development (R&D) investment, which inhibits involvement even in minor adaptive research.

Approaches to reach BoP mass markets include building new capabilities, decentralising the supply chain and developing social embeddedness through integration with the local environment (Ray and Ray, 2010). For example, Unilever's subsidiary in India, Hindustan, experimented with decentralised distribution using village entrepreneurs with great success (Balu, 2001). Partnering with local firms, therefore, builds capacities of corporations to reach BoP markets. Local firms are familiar with their local context and are able to meet local customer needs more effectively. They are able to attract and motivate employees.

Co-development of custom solutions with local partners is essential in adding local content and examining the innovation models of local enterprises. Based on a telecommunications firm, Centre for Development of Telematics (C-DoT), Ray and Ray (2010) were able to identify six factors that are critical for innovation for BoP in India. These are:

1. The product should be affordable.
2. The quality of the product should be acceptable to the local community.
3. The design should be attractive and responsive to the local tastes.
4. It should meet international standards for safety.
5. Should not be complex but have basic functionality and
6. It should earn profits in the long-run.

These factors are consistent with the characteristics of social innovation in an emerging market. According to Ray and Ray (2010), innovation for BoP consumers requires allocation of resources towards more labour intensive processes rather than capital intensive processes. This leads to lowered product development and manufacturing costs. Corporations therefore will need to unlearn the way they allocate resources to focus on frugality in order to enable it provide a product with a low price meeting the affordability of the BoP market (Ray and Ray, 2010).

It is paramount, therefore, to understand the unique context and characteristics of the environment at BoP, which is essential for designing and diffusion of technologies to the BoP markets. Firms, therefore, need to use field trips and ethnography to observe potential consumers in their national settings and select appropriate technologies and product designs that both meet the needs as well as feed into the production value chain of consumers at BoP (Prahalad, 2012). In conclusion:

- Big corporations should embrace frugal innovations as an opportunity to harness massive low-end profits, which in the long-run outweigh (due to high volumes) high-end profits (which are based on low volumes high returns).
- Frugal innovations are essential innovations that bring very high customer benefits at very low costs by way of partnering with local entrepreneurs.
- There is need to promote a mind-set of frugality within R&D teams because in the long-run both the company and society will benefit.

We have seen the importance of frugal innovation in the economic development of East Asian economies. Since East Asian countries have similar characteristics like SSA (i.e collectivist society and high poverty), they present relevant practical examples of transition from business case approach to innovation to a more sustainable integrative approach desirable for tension management. We will now look at social innovation approaches so far adopted by financial institutions in SSA.

2.3.4 The need for tension management in financial institutions in SSA

Innovation helps drive economic growth by addressing socio-economic challenges. Nevertheless, most countries in SSA champion the development of small and medium enterprises as a means to fight poverty, generate employment and promote economic growth at the expense of innovation (Robson, Haugh and Obeng, 2009). Whilst it might be argued that developing countries ought to concentrate on ensuring the provision of basic services to their citizenry, it is still useful to invest in growth enhancing innovations that address social challenges (OECD, 2012). Such innovations are key in stimulating business success and economic growth (Hausmann and Rodrik, 2003; Hipkin and Bennett, 2003). For example, India's green revolution was based on high yielding crop varieties (low-technology innovations) that resulted in increased agricultural productivity (OECD, 2012). Lower-technology sectors like agriculture, knowledge and the service industry that require incremental innovation have proven to have greater impact on poverty reduction and are therefore suitable innovations for SSA.

Innovation especially high-tech innovation can be costly. Since SSA is not at the technology frontier, countries can incur high costs without reaping any benefits if they choose sectors that require unavailable expertise. Much of innovation in SSA is in form of adaptation, which is necessary for adoption of foreign technologies (Ang and Madsen, 2011), hence SSA countries have an advantage of appropriating innovations.

The need for innovation in SSA is ever growing. The poor global poverty outlook arises from the lagging performance of SSA in reducing poverty. The inability of economic progress to reduce poverty in SSA is a result partly of population growth but in many cases unequal distribution of the benefits of economic growth, which predisposes BoP populations to more poverty (World-Bank-Group, 2016). Whereas all other global regions have recorded declining trends in poverty, SSA stands out as an exception. This implies that if the goal of ending poverty globally is to be achieved, most of the future decline in poverty must come from SSA. In other words, future progress towards the goal of global poverty reduction is only possible if an acceleration in current poverty reduction takes place in SSA (World-Bank-Group, 2016).

SSA presents unique circumstances for economic growth and innovation (Mirvis *et al.*, 2016). Egbetokun *et al.* (2016) have outlined the following limits and constraints to innovation in Africa:

1. Limited economic infrastructure such as transport, energy, water and internet connectivity.
2. Weak systems/institutional factors such as credit, R&D and accountability.
3. Limited capabilities including low literacy rates, and
4. Policy constraints and weak government support or poor policies across national, regional and continental levels.

These unique circumstances make it clear that wholesale transfer of innovations from the Western economies into SSA may not work. Firms therefore need to learn to balance global standards and local responsiveness to manage unique circumstances of innovation in SSA. This makes the need for innovation strategies developed within the SSA context more crucial than ever. Incidentally, Kenya presents a representative ecosystem for innovation research that focuses on markets at the BoP. The 'consumer market in Kenya is composed mostly of consumers who live in extreme poverty' (World-Bank-Group, 2018b, p. 18), and yet Kenya has experienced some unique and successful social innovations like M-pesa and agency banking among others.

These breakthrough innovations are few and far apart. Egbetokun *et al.* (2016) examined data from eleven African countries showing the share of firms that introduced innovations that are new to the firm. Egbetokun *et al.* (2016) concluded that innovativeness at micro-level is not necessarily dependent on the economic growth of a country. This implies that firms in Africa have their own unique ways of overcoming various economic and infrastructural constraints to innovation. Egbetokun *et al.* (2016), further found that 'firms in all the eleven countries, except Kenya, make little use of information from universities, governments and private research laboratories' (p.163). This puts firms in Kenya in a unique position that can offer lessons for the rest of SSA. By basing this research in Kenya, there is an opportunity of benefiting from rich examples of social innovation and learn lessons on how to innovate in unique African circumstances.

In order to innovate for society, firms must overcome internal organisational CSTs inherent in corporate operational ecosystem. By situating this research in Kenya, we will be seeking to find out to what extent firms in Kenya have dealt with CSTs and how this was achieved. Therefore, Kenya presents a unique opportunity to fill the knowledge gap on CSTs by examining the successful social innovation programs in financial institutions extant there.

Innovation in financial institutions in SSA: Financial institutions are well positioned to play a pivotal role in sustainable development. However, they responded rather slowly to the emerging challenges of sustainability (Peneda Saraiva and Silva Serrasqueiro, 2007). Banks, for example, have focused only on financial issues neglecting the other sustainability components (i.e social and environmental) (Peneda Saraiva and Silva Serrasqueiro, 2007). As such, there are consequences where financial institutions have failed and hurt society. The financial sector performance on social issues is generally low (Weber, Diaz and Schwegler, 2014). This is because pressure to perform well on social issues is lower than on other high emission sectors. Nonetheless, financial institutions perform highly in community relations because of the rising importance in reputational risks (Peneda Saraiva and Silva Serrasqueiro, 2007). Therefore, they need to move from focusing on financial goals only and embrace social goals too, as stakeholders are increasingly demanding (Eccles and Serafeim, 2013).

Currently financial gain is the only criteria to evaluate the effectiveness and efficiency of financial institutions' business model (Nosratabadi *et al.*, 2020). Nizam *et al.* (2019) argue that evidence in the banking sector to show that social performance is related to financial pe rformance is inconclusive. Yet expanding access to financial services among the poor is effective in reducing poverty (Must and Ludewig, 2010). For example, a study in Ethiopia showed that access to financial services caused a significant reduction in 17 determinants of poverty (Must and Ludewig, 2010). However, the main obstacle to low income market penetration by financial institutions is not lack of correlation between social and financial performance, but high interest rates. Interest rates in SSA average 28% per annum (Triki and Faye, 2013). This is mainly due to uncertainty brought about by the high risk of doing business in unstable environment. Such factors as corruption, weak rule of law, poor infrastructure, high cost of energy, contribute to the high interest rates (Must and Ludewig, 2010).

This has resulted in a huge gap in financial inclusion in SSA. Overall, only 23% of adults in Africa have a formal account at a financial institution (Triki and Faye, 2013), which is lower than the 26% of the world population who are connected to formal banking according to the World Bank. In SSA countries formal banking is as low as 7% in some countries (Triki and Faye, 2013). The main barrier to the lack of formal banking in Africa is lack of enough revenue to run an account. Other barriers include high maintenance costs, distance to the nearest bank and lack of proper documentation in that order (Triki and Faye, 2013). World Bank estimates that less than 5% of micro-finance loans demands is being met worldwide due to poor infrastructure. Infrastructural gaps across SSA inhibits access to financial services. This has made branch banking inadequate for distribution of financial services to the SSA's growing population (David-West, Iheanachor and Umukoro, 2019). Financial inclusion requires another strategy like mobile banking. Through mobile banking[3] financial institutions can continue to penetrate new markets (Ngumi, 2013). For example in Kenya, through mobile banking, banks have continued to perform well even when other sectors are showing sluggish performance (Ngumi, 2013). According to Ngumi (2013), many mobile money users are not included in the formal financial system and about 43% of mobile money users in Kenya do not have a formal account. This is because pecuniary cost of mobile money services is lower than similar financial services served by brick and mortar (David-West, Iheanachor and Umukoro, 2019). Therefore, there is potential to penetrate the BoP market in SSA with innovative financial services not just to fill the existing void, but to improve the social well-being and economic development of the region (Must and Ludewig, 2010; Aliyu, Yusof and Naiimi, 2017; David-West, Iheanachor and Umukoro, 2019).

In a study in Kenya, Ngumi (2013) found that mobile phones have a high moderating effect when influencing financial performance for commercial banks. Hence, banks could leverage on mobile phones in order to grow their business and customer base. Mobile banking has lower administrative costs and could lead to higher customer volumes than manual banking. In addition, mobile banking is versatile and attractive to both banks and consumers. In fact, increased use of mobile banking has been found to be negatively correlated with poverty in least and medium income countries (Asongu and Nwachukwu, 2018). Mobile money can serve as a poverty reduction tool by increasing savings rates, creating jobs, and increasing access to financial products. Must and Ludewig (2010) recommend that governments subsidise development of local mobile money infrastructure and adopt policies that enable formation of decentralised networks of mobile money agents. However, other views state that mobile banking in fact increases transactional costs due to small incremental loans that are difficult to track leading to high default rates (Owusu *et al.*, 2020). Hence, progressive interventions would focus on reducing transaction costs and uncertainty by use of group banking. Indeed mobile money provides easy access to social insurance thus incentivising uptake among rural poor (Obadha, Colbourn and Seal, 2020). In a study in Ghana on youth adoptability to mobile banking, Owusu *et al.* (2020), found that mobile banking is influenced by perceived ease of use, perceived usefulness, relative advantage, and low complexity. Therefore, mobile banking could be a poverty reduction and financial inclusion tool by enabling financial institutions to expand their services and attract BoP markets (Must and Ludewig, 2010).

[3] Mobile banking and mobile money are used interchangeably to mean all mobile money transactions including banking and purchasing of goods and services. It is considered a financial inclusion innovation.

Informal financial institutions have expanded in SSA meaning that there is a ready market that formal institutions can penetrate and transform to expand financial inclusion (Ojong and Obeng-Odoom, 2017). In a study in Cameroon Ojong and Obeng-Odoom (2017) found that traditional networks of finance bridge the gap between lending and saving. They argue that neoliberal logic fails to appreciate informal institutions (kinship lending) as contributing to financial inclusion. The problem with traditional lending and borrowing is that they do not translate to investment and growth. Therefore, whereas informal lending/saving/borrowing have their place in community resilience, formal institutions can leverage on them and create more sustainable development. For example, in Brazil where agent banking handled 2.6 million transactions in 2010, it was found that a large network of agents in low-income neighbourhoods and rural areas could scale up simplified bank accounts rapidly (Triki and Faye, 2013)

Sustainability banking involves banks making environment and society the core of their business (Asongu and Nwachukwu, 2018) and CSR is considered a pathway to sustainable banking. CSR has a positive impact on efficiency i.e it increases financial performance by increasing the bank's reputation (Girón, 2015). Banks have increased their social responsibility practices in order to reinforce their credibility and trust to their shareholders (Miralles-Quiros, Miralles-Quiros and Hernandez, 2019). As well, customers encourage banks to substitute manual banking with digital processes because it reduces environmental impact and adopts a stewardship role (being aware of the customer's health and well-being) (Nosratabadi *et al.*, 2020). Hence, banks are starting to integrate sustainability into their core business. By integrating sustainability in their core business, banks prevent suspicion of green washing and leverage resources (Zimmermann, 2019), thereby offering products that contribute to sustainable development. They also offer a value proposition that mitigate or adopt to climate change, eliminate hunger and poverty, increase literacy, gender equity and leads to a good image or support to sustainable development goals (SDG s) (Girón, 2015).

Banks can engage in environmental practices (energy) social (volunteering) and external practices (donation), but practices that are anchored in the core business have considerable more extensive effects on sustainability (Zimmermann, 2019). Involvement in social good (e.g carbon emission, protecting the environment, energy efficiency, reducing water consumption) reduces cost of business and leads to a good corporate image or reputation (Girón, 2015). Nevertheless, financial crises put financial institutions reputation in disrepute. In addition, banks can be liable for the irresponsible practices of their clients, that is to say, if a customer is not socially responsible and builds a house on riparian land using bank finances, the bank bears the impact of bad repute (Peneda Saraiva and Silva Serrasqueiro, 2007), which needs to be mended. Thus, responsible banking is important for ensuring the survival and profitability of financial institutions and broadening financial inclusion (Hilmi, 2018).

The empowerment of women, for example, through microcredit is a new way of obtaining higher profits as well as expanding financial inclusion and can be a pathway to corporate sustainability (Girón, 2015).

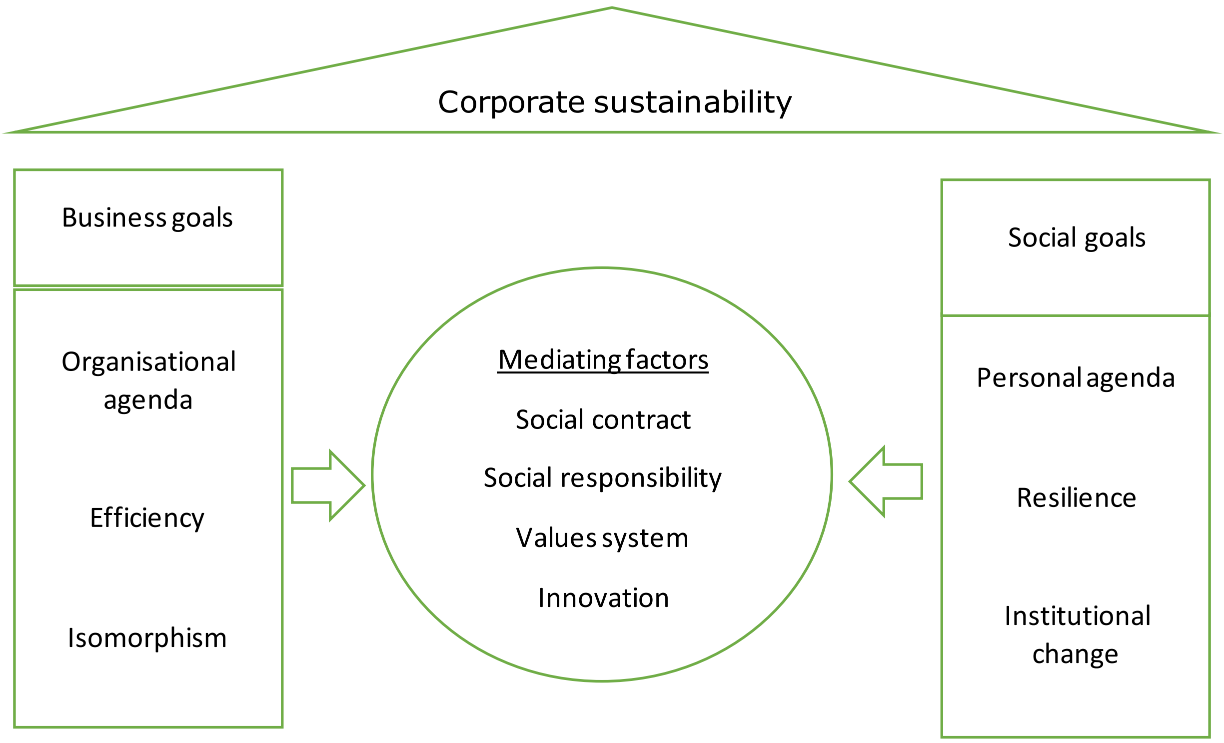
European firms show a strong performance regarding the environment because of stricter environmental regulations (Weber, Diaz and Schwegler, 2014). However, in SSA law enforcement is weak. For example, in South Africa, integrated reporting is mandatory. It enhances integrated thinking across departments, improved internal processes, enhanced managerial focus and sustainable value for shareholders. However, integrated reporting has proved to be difficult for small banks (Smit, Scholtz and Mans-Kemp, 2018). In Kenya, on the other hand, mobile stored value accounts are regulated separately from traditional banking activities (Must and Ludewig, 2010). Other views suggest that self-regulation could be advocated as a solution to the regulatory capacity problems faced by developing countries (Graham and Woods, 2006). In the execution of self-regulation, industry associations, some involving other groups of stakeholders commit members to minimum standards of environment or social conduct. Governments in developed countries have supported such initiatives and most corporations are willing to regulate their own conduct in line with broad internationally agreed standards where effective government regulations are missing. In such an arrangement NPOs come in to play a role in generating, deepening and monitoring adherence to such norms as human rights, the environment and anti-corruption (Graham and Woods, 2006). Therefore, corporations could be incentivised to engage in sustainability through self-regulation underscoring the importance of CSR dimension that guarantees accountability, compliance and transparency and implies a reduction in agency costs for financial stakeholders (Miralles-Quiros, Miralles-Quiros and Hernandez, 2019).

In this section, we have discussed that financial institutions play an important role in bringing about sustainable development. However, they are focused only on financial gain without giving attention to environmental and social needs, in the guise that the industry is not associated with emissions and pollution. Conversely, after the 2008 financial crisis and scandals in the industry, social engagement could restore the industry's reputation and legitimacy in society and lead to service expansion as well as increased BoP market penetration. Indeed, one innovation that has taken lead in this respect is mobile banking. Therefore, combined with CSR activities and industry self-regulation, financial institutions have potential to have a wider financial inclusion based on 'higher volumes, lower margins' in the short-term and greater impact on sustainable development in the long-term. This requires structures and cultures that bind divergent business and social goals together, which represents a research gap.

2.4 Conceptual framework

In the preceding sections, we have examined three main areas of concern that are key in managing CSTs. These are social responsibility, values system and innovation. In this section, the study examines how each component contributes to the mediating logic that is necessary in the management of CSTs. Consequently, we propose a conceptual framework upon which to base the ICSI framework.

The mediating logic in this study is the tie that binds the business and social objectives. It explains how and why certain constructs link with each other and how or why such effects occur. The factors considered as consisting the mediating logic are social responsibility, values system and innovation (Fig.4). These factors are identified as part of the mediating logic because variations in either the business goals or social goals account for changes in them. For example, a shift in the business strategy of an organisation has a significant impact on the social responsibility activities, on the organisation's culture and innovation outcomes. More attention is given to these three factors because they are vital in driving corporate sustainability.



(Source: Author)

Figure 4: Conceptual framework for a CSTs management framework

Social responsibility taken as strategic CSR is a form of social action in which the firm invests in societal programs that are synergistic with their mission, goals and objectives (Evans *et al.*, 2015). This results in a direct societal impact but also generates indirect benefits for the firm's core business objectives. Social responsibility is considered a mediating factor because it significantly increases the relationship between social and business goals (Rodgers, Choy and Guiral, 2013). It benefits business by building brand loyalty and corporate image, creates new opportunities for innovation thus increasing profits and shareholder value. It also has social benefits in that a stronger climate for doing business is created through improved company legitimacy and by creating employment opportunities (Evans *et al.*, 2015). Effective management of CSTs is based on being responsible to the stakeholders. According to Woermann and Engelbrecht (2019), a values system can influence a firm's responsibility to stakeholders. Consequently, values-based management system becomes a mediating factor for social and business goals. In a conceptual analysis of management of CSTs, Sasse-Werhahn, Bachmann and Habisch (2020) recommend the practical wisdom approach, which entails discernment for seeking the moral good and forms virtuous habits facilitating the cultivation of an art of living well, individually and collectively. In other words, values are central in cultivating a relationship between individual and collective goals. In this study, we apply *Ubuntu* conceptualisation as a values-based social action. Values system plays a key role in opening up communication channels and dealing with internal disagreements that escalate CSTs. In fact, where staff share empathy and trust they are more likely to accept CSTs as part of the system. By so doing actors accept contradictions (i.e inconsistencies, conflict, ambiguities) and are inclined to embrace and benefit from CSTs (Ivory and Brooks, 2018).

On the other hand, innovation deescalates CSTs. In this case, innovation is a mediating activity that enables corporations to co-create value and meet the expectations of promoting common good for all. To co-create value, companies cooperate with a variety of stakeholders on innovation programs and gain as much as the stakeholders (Stefan and Till, 2013). The common good created stimulates innovation again by representing opportunities for a more efficient management of human resources and the supply chain (Asongu, 2007). In the final analysis, innovation helps bridge the divide between social goals and business goals. Thus, innovation is a meditating activity that helps deescalate CSTs and spur opportunities for blended value co-creation.

Managers ought to be equipped with a comprehensive view on sustainability issues in order to manage CSTs at temporal, spatial and contextual levels (Sasse-Werhahn, Bachmann and Habisch, 2020). The mediating logic conceptual framework is based on the synthesis strategy that deals with paradoxes by creating a new perspective and thus linking or accommodating opposing forces. It introduces new terms under the social contract theoretical framework to resolve the paradox and offer a frame that can accommodate the competing demands (van Bommel, 2018).

Previous studies have used different frameworks to manage CSTs. In a study by van Bommel (2018), of 30 firms in Europe, it was found that 17 firms tended towards instrumental strategy, whereas 13 firms predominantly followed integrative strategy. The study concluded that firms that seek instrumental approach to tensions perceive CSTs as constraining and unsolvable whereas those that use integrative approach find it easier to cope with and understand CSTs (van Bommel, 2018). Moreover, firms that use integrative approach, know that CSTs are perpetual and cannot be solved but managed for the long run. Instrumental strategy on the other hand, maintains anxiety and uncertainty or a vicious cycle as individuals react defensively to contradicting demands instead of embracing them. Sasse-Werhahn, Bachmann and Habisch (2020), suggested practical wisdom, which is based on the integrative approach and obliges managers to balance short-term and long-term impacts. Strategic agility is another approach based on the integrative view where actors accept contradictions i.e inconsistencies, conflict and ambiguity (Ivory and Brooks, 2018). Circular economy, on the other hand, is an instrumental logic with a shift from linear model of production-consumption-disposal to a circular model where re-use is maximised while use of natural resources is reduced (Daddi *et al.*, 2019).

The mediating logic conceptual framework in this study is an extension of Hahn *et al.'s* (2015) synthesis strategy which is a branch of the integrative view. In a synthesis strategy, managers accept that they are unable to choose between competing CSTs and that they are more open to consider both (Ivory and Brooks, 2018). The mediating factors (social responsibility, values system and innovation) thus work interdependently to contribute to tension management and keep the CSTs together. Therefore, a progressive mediating logic based on synthesis strategy acknowledges that CSTs cannot be eliminated but working through them helps enact a more certain reality – a negotiated reality based on a social contract and one that keeps evolving with changing times. In addition, a progressive mediating logic is flexible and knead together by values system; yet can accommodate different CSTs as they are discovered. Firms that fail to live to their promise of pursuing sustainability open a door for accusation of hypocrisy, green washing rather than promoting true systemic change (van Bommel, 2018). Whereas firms that deploy integrative approach may rely on a combination of opposition, separation, and synthesis strategies for the management of CSTs, this study found a synthesis strategy anchored on the *Ubuntu* philosophy to be applicable to SSA. However, for this to work it requires managers to develop a constitutive culture, internal environment and leadership approach that allows employees to think critically and openly.

Analytical framework. The analytical framework is the basis upon which the findings of this study were evaluated. Since this study is examining how financial institutions manage CSTs, each unit of analysis (i.e each firm) was evaluated against the set criteria to determine that its CST management is within a values framework. The principles of the analytical framework were obtained from combining the six social contract rules of thumb (Donaldson and Dunfee, 2000) and the six *Ubuntu* principles

(Metz, 2007). Table 6 shows the dominant characteristics arising from the *Ubuntu* principles and the social contract theory principles, merged into an analytical framework.

Table 6: Characteristics of Ubuntu and social contract theory that inform integrated corporate social innovation framework

Ubuntu principles	Social contract theory rule of thumb principles	Analytical framework
U1: An action is right just insofar as it **respects** a person's dignity; an act is wrong to the extent that it degrades humanity.	A. Local community norms have priority unless adopting them **harms** members of another community.	No harm Respect for persons' dignity
U2: An action is right just insofar as it **promotes the well-being** of others; an act is wrong to the extent that it fails to enhance the welfare of one's fellows.	B. Local community norms designed to resolve norm conflicts have priority unless adopting them harms members of another community.	Promote well-being of all
U3: An action is right just insofar as it promotes the well-being of others without violating their **rights**; an act is wrong to the extent that it either violates rights or fails to enhance the welfare of one's fellows without violating rights.	C. The more **global** the source of the norm, the greater the norm's priority.	Global acceptance Respect rights
U4: An action is right just insofar as it **positively relates to others** and thereby realises oneself; an act is wrong to the extent that it does not perfect one's valuable nature as a social being	D. Norms essential to the maintenance of the **economic** environment in which the transaction occurs have priority over norms potentially damaging to that environment.	Other-regarding Maintain economic value
U5: An action is right just insofar as it is in solidarity with groups whose **survival is threatened**; an act is wrong to the extent that it fails to support a vulnerable community.	E. Patterns of **consistency** among alternative norms add weight for priority.	Consistency Preservation of the vulnerable
		No contradiction

U6: An action is right just insofar as it **produces harmony** and reduces discord; an act is wrong to the extent that it fails to develop community	F. Priority is given to well **defined** norms over less well-defined ones.	Produces harmony

(Source: Donaldson and Dunfee 2002; Metz 2007, pp.328–334).

In summary, the following six analytical framework principles have been derived from combining social contract theory and *Ubuntu* principles.

1. Respect for all persons' dignity.
2. Promote well-being of all.
3. Other-regarding (collectivism).
4. Preservation of the vulnerable.
5. Global acceptance and
6. Produce harmony.

These principles are the basis for the ICSI conceptual framework developed from the findings of this research.

2.5 Chapter Summary

In this chapter, we have established that in response to the growing public demand for corporations to address social issues, companies have resorted to CSR. We have also seen that when CSR is deployed as a response to sustainability demands, corporations use it in an instrumental way, i.e either to improve financial performance or to mitigate the 'harms' caused by financial pursuits. This approach does not resolve CSTs and only leads to 'greenwashing' accusations. However, CSR can be deployed as a contributor to sustainability by integrating it in firm innovation processes.

To achieve this, corporations need to take an integrative approach and pursue disparate sustainability aspects simultaneously. This is possible when corporations embrace a synthesis strategy, which institutes empowering structures and cultures that link or accommodate opposing sustainability aspects. These structures and policies form a mediating logic that is glued together by a values system, in this case *Ubuntu*. *Ubuntu* is unique to SSA and when applied in business management, it re-orients the theory of the firm from maximising shareholder value to a community whose purpose is to co-create common good for all. The focus of the firm becomes to produce or innovate goods and services that are genuinely good for customers, especially the BoP market, not just what they can persuade customers to buy. This approach has worked in South East Asia and is appropriate for SSA because they share a collectivist culture and have high levels of poverty. The approach of creating common good for all, is viewed as appropriate for financial institutions because of the competitive nature of their industry and the capacity and resources they hold to spearhead the effort. With this background, we conclude with a conceptual framework whose purpose is to explain how CSTs can be managed via a mediating logic consisting of social responsibility, innovation and a values system.

Nevertheless, we have also looked at scholarly literature that has attempted to define tensions and distinguish it from dilemmas, trade-offs and dialectics. Tensions are seen as the relationship between two contradictory and synergistic elements. As such, managing tensions is based on establishing a mediating logic. To do this, we identify factors that mediate between these tensions in order to keep them together, which represents a research gap. Further, frameworks have been developed to manage CSTs. It was found that most scholarly work has focused mostly on one or two CSTs leaving a gap to explore how multiple tensions can be managed simultaneously. Moreso, to address the two adversarial and complementary issues simultaneously, a firm must put in place structures and cultures that help create an equilibrium. These structures and cultures represent another research gap. In addition, most of the previous researchers have focused on identifying and characterising CSTs, thus leaving a gap to move research further and determine the outputs of managing multiple CSTs simultaneously. Again, the study of CST management is scarce in SSA, which presents a unique context for the study of CST management. Therefore, this research seeks to fill this gap by exploring how multiple tensions can be managed simultaneously using integrative approach in financial institutions in SSA and how CST management can result in blended value. Building from these research gaps, the following research questions modelled around a mediating logic emerge:

1. How does a values-based governance system support CST management?
2. How does the nature of Business to Non-profit (B2N) relationships influence management of CSTs?
3. How do the macro-environmental conditions, influence financial institutions' management of CSTs?

Finally, we have considered the innovation landscape in SSA and drawing from extant research, highlighted the uniqueness of SSA as an innovation target and concluded with a justification to base this research in Kenya with implications for the rest of SSA. We have also explained how the research gaps lead to the research questions under study. The next chapter will focus on the theoretical perspective of this research.

Chapter 3: Theoretical and analytical perspectives of the research

3.1 Introduction

The aim of this chapter is to map out the debates on various ways business ethics theories have been developed, used and defended over time. Based on the current knowledge and the SSA context, which is unique with high numbers in BoP populations, a social contract theory was selected as the theoretical framework for this research. Social contract theory is an egalitarian theory thus, it allows for corporate self-interest at the same time pushing in a democratic manner for collective social good. Discussions on agency theory and stakeholder theory have been used to confirm the arguments for the social contract theory, in section 3.7, as an egalitarian theory that is based on social justice. Therefore, the theoretical position adapted for this research is defined.

The rest of the chapter is structured as follows: First, a discussion of the grouping of normative business ethics theories is presented. This is followed by a detailed discussion of the leading three normative business ethics theories i.e agency theory, stakeholder theory and social contract theory. Lastly, a discussion on how the social contract theory is used in this research is outlined.

3.2 Normative theories of business ethics

Normative ethical theories are those that propose to prescribe the morally correct way of acting (Crane and Matten, 2016). Thus, they are designed to provide human beings and businesses alike with ethical guidance. These theories present distinct and incompatible accounts of a businessperson's ethical obligations.

The role of business is to expend resources to accomplish the specific purposes for which the business was initiated. Therefore, it is a manager's responsibility to accomplish these goals. Moreover, where a business was initiated for profit, a manager will perform socially beneficial activities in the hope that it will enhance the firm's profitability. However, their conduct might not always be right. That is why the study of business ethics is important. Business ethics is the 'study of business situations, activities and decisions where issues of right and wrong are discussed' (Crane and Matten, 2016, p. 5). Corporate sustainability falls under business ethics because it is expected to simultaneously address interconnected and interdependent issues that renders it difficult to discern right from wrong. The aim of corporate sustainability is to balance economic prosperity, social integrity, and environmental responsibility which requires moral reasoning to achieve (Bansal and Song, 2017).

3.3 A theoretical framework for corporate sustainability

Corporate sustainability and CSR are a genre of business ethics. Business ethics as a field of study is divided into normative and descriptive theories (Crane and Matten, 2016). According to Hasnas (1998), the leading normative theories of business ethics are stockholder/agency theory, stakeholder theory and social contract theory. It is also suggested by Garriga and Melé (2004) that CSR theories (which are a branch of business ethics) can be classified into four categories:

1. Instrumental theories. These are theories in which the corporation is seen as only an instrument for wealth creation and its social activities are only a means to achieve economic results.
2. Political theories. These concerns themselves with the power of corporations in society and a responsible use of this power in the political arena.
3. Integrative theories. These are theories in which the corporation is focused on the satisfaction of social demands, and
4. Ethical theories. These are based on ethical responsibilities of corporations to society.

The classification of these theories can be summarised as in Table 7 below.

Table 7: Classification of CSR theories

Category	Theory	Strengths	Weaknesses
Instrumental theories	Agency theory	Wealth creation for business owners	Views social activities as a means to economic results
	Resource based view		
Political theories	Corporate constitutionalism	Requires responsible use of power by business as special institutions	
	Social contract theory	Corporation responds to constantly changing norms of society	Indirect obligation of business to society
	Corporate citizenship	Social investment toward local community	
Integrative theories	Issues management	Takes into account social demands	
	Corporate social performance	Focus on the integration of social demands	Lack of emphasis on CSR implementation

Ethical theories	Stakeholder theory		Not clear whether business takes responsibility for social issues
	Sustainable development	Consideration of the environment	Macro-level rather than firm level

(Source: Author adapted from Garriga and Melé 2004)

Other scholars have categorised corporate sustainability theories into normative and positive theories. According to Oosterhout (2006), normative theories are theories that focus on what we ought to do or what we should be doing. They focus on what is right from a particular perspective. Examples of normative theories are stakeholder theory and social contract theory. Positive theories, on the other hand, describe how people and organisations actually behave. They are used to predict activity rather than advise people on how they ought to behave. Examples of positive theory is institutional theory. Since this research presents a conceptual tool that can help make practical, structural and systemic assessment of the right and wrong in particular business decisions, a normative theory is utilised.

By normative, we mean ethical theories that propose or recommend the morally correct way of acting. Normative theories are statements about what is right and wrong, desirable and undesirable, just or unjust in society (Monist, 1993). A normative theory could be agent-neutral or agent-centred. According to an agent-neutral theory, you are better off when both our aims are fulfilled. By contrast, an agent-centred theory says your aims can only be achieved at the expense of mine. Agency theory is agent-centred, whereas social contract theory and stakeholder theory are agent-neutral (Monist, 1993; Hasnas, 1998). Other views categorise normative theories as consequentialist theories and non-consequentialist theories (Crane and Matten, 2016). Consequentialist theories are based on either egoism or utilitarianism principles. Whereas non-consequentialist or deontological theories are informed by ethics of duty or rights and justice (Table. 8).

Table 8: Major normative theoretical paradigms in business ethics

	Egoism	**Utilitarianism**	**Ethics of duty**	**Rights and justice**
Contributors	Adam Smith Milton Friedman	Jeremy Bentham John Stuart Mill	Immanuel Kant	John Locke John Rawls
Focus	Individual desires or interests	Collective welfare	Duties	Rights

Rules	Maximisation of desires/self-interest	Act/rule utilitarianism	Categorical imperative	Respect for human beings
Concept of human beings	Humans are actors with limited knowledge and objectives	Humans are motivated by avoidance of pain and gain of pleasure (hedonism)	Humans are rational moral actors	Humans are beings that are distinguished by dignity
Type	Consequentialist	Consequentialist	Non-consequentialist	Non-consequentialist

(Source: Crane and Matten 2016, p.93)

While there has been very little research examining the types of normative theories used by people in business, there is some evidence to suggest that corporate managers tend to rely primarily on consequential thinking (Crane and Matten, 2016). In Box 2, an example is given of General Motors where a decision was made based on consequential thinking, i.e if the consequences are minimal the action is justified. A search in the Journal of Business Ethics showed that between 1980 and 2020 there were only 20 articles mentioning social contract theory (which is a deontological theory) and four fifths of them were published before 2010, meaning that even in scholarship research on normative theories and especially deontological theory is scarce.

Box 2: An example of consequentialist reasoning that is focused on profitability

General Motors had a problem with the fuel tank design on their Chevrolet Malibu Model. Despite knowing that the position of the fuel tank would increase possibility of passengers being harmed in fuel-fed fires if the car was involved in a rear end collision, they still repositioned the tank. They calculated that in case of a fire, each fatality would cost them only $2.40 per car. Yet the cost of preventing such fires would cost them $8.59 per car. They therefore went ahead with the dangerous design.
(Source: Crane and Matten 2016, p.139)

Consequential theories are based on self-interest and individualism. In individualistic societies people are expected to look after themselves only and their families (Hofstede, 2020). Both agency and stakeholder theories support this thinking, which promotes profitability and shareholder/stakeholder value at the expense of any other considerations. However, in the context of SSA, where the predominant culture is collectivism, a deontological theory would serve to explain what business people should do. The following section will discuss agency, stakeholder and social contract theories (Table 9) with an intention to identify a normative business ethics theory that can be applicable in the SSA context.

Table 9: Leading theories in normative business ethics

Dimension	Agency	Stakeholder	Social contract
Focus	Fiduciary duty to stakeholders	Rights of all stakeholders	Social welfare & justice
Rules	Self-interest	Collective-interest	Consent
Type	Consequentialist	Consequentialist	Deontological
Philosophy	Egoism	Utilitarianism	Kantianism/Egalitarian

(Source: Author)

3.4 Agency theory

Agency theory seems to suggest that businesses have no social responsibility, implying that businesses cannot expend their resources on activities that are not designed to help achieve their goals. Agency theory agrees with the win-win instrumental view, which states that when a corporation concentrates on meeting its obligations as specified by its shareholders, that fulfils social responsibility, and the benefits of this will trickle down through the 'invisible hand' (Hasnas, 1998).

According to this theory, managers are agents of stockholders and should use the capital advanced to them by stockholders to achieve specified ends. Under this theory, managers cannot expend business resources in ways that have not been authorised, even if it would benefit society. Ideally, stockholders would purchase stocks for maximising profit not to benefit society. Friedman (1970) says the social responsibility of a business is to maximise profits and stay within the rules of the game, i.e open and free competition, no deception or fraud. Agency theory, therefore, claims that society has embodied ethics in its laws so that by pursuing profits within the law it is ethical. However, if observing the law means being ethical, then there would be no need for ethics because everybody would be ethical. Those who flout the law are not unethical but criminals. Therefore, to be ethical one has to fulfil all that the law says and do more than what is lawful. Agency theory maintains that there is no justification for businesses to involve themselves in social responsibility other than to pay taxes legally and honestly maximise the profits of the firm (Hasnas, 1998).

Another argument against taking on social responsibility is that managers accept the spending of stockholders' money in accordance to stockholders' wishes, and if they do not they would have violated their agreement, which is morally wrong (Hasnas, 1998). Agency theorists argue that once you have paid taxes to the government you expect they will take care of all social issues. The remainder of your money goes to your investments and should not be turned into common good without your consent. Some may argue that there is nothing wrong in spending other people's money without consent so long as it is used to promote public interest. That is what governments do all the time. However, that is not entirely true because democratic governments have their people's consent every time they go to an election. Therefore, through the elections, consent is given. Thus, this argument in support of agency theory is wrong. There are mechanisms to gain consent both from shareholders and benefiting communities, for example through the development and execution of CSR programs.

Free market produces damaging externalities like waste, pollution etc and is beset by market failures, as seen in the collapse of large firms leading to mass unemployment and social damage, for example, Enron, Thomas Cook etc. Thus, free market cannot be wholly relied upon to produce common good especially in SSA where laws are weak. In such a context, it is extremely unlikely that the pursuit of private profit will truly be productive of the public good.

3.5 Stakeholder theory

Stakeholder theory holds that effective management requires the balanced consideration of and attention to the legitimate interests of all stakeholders (anyone who has a stake or claim on the firm). Stakeholders can be interpreted to mean all those who can affect and are affected by the corporation or only those who are vital to the survival and success of the corporation (Hasnas, 1998). Thus, in the narrow sense, the traditional stakeholder theory model limits its success to shareholders, customers, employees, suppliers, management, and the local community (Woermann and Engelbrecht, 2019). What about NPOs, development partners, peers (competitors)? *Ubuntu* replaces stake with relation. Attention should be given to anyone who has a relation to the firm not just a claim/stake (Woermann and Engelbrecht, 2019). Stake means anyone who can affect or is affected by the corporation. But according to *Ubuntu*, the primary issue does not concern the stakes of the firm but the nature of the relationship between the firm and these other parties (Woermann and Engelbrecht, 2019). If indeed certain stakeholders are unable to articulate their legitimate claims and/or hold little power over the organisation, then it is impossible for stakeholders to hold organisations responsible or accountable for their actions (Woermann, 2011).

Therefore stakeholder theory suffers from a serious shortcoming in that the interests of the less powerful stakeholders may not be given attention by the firm due to the fact that they have very little value to offer the firm (Woermann and Engelbrecht, 2019). As such, *Ubuntu* ethic can more readily accommodate a wider range of stakeholder interests by premising a firm's duty to respond to stakeholder claims on the moral imperative to foster harmonious relationships with those parties with whom the firm relates rather than on their stakes (Woermann and Engelbrecht, 2019).

From another viewpoint, stakeholder theory maintains that no matter whether there is financial gain or not, managers should manage the business for the benefit of all stakeholders. The firm is viewed as a vehicle for coordinating stakeholder interests. However, when those interests conflict, management should endeavour to attain optimal balance among them. This might mean compromising on profit maximisation to address the interests of other stakeholders. Therefore, the firm's fundamental obligation is not financial success but survival.

Based on the Kantian maxim: 'every human being is entitled to be treated not merely as a means to the achievement of the ends of others, but as a being valuable in his or her own right; that each person is entitled to be respected as an end in himself or herself' (Hasnas, 1998, p. 26). Treating others as an end means respecting their autonomy. Yet, in order to satisfy one stakeholder it might be necessary to violate the right of another. For example, in order to pay higher wages to employees, firms would have to use profits, which would go towards shareholders' dividend.

Stakeholder theorists have now dropped the most radical proposal to 'sacrifice shareholders' interests in favour of those of workers or the local community (Norman, 2013). For example, it is impossible for a CEO to maximise utility of all employees. That would mean raising the salaries of the lowest paid worker to well above the market levels. If this happens, the firm will have to take on the additional financial burden. In sum, it can be argued that the stakeholder theory is not well grounded and cannot support corporate sustainability demands (Hasnas, 1998). In addition, stakeholder theory collapses into agency theory because it seems to claim that for the corporation to meet its fiduciary obligation to shareholders, it ought to pay attention to stakeholders' interests i.e stakeholder interests is a means to an end.

3.6 Social contract theory

Social contract theory emanates from the fact that a sort of implicit social contract exists between business and society. This implies some indirect obligation of business towards society (Garriga and Melé, 2004). The social responsibility inherent in this definition comes from consent at two levels:

1. Macrosocial contract involving all national stakeholders, and
2. Microsocial level involving members of the community.

These two levels of responsibility imply that when a business decides to enter into a community, it finds that members of that community are already in a social contract in one form or another. As a community, they select to have the business operate in their locality and by extension trust that it will meet the expectations of the society as a member of that community. Therefore, the existence of the business is only legitimised if the business complies with the society's expectations.

This theory offers a process in which the contracts among industries, departments and economic systems can be legitimate. Participants agree on the ground rules defining the foundation of economics that will be acceptable to them. According to Donaldson and Dunfee (2002), the macro-level rules are known as 'hypernorms'. They are the equivalent of non-consequential moral laws, i.e they are the right thing to do not because of consequences. Whereas at the micro level, they are known as 'authentic norms', because they are consequential moral laws, i.e they carry consequences if violated and a reward if observed.

According to Hasnas (1998), the social contract theory is modelled on the political social contract theories of Thomas Hobbes, John Locke and Jean-Jacques Rousseau. Each of these philosophers imagined what life would be like without a government, i.e in the 'state of nature'. Hobbes in particular envisaged that life would be solitary, poor, nasty, brutish and short. If this is the state of nature , people have strong reasons to avoid it, which can be done by submitting to some mutually recognised public authority (government). The obligations of the government toward its citizens would then be derived from the terms of the agreement under which citizens agreed to form one (Hasnas, 1998).

Boucher and Kelly (1994) provide a plausible explanation of social contract understanding from Hobbes to Rawls. In their book, *the social contract from Hobbes to Rawls*, they state that Hobbes believed that individuals are in a state of despair and it is more rational to consent to a social contract than nothing at all. Locke on the other hand thought that life in the state of nature was good and enjoyable but property was not secure. Due to the need to protect property man entered a social contract to protect property. Rousseau on his part, believed life in the state of nature was happy; there was equality, freedom and liberty. However, as the population increased, and resources became limited, competition arose and people started comparing themselves to each other resulting in shame, envy, pride and contempt. This caused man to abandon the state of nature, surrendering their rights to the community, which was termed as 'general will'. Therefore, a state was created, based on social contract, to guarantee rights, liberty and equality. The laws that the state imposes are a product of the general will of the people. If the laws generated do not conform to the general will of the people, the government will be discarded. The general will is what citizens share and obey. This is the fundamental drive of social contract theory. Rawls proposed contractarian approach and argued that rational people would set aside their individual preferences and capacities under a ‘veil of ignorance’ and agree to certain general principles of justice and legal organisation. Gauthier (1986) builds on this and points out that cooperation is advantageous as demonstrated by the prisoner’s dilemma.

According to the prisoner’s dilemma (Pies, 2017), when one is engaged in interaction such that others’ actions can affect one’s own interests, and vice versa, one does better if they act cooperatively. By acting to further the interest of the other, one serves one’s interests as well. The prisoner’s dilemma theory posits that insofar as we are rational, we should develop within ourselves the dispositions to constrain ourselves when interacting with others. That way, managers dispose themselves to the constraints of profit maximisation and adopt principles of morality. In other words, rationality is strong enough to give persons internal reasons to cooperate. In his model, factors such as trust, rationality and self-interest keep each party honest.

Hobbes has been criticised for using social contract theory in a ‘cunning and illegitimate’ way by revealing a form of ‘domination of a hired protection agency’ (Forsyth, 1994, p. 36). Locke is however, taken to be the authentic voice of social contract theory (Forsyth, 1994) because he makes the relationship appear heavily contractual like a hiring and firing arrangement. And this is reflected in the current knowledge economy where society has found a voice to demand certain responsibilities from corporations or else boycott their goods and services.

Social contract is a pact or agreement made by all parties involved. However, Rouseau asserts that a social contract is first and foremost made by a person himself thus making a moral commitment to himself and society (Forsyth, 1994). This exemplifies the tenets of CSR. CSR is a moral commitment made by firms to further social good (McWilliams and Siegel, 2001; Porter and Kramer, 2002; Carroll, 2009; Muthuri and Gilbert, 2011). Therefore, in implementing CSR, corporations are making a moral commitment as a personhood to themselves to further a social good. The social pact is not between rulers and ruled, but a pact to establish rule. The emergence of the concept of social contract has achieved the idea of equality and fairness for human beings. The central assertion of social contract theory is that political order or law are not natural, but human creations as postulated by the social constructionism paradigm, which states that reality is not located in objective facts but the sense or meaning of those facts.

Social contract theory asserts that all business are ethically obligated to enhance the welfare of society by satisfying consumer and employee interests without violating any of the general canons of justice (Hasnas, 1998). The theory is based on an implicit agreement between society and an artificial entity in which society recognises the existence of the entity on the condition that it deserves the interests of society in certain specified ways. The social contract of business ethics begins by imagining a society without businesses and proceeds to ask what would have to be met for members of such a society to agree to allow businesses to be formed, i.e what are the norms that any business setting camp in this society should observe. The ethical obligations of businesses toward society are then derived from such norms.

Thus, social contract posits an implicit contract between society and businesses in which society grants businesses the right to exist or 'license to operate' in return for certain benefits. For example, businesses would be expected to enhance the welfare of society by utilising their human and financial resources while remaining within the bounds of justice. Two things emerge from this:

1. Society is willing to authorise existence of businesses if they stand to gain.
2. Society is willing to authorise existence of businesses if they agree to remain within the bounds of justice.

Society stands to gain by:

a) Increased economic efficiency due to specialisation and innovation.
b) Adequate output of goods and efficient distribution.
c) Increased incomes.
d) Employment opportunities.

Society might also lose by:

a) Pollution
b) Waste
c) Misuse of power
d) Poor working conditions.

Therefore, social contract agreement requires:

1. Businesses benefit society by increasing economic efficiency.
2. Increase incomes.
3. Minimise negative externalities.
4. Businesses avoid fraud and deception.
5. Treat workers well.

Social contract requires that managers be ethically obligated to abide by both social welfare and justice terms of the social contract. However, normative rules only provide prescriptions on how people should make decisions to help maximise utility of outcomes. The assumption being that an optimal decision could be arrived at in a rational way. But people's ways of making decisions deviate from the principles of normative models because they are made under conditions of incomplete knowledge and the weighting of different dimensions involved in evaluating the options may change over time.

Donaldson and Dunfee (2002), seeking to anchor social contract theory in society, have re-developed it into integrated social contract theory (ISCT). They argue that business is an artefactual effort that must be tied to its social context. This simply means that 'ethical choices made in business should not be divorced from the environment, but are embedded within the situational norms and practices of the community within which the business operates' (Gosling and Huang, 2009, p. 411). Ethical norms established in the community are known as microsocial contracts. They are either explicit or implicit agreements among consenting parties in the community. These heuristic norms help guide decision-making and guide interactions and expectations in the community. If these microsocial contracts have the support of the community they are described as authentic norms (Gosling and Huang, 2009). For these norms to be fair, they have to be subject to higher universal norms. Therefore ISCT specifies higher-level norms known as hypernorms, which are 'principles so fundamental to human existence that they serve as a guide in evaluating lower level moral norms' (Donaldson and Dunfee, 1994, p. 265).

These hypernorms are necessary to establish the duties that maintain efficiency of societal systems, maintain the right of voice and exit when dissatisfied and are parameters for judging the values of right and wrong. For authentic norms to be deemed legitimate, they must not be in conflict with the hypernorms. In case of conflict between communities, Donaldson and Dunfee (2002) developed a set of priority rules, which they describe as 'rules of thumb, to adjudicate the rival claims between different norms' (p. 184). When these are juxtaposed to the *Ubuntu* principles, we obtain an analytical framework, which is an array of mediating logic principles that can serve to resolve CSTs.

3.6.1 Criticism of the social contract theory

Social contract theory is criticised on the grounds that social contract is not a contract at all because there is no meeting of the minds either through action or language (Hodapp, 1990). However, according to Hasnas (1998) social contract can be considered as a quasi-contract because physical meeting of the parties is not workable. Society is amorphous and so it is impractical to arrange a meeting with the corporation. Such a situation is said to be quasi-contract, which is acceptable in law even though there was no meeting of minds. In quasi-contracts the law acts as though there was a meeting of the minds, where none in fact exists, in order to do justice.

Hasnas (1998) however, argues that social contract is neither an express nor implied contract. Businesspeople would be surprised to learn that by setting up a business in a given society they had contractually agreed to serve society's interests, even when it means sacrificing their firm's profits. To enter a contractual arrangement, one has to at least be aware that one is doing so. However, Donaldson (1989) contends that social contract is indeed hypothetical and that is what is required to establish managers' ethical obligations. If contracts were expressed or implied, they would be delimited by law. Yet the law is supposed to be a minimum as far as morality is concerned. Morality begins where the law ends. Ethical obligations are those acts that are considered fair, over and above what the law requires. Hence social contract is a moral theory that holds that organisations should 'behave as if they had struck a deal, the kind of deal that would be acceptable to free, informed parties acting from positions of equal moral authority' (Donaldson, 1989, p. 61). However, Hasnas (1998) argues that for ordinary people, a contract is a terminology that is associated with consent and a generally accepted consent as a source of moral obligation, i.e 'that when one voluntarily gives one's word, one is ethically bound to keep it' (p.32). Thus, business practitioners are more willing to accept obligations when they believe they consented to them. Without this, a person with a favourable attitude will be assumed to consent when they have no intention of delivering the goods. Further, Hasnas (1998) maintains that this would violate real-world agreement made by actual people, for example, shareholders.

However, this assumes that the agreement with shareholders is superior to other agreements or it is made in disregard of other parties. Simply put, social contract recognises equality on a moral basis unlike stakeholder theory, which is based on majority say. Also, to say that justice demands that managers only abide by the commercial law and refrain from illegal or harmful actions, negates moral obligations. Refraining from illegality is the same as abiding by the law and cannot be claimed to be a moral duty.

The other aspect of social contract theory asserts that businesses are characterised by a myriad of extant social contracts, informed agreements that embody actual behavioural norms, which derive from shared goals, beliefs and attitudes of groups or communities of people. 'These extant social contracts are implicit from certain characteristics, attitudes and patterns of the group and represents the view of the community concerning what constitutes proper behaviour within the confines of the community' (Dunfee, 1991, pp. 32–33). According to this theory, whenever a social contract is found not to violate general ethical theory (hypernorms), it gives rise to a genuine ethical norm (authentic norms) that businesses are ethically obligated to obey. The challenge to this is that what happens if the social norm is incompatible with an agreement the business already has with shareholders. Hasnas (1998) claims that this aspect of social contract would discourage the business from entering a contract that is incompatible with what the shareholders agreed. Hence, social contract ends up collapsing into the stakeholder theory, which encourages managers to honour all agreements that do not violate their fiduciary obligations to shareholders. This scenario is unlikely to happen because in the first place if the aspirations of the shareholders are incompatible with those of the community, such a business will not be given license to operate in that community. For example, a business that says it will maximise profits by selling cigarettes to teenagers will not be given license to operate. If, for example, the hypernorms says that one is obligated to abide by the informal agreements one has entered into as long as doing so is ethically acceptable, then no business will enter an agreement on social responsibility unless if it leads to financial gain. This is a principle of utility which is contrary to the communitarian Kantian maxim of not treating persons as a means but an end.

Since a theory about managing CSTs must involve consent of the parties either explicitly or implicitly, social contract theory does a good job in as far as providing consent to the parties involved in CSTs. For example, personal versus organisational agendas tensions can be managed based on the social contract theory by the management embodying behavioural norms or organisational agenda derived from shared goals, beliefs and attitudes constitutive of employees' input. Since ICSI is about ameliorating tensions between society and corporates to achieve blended value, social contract theory is preferred.

3.6.2 How social contract theory has been used in literature

Social contract is espoused in the idea that human interaction should be guided or constrained by norms and institutions that consenting agents would agree to (Oosterhout, 2006). Indeed, social contract for business firms are not only feasible but also morally necessary. For this matter, it is important to evaluate the operation of businesses in Africa *vis-a-vis* societal expectations using the social contract lens.

Carson (2018) used social contract theory to explore three aspects (sustainability, stakeholder and trust) of corporate legitimacy and how they are related. The study's intention was to generate a theory that would give a better understanding of the relationship between CSR and corporate legitimacy, as well as a practical tool to support the analysis of actual corporate legitimacy challenges. In his study, Carson (2018), argues that CSR is something that corporations have as a result of a social contract and also CSR is something corporations do in response to societal expectations. In other words, a corporation might do all sorts of CSR and fail to fulfil any of its obligations according to the social contract. According to Donaldson and Dunfee (2002), social contract exists at two levels macrosocial and microsocial. The macrosocial contract provides fundamental rules known as 'hypernorms' and the microsocial contracts provides 'authentic norms'. Hypernorms are normative rules that take precedence to other contracts whereas authentic norms are specific to attitudes and behaviour of the norm-generating community and for them to be legitimate they must be compatible with the hypernorms (Donaldson and Dunfee, 2000). Carson used the social contract theory to provide the claim that the changes in expectations (what ought) imply real changes (what is) in the social responsibility of corporations, i.e as social contracts change so too do responsibilities of business (Carson, 2018).

Social contract is an act by which a multitude simultaneously transforms itself into a unity (Forsyth, 1994). In the case of CSTs, society is represented by NPOs because they have legitimacy in society and collectively, they present society as a unity. This unity then negotiates a social contract with the corporation. The social contract aims always at creating a permanent union between the contractors and their successors. Therefore, a corporation as an entity is bound by the social contract to move society from something to something else (Forsyth, 1994). This movement could be embedded in job creation, inclusivity and affordability or according to Prahalad (2012) providing to society affordability, awareness, access and availability. In short, social contract enables people as a constituent power to meet at regular intervals and bring the corporation to account so that a system of permanent revolution is created.

3.6.3 How social contract theory is relevant to this study

In the current knowledge economy, society's expectations are changing rapidly. Therefore, businesses that gain legitimacy and survive in society have to fulfil these changing societal expectations. The best explanation for this is that businesses are adhering to the social contract whether implicitly or explicitly. Therefore, social contract enables scholars to study how corporations are adapting to changing societal expectations.

The ICSI framework being developed in this study will function within the constraints of a social contract theory, which justifies moral principles and political choices involving certain ideal conditions, for example, that actors make rational choices under a social contract. In this case, the social contract is between corporates and society. Society is represented by NPOs based on Hobbes's assertion that 'for it is the unity of the representer, not the unity of the represented that maketh the person one'

(Boucher and Kelly, 1994, p. 15). Therefore, this research seeks to establish whether ICSI concept as constructed in SSA is based on the six principles outlined in the analytical framework:

- Respect for persons' dignity.
- Promote well-being of all.
- Other-regarding (collectivism).
- Preservation of the vulnerable.
- Global acceptance, and
- Produce harmony.

In other words, this research will establish authentic norms for financial institutions in the SSA context, and if they are in accord with the hypernorms then this framework is validated; if not, then it means the framework as proposed ought to be modified to suit the African context.

3.7 Normative theorising

According to Pietrzyk-Reeves (2017) normative theorising is 'a form of political activity in which one draws on the cultural elements (norms) available in one's society to advance and legitimate a position in ongoing controversies'. A positive theory seeks to explain how the social world works in a value-free way, while a normative theory provides a value-based view about what the social world ought to be like or how it ought to work (Pietrzyk-Reeves, 2017). Those cultural elements or norms are understood as standards of behaviour of social and political action or reasons, which dictate a certain choice of action. A normative theory of corporate sustainability therefore extrapolates from a descriptive account of the corporate sustainability mechanisms and institutions, which include innovation processes, social responsibility, partnerships and leadership attitudes/values.

Normative theory addresses particular practices which refer to norms as desirable and its focus is on the elevation of the meaning of a phenomenon (Pietrzyk-Reeves, 2017). In this case we are unpacking the meaning of CST management. This research lays down the components of an effective CST management. Unlike previous theories that only tell us how well CST can be managed, this research goes further to investigate why.

CST management models have previously used instrumental logic to solve CST. Instrumental logic is supported by win-win and trade-off strategies. These strategies are the basis for charities, social entrepreneurship, impact investing and have been used for decades but poverty is still rampant and rising in SSA. Therefore, this research proposes a normative theory that departs from the instrumental logic. Margolis and Walsh (2003), state 'a preoccupation with instrumental consequences renders a theory that accommodates economic premises yet sidesteps the underlying tensions between social and economic imperatives that confront organisations' (p.280). They assert that when descriptive and normative questions about CSTs are explored, a new theory that addresses management challenges of the firm is developed. The descriptive question is: how do firms navigate their way through these CSTs? And the normative question is: How ought they to do so? Although scholars have attempted to develop CST management theories, none is based on collectivist principles. Taking a cue from Margolis, this research used deductive and inductive approaches to develop a normative theory for CST management. Carlile and Christensen (2004) have proposed a two-stage process of theory building that involves descriptive and normative stages. The descriptive stage starts with preliminary statements of correlation and using deductive processes makes observations about a phenomenon. In the normative stage, these observations are then categorised, through an inductive process, into statements of causality based on the prevailing circumstances. If there are anomalies they become the basis for articulating a new theoretical statement stating what causes what, why and under what circumstances (Carlile and Christensen, 2004).

In this research, the descriptive stage involved a deductive research process to describe the CST phenomenon, i.e what we know about CST management. Literature showed that scholars have identified and characterised CST without stating how they could be managed and why (i.e what is the outcome). To answer these questions we examined how CSTs work and the variables that affect them. The literature analysis identified variables that affect CST management as cultural values (West, 2014), partnerships (Austin and Seitanidi, 2012b) and public pressure (Candi, Melia and Colurcio, 2018).

Thus, from instrumental logic, firms' purpose is to enhance material welfare and maximise shareholder wealth and firms will only engage in social action as a result of cultural values and public pressure. Indeed, Jensen (2002) argues that social welfare is maximised when firms in an economy maximises total firm value. He maintains that it is impossible to maximise performance along multiple dimensions, instead, long-term market value does best to advance social welfare. Friedman (1970) similarly argued that by responding to social needs, executives divert shareholder wealth to a course without their consent. We see two concerns here, misallocation and misappropriation of resources, which are a cause for CSTs. Margolis and Walsh (2003) concluded that the CST arises out of concern that managers will divert resources to a course of which it is not suited or without the consent of the rightful claimants. However, Jackson, Amaeshi and Yavuz (2008) found that SMEs, though they do not face public pressure, allocate resources for social welfare and are sustainable. This was attributed to cultural influences (norms). Other views maintain that the reason executives respond to social needs is based on the ineffable sense that it is the right thing to do (Galaskiewicz, 1997; Donelly, 2001), which supports Jansson *et al's* (2015) view that individual values influence corporate behaviour. This creates an anomaly in that, whereas it was alleged that public pressure is what leads to social action, other studies show that individual values have an influence on corporate behaviour. This anomaly presents an opportunity to build theory around the influence of cultural values on corporate sustainability, which is the basis for this study. In the next chapter on methodology, we lay out a clear research design showing the deductive and inductive research processes that were followed in this research to build theory.

3.8 Chapter Summary

The discussion in this chapter has provided the reader with an idea of the role of social contract theory in blending social and business goals. Corporate sustainability falls under business ethics field of study because it requires moral reasoning to balance economic, social, and environmental issues. Business ethics, which is divided into normative and descriptive theories, comes in to provide a morally correct way of acting. Specifically, normative theories specify what is right from what is wrong. Among normative theories – agency theory, stakeholder theory and social contract theory – social contract theory was preferred for this research because it is deontological and places the responsibility of balancing social and economic concerns at the core of the business planning process of the firm. This is unlike agency and stakeholder theories that are consequential and focuses on the results regardless of the process of achieving those results. Consequential theories are driven by utilitarianism and not rights and justice (Crane and Matten, 2016). For example, consequential (agency and stakeholder) theories would not question the morality of a tobacco company in society, so long as it is contributing to social welfare and meeting stakeholder expectations. In contrast, social contract theory is based on doing what is right regardless of the consequences. Thus, social contract theory provides a theoretical frame for the management of CSTs.

Management of CSTs is anchored on negotiation and consent. The oppositional elements of a paradoxical CST are brought together to co-exist through a negotiated agreement. The terms of co-existence are known as authentic norms. Under the social contract, these norms can be established in the spatial, temporal and contextual spheres. For example, employees are free to raise their voices and be heard by the directors of the firm, society's aspirations are factored in the innovation process of the firm and firms can join and exit institutional coalitions as they please. For these norms to be legitimate, they are evaluated against hypernorms like human rights and justice. Therefore, social contract theory provides a framework for:

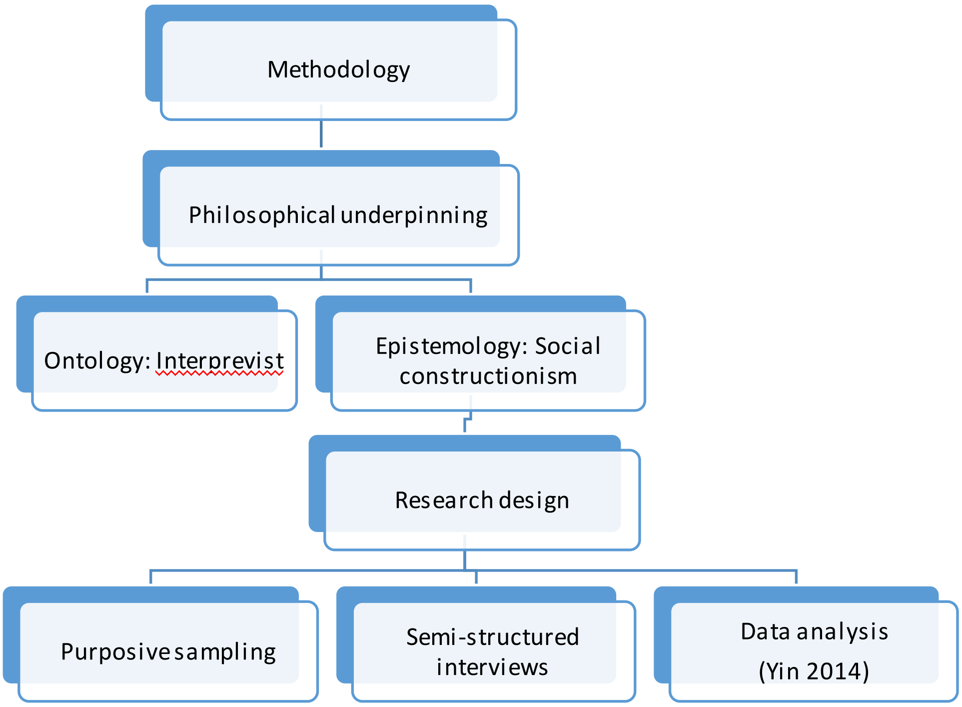
1. Oppositional elements of CST to come together, negotiate and co-exist.
2. Establishing authentic norms at firm-society level, and
3. Evaluating authentic norms against hypernorms.

Chapter 4: Methodology

4.1 Introduction

The aim of this study was to explore, analyse and theorise an evaluation framework for the management of CSTs in financial institutions in SSA. To do this the study set out to: (i) investigate the factors that motivate the emergence of social innovations as a way of resolving CSTs in financial institutions in SSA, (ii) examine CSR practices and activities in financial institutions and the role played by CSR and B2N partnerships in influencing social innovation at firm level and (iii) explore the role of macro-environmental factors in enabling or constraining the management of CSTs in financial institutions in SSA. This chapter explains the case study methodology used in this research. It focuses on the research philosophy and paradigm and outlines how the research approach, research objectives and questions, data collection and analysis are aligned to the social construction philosophical paradigm. This is a qualitative holistic multiple case study (Yin, 2014), and the following discussion on the methodology involves both the philosophical underpinning and the methods used to undertake this research (see Fig 5).

The rest of the chapter is structured as follows: First the philosophical stance and how it fits with this research is explained. Next, an explanation is given why the case study methodology was chosen for this research and the role of the researcher in the study. This is followed by an explanation and an evaluation of the data collection methods, and the process of data analysis. The final section is about the quality of data for the research.



(Source: Author)

Figure 5: Overview of the research methodology

4.2 Research approach and philosophical underpinning

The underpinning philosophical view of this study is social constructionism. Social constructionism is built upon the premise of a social construction of reality, which states that truth is relative and is dependent on one's perspective (Chell, 2000). Fundamental to social constructionism is the commitment to derive the meaning of action from the actor's viewpoint. Social construction means the researcher socially constructs scientific knowledge through mutual communication with the participants. Interaction with practitioners in this study, through in-depth interviews was therefore essential in understanding the constructed reality and thus enable the researcher to better understand the concepts of CST management as articulated by practitioners (Robottom and Hart, 1993).

In social construction, people accept information from each other as evidence of reality and this reduces the uncertainty about what reality is (Deutsch and Gerard, 1955). Over time, people behave in certain ways that form recognisable patterns. In the same way, there is a sense in which social structures are created through behaviour observed over time, thus contributing to the understanding of organisational behaviour (Chell, 2000). Management of CSTs is socially constructed; in that when particular strings of decisions are made, they tend to guide subsequent strategic choices. These strategic choices become social constructs, which guide how individuals and organisations create their reality and make sense of it (Chell, 2000).

4.3 Ontology

Ontologically, social construction refers to the way that real phenomena, our perception and experiences are brought into existence and take the particular form that they do because of the language that we share (Burr, 2003). What exists does so as a socially constructed reality and can be viewed as being influenced by a personal or impersonal agent. For example, what we perceive can be seen as having an impersonal agent, e.g culture, whereas the choices we make emphasises a personal agent (Mallon, 2019). Further social constructionism views knowledge as created not discovered by the mind (Andrews and Mayfield, 2012). As people interact, they influence each other and create routine and habits, which become a pattern that can be replicated. Those habits then become institutionalised by society and are handed down to future generations as objective knowledge (Andrews and Mayfield, 2012). For example, a concept like economic development is a reality created by people through language. However, social constructionists do not see language as the only reality, but that we were born in a socially constructed world in which we frame and deal with our experiences through mind-sets or mental models (Werhane, 2018). Therefore, we cannot experience the world except through these mind-sets that shape our world through language, depending on the social setting e.g culture, school etc. According to Gioia (2003) reality is not located in objective facts and events, rather reality is located in the meaning given to facts and events (what happened versus the meaning of what happened). The reality people confront is the reality they understand. Therefore, social reality does not exist in the realm of facts and events; it is negotiated between people based on observations and experiences. This has an impact on the manner the interviews for this research were carried out. Interviews were seen as a constructive process and sought to demonstrate that the world we live in, does not simply exist outside of individuals. Individuals construct everyday life and its constituent elements (Hammersley, 2008). Similarly, the presentation of data in this research was based on a negotiation of meaning of the interview data.

However, Ratner, Pavón-Cuéllar and Ríos-Martínez (2020) have criticised social construction arguing that if everyone constructed their own reality, that would lead to social fragmentation, i.e cultism. It is difficult to see how emergent separate social realities would come together. Once you say that everyone has their own reality, there is no longer unification. They argue that instead of forming reality, people ought to accept existing reality and that is what creates community. Otherwise, people will agree on wrong presuppositions and claim that it is the truth. However, that assertion can be challenged that for you to declare something wrong there must be agreement on the issue with peers or other actors. Therefore, it still holds that 'truth' is socially constructed. In order for people who hold divergent views to unite, they must dialogue and construct a new idea.

For that matter, this research is seeking to explore how CSTs are managed in the SSA context. Corporate practitioners and stakeholders in SSA describe their experiences and observations about activities and events that constitute the management of CST. These events and observations are evaluated through literal replication logic between cases and the pattern that emerges should enable an understanding of what constitutes reality. However, the events in themselves are mere facts. They do not constitute the truth but allow an interpretation of what is accepted as the truth. Therefore, what the practitioners and stakeholders agree upon as to what represents CST management in their context is accepted for this investigation as the truth. This effectively answers the research question of the study: 'How can CSTs in financial institutions in SSA be effectively managed to create blended value for business and society?'

4.4 Epistemology

The epistemological question concerns how we know reality, what it means to know, what knowledge is, how we can create knowledge, what truth is and whether it is important, and how we ensure knowledge is valid - in other words, what is considered to be the evidence for that knowledge (Guba and Lincoln, 1994). To explore these questions, the researcher focused on the assumptions about inquiring into the nature of the world (Easterby-Smith, Lyles and Tsang, 2008). Whereas, a positivist stance of social reality looks at 'approaches to social science which make use of large data sets, quantitative measurement and statistical methods of analysis' (Benton and Craib, 2001, p. 23); social construction, on the other hand, takes a stance that is critical of the idea that our observations of the world unproblematically yield its nature to us; and challenges the view that conventional knowledge is based upon objective, unbiased observation of the world. With social construction, our understanding of the world concepts depends on where and when a person lives and how people construct social reality between them. But those concepts keep evolving, and our interpretations have implications on what is permissible for different people to do and for how they may treat others (Burr 2003).

In this study, underpinned by a social constructionism philosophical perspective, social construction holds that there is no one feature that could be said to identify a social constructionist position.

Rather, social constructionism is any approach, which has its foundation in one or more of the following four assumptions articulated by Burr (2003):

1. It is critical of the notion that the nature of the world can be revealed through observation. It posits that the categories with which we apprehend/define the world do not necessarily refer to real divisions (Burr 2003). For example, our observation of the world shows there are categories of human beings 'man' and 'woman'. However, they are based on normative prescriptions of gender – masculinity and femininity. We could as well categorise people as 'tall' and 'short'.
2. Our understanding of the world is historically and culturally specific. It evolves. Whether you understand the world in terms of 'men' and 'women' or 'short' and 'tall', depends on where and when one lived. Not only is our understanding historically and culturally specific, it is also dependent on the particular social and economic arrangements prevailing in that culture at that time. Therefore, our way of understanding is not any better or nearer the truth than any other ways.
3. Our understanding of the world is socially constructed. It is through the daily exchange of ideas that knowledge is generated. Therefore, social interactions of any kind are important to social constructions and truth to a social constructionist is our current accepted way of understanding the world.
4. Social reality is negotiated between people. These negotiated understandings can take a wide variety of different forms of the same thing. For example, we can talk about numerous forms of CST management around the world. Constructions of the world therefore have implications for what is permissible in different contexts.

These four assumptions are relevant to the study of CST management. Firstly, the way CST is understood and managed in Europe and North America is not necessarily the way it should work in Africa. Secondly, CST management is rapidly evolving due to the changing world developments brought about by the knowledge economy. Therefore, CST management can best be understood based on the prevailing arrangements in each specific culture. Thirdly, this study seeks to establish the current accepted definition and understanding of CST management among practitioners, given that knowledge is constructed through our daily exchange of ideas. Lastly, given that social reality is negotiated between people, this study seeks to extract the collective understanding of CST management from practitioners and stakeholders in SSA.

Social constructionism emerged from the philosophical concept of postmodernism (Burr 2003). Postmodernism is the rejection of both positivism (that there can be an ultimate truth) and structuralism (that the world as we see it is the result of hidden structures). In effect, postmodernism rejects the notion that social change is a matter of discovering and changing the underlying structures of social life. In social construction, there is no existing stable reality that can be revealed by observation or analysis. Human beings together create and then sustain all social phenomena through social practices (Berger and Luckman 1966).

Nevertheless, social constructionism has been criticised from both within the social constructionism community and without. Within the social constructionism community, there are different positions, arguments, and counter-arguments (Hellstroem, Jacob and Wenneberg, 2003). Some authors criticise the meaning of the term and claim that it was not well defined by the early authors (Alvesson and Sköldberg, 2009). Hellstroem, Jacob and Wenneberg (2003) on their part, claim that the terms 'construction' and 'social' portray contradictory meanings and social construction is an oxymoron. Whereas 'social' implies co-operation, 'construction' suggests putting together scattered pieces.

Meckler and Baillie (2003) on the other hand, reason that social construction does not exclude objectivity. Especially in administrative science, the outcomes of administrative science are socially constructed, yet they can comprise objectively true statements about the world. They claim that ontological subjectivity does not imply epistemological subjectivity.

However, Gioia (2003) dismisses this as trying to bring interpretivism under the positivism wing. He argues that a constructionist view of reality is not located in the objective facts and events; rather reality is located in the meaning given to facts and events. Social reality does not exist in the realm of facts and events; it is negotiated between people on the basis of observations and experiences. This agrees with Berger and Luckman's (1966) perspective, which upholds that society, its structures and its institutions are built out of individual meanings, perceptions and cognitions. Social reality is not in the objective observation of the world, but in the subjective judgements about how the social and organisational worlds work (Gioia, 2003).

For example, a corporation counts as a corporate citizen, in the context of corporate responsibility in the African society. Although corporation and corporate citizen are identical, the intrinsic properties of a corporation are not enough to make it a corporate citizen. Society legitimises a corporation as a corporate citizen. Which means, truth is not in the facts but in the collective interpretation of the facts. In other words, social reality does not exist in the realm of facts; it is negotiated between people on the basis of their observations and experiences (Gioia, 2003). In this research for example, field practitioners described in detail what they have observed over time as the actual or perceived implementation of CST management practices in their firms. These events are mere facts. They are not the truth. The truth is what we make consensually of these facts. What practitioners consent to, or make sense of, is thus considered as the truth and can be upheld.

At macro-level, the corporation enters a social contract with society which is based on the view that 'a person's moral and political obligations are dependent upon a contract or agreement among them to form the society in which they live' (Donaldson and Preston, 2016). On this basis, and drawing from the *Ubuntu* principle, 'I am because we are', it is advantageous for corporations to act cooperatively with society because by acting to further the interests of the other, they further their own interests as well (Lutz 2009; Pies 2017). By acting this way, corporations rationally dispose themselves to the constraints of profit maximisation and adopt principles of morality. Society therefore expects them to actively address societal problems including producing goods and services for BoP consumers, creating jobs and promoting wealth distribution. In other words, corporations are increasingly being regarded as corporate citizens (Carroll, 1991; Googins, Mirvis and Rochlin, 2007). In sum, given the traditions, cultures and values of the society where the corporation is based, a corporate citizen is expected to act in a certain manner, and it is accepted by society as a 'legitimate citizen' through an implicit social contract with society.

One of the expectations by society of a corporate citizen is to generate value for both the business and society and to address the needs of customers at the BoP (Hughes and Lonie, 2007). To do this, corporations are increasingly integrating CSR programs within their core business and embracing social innovation, which entrenches social impact more directly in corporate strategies, activities, and partnerships. It involves getting to the root of a social problem using the tools of business; and through partnerships and stakeholder relationships, a business is able to shift its focus from profit maximisation to developing new markets with the intention of fostering innovation and addressing societal concerns (Hughes and Lonie 2007; Mirvis, Googins and Kiser 2012; Strandberg 2015).

4.5 Methodology: Qualitative research methods

The methodology in this study, raises the question of 'how knowledge can be generated' or 'what methods can be used to create knowledge of the social world' (Morrow, 2005). The choice of methodology depended on the type of knowledge to be gained. In order to gain understanding of the social world, based on the social construction paradigm, the researcher had to draw near to the subject under investigation (Burrell and Morgan, 1979). Thus, the methodology chosen for this study was case study. Case study offers a holistic view of a process as opposed to a reductionist view (Patton and Appelbaum, 2003). Accordingly, based on the holistic view, the whole is not identical with the parts. Therefore, to understand the whole you must treat it as the central object of study. The corporation in this case is not a unit of the whole but it is the whole itself that we want to study. According to Patton and Appelbaum (2003), case study can be used to:

1) Explain causal links in real-life interventions.
2) Describe real-life context in which a phenomenon has occurred.
3) Evaluate the intervention and
4) Explore situations where the intervention has no clear single set of outcomes thus lead to theory generation.

The study of CST management has no clear set of outcomes. The evolution of tensions or tension management is dependent on the value system of the accountable managers (Epstein, Buhovac and Yuthas, 2015). Also, it is not clear how stakeholders will respond to tension management in different contexts. Still more visible organisations that draw attention from the media are constantly under pressure to make significant choices between financial costs and improving social performance impacting on their CST management response. As such, case study methodology is suited to explore this situation where the management of CSTs has no single outcome. In such a case the results of the study are transferable to other similar situations but cannot be generalised to population. In addition, Eisenhardt (1989) agrees that case study frees the researcher from strict procedure thus building a case that can be transferred rather than something that can easily be replicated. Therefore, the important philosophical issue to address here is how to authenticate the various outcomes from the actions of the respondents (Morrow, 2005). In other words, the key question is how to determine the trustworthiness of the data generated.

First, we will look at a range of criteria that was useful in this research to provide trustworthiness of this constructionist research. Secondly, we will look at case study as a suitable methodology for theory building. According to Morrow (2005), authenticity criteria consists of diverse measures. However, for the sake of this research, the following are most important: subjectivity, reflexivity, adequacy of data, adequacy of interpretation, analytical generalisation, logic replication, fairness, *verstehen* and co-construction of meaning.

In interprevist research, replicable findings are the goal of theory building. This perspective has been identified as the prevalent practice in case studies in the management field (Yin, 2014). From an exploratory perspective, theory can be extended through the comparison of case study findings by replicating or countering the replication of the findings in other cases. This can be very well achieved through a multiple case study approach which has been adopted for this research (Yin, 2014).

4.6 Values/Axiology

Since in social construction there can never be any objectively defined truth (something that remains true regardless of time and culture), all the truth claims are political that is, seeking to validate some things and invalidate others. As such, knowledge may be used to solve a problem, but problems have no objective existence. They are problems for someone. Therefore, when a person gives an account of an event, they are only describing part of the event as they saw it or as it affects them. Their account cannot be the only possible truth. The person and their political values should be acknowledged so as to set the research within a specific political agenda. Hence, social construction is value-full (Easterby-Smith, Thrope and Jackson, 2012).

In this research, the researcher aims to find out from practitioners and stakeholders their understanding of CST management as implemented in their organisations. Consequently, their views, perceptions and actions are important in creating and shaping a CST management concept. Hence, the researcher required close interaction with the respondents, and the respondents' accounts and those of the researcher were both accorded equal status (Burr, 2003). In order to derive value for the participants, it was important to understand the nature of values and value judgements of the researcher and the research field. This is known as axiology. Axiology is a theory about values and value measurement (El-gohary, 2010). It addresses two key questions, the things that we value and how we measure the value of the things that we value.

The value of an object depends on the extent to which its properties correspond to the properties of its concept. In order to determine the value of an object, we need to compare the properties actually possessed by the object to the properties that are used to characterise the object's concept. When we say that a thing is valuable or that something is of value we mean that it is desirable (El-gohary, 2010) Therefore, value provides reasons for choosing something or acting in a certain way.

Subjectivism holds that values are subjective states of human beings whereas objectivism holds that values exist independent of humans (Penn, 2014). Again, values can be instrumental or intrinsic (Penn, 2014). Instrumental value implies that the object or action serves some hopefully good end whereas intrinsic value means that the source of value for the object or action lies in itself.

Hume held the objective view of value arguing that value judgements can be right or wrong, true or false because they refer to something beyond human experience (Penn, 2014). Putnam and Wozick refuted this claim arguing that without utilising certain values, we cannot determine real from unreal (Penn, 2014). This research takes the subjective stance that values are subjective and intrinsic. For instance, the researcher made sure that no harm came to the participants because it was the conduct of the researcher during the research process that would expose the participants or protect them from harm. To do this the researcher made sure there was confidentiality of the research data and protected the anonymity of the individuals or organisations involved in the research. Other intrinsic value guidelines in this research included ensuring the dignity of participants was respected, their privacy was protected, and they gave full-informed consent to participate in the research. Voluntary participation by participants in the research was used to prove that the participants were confident of their security.

The researcher and the researched world: The researcher believed that meaning and knowledge are socially constructed. Many things that we take for granted as objective reality are socially constructed and can change as society changes. As such, the things we experience are just constructs. They only exist because we give them reality through social agreements. Things like books and money do not exist in the absence of human society. Likewise, corporations do not exist in the absence of society. The identity of a corporation is created by the interactions it has with people and its reactions to the expectations of the society. Its characterisation comes from the community it interacts with. Therefore, to study corporations, the researcher needed to find out what society ascribes to the corporation and its constructs.

In essence, the corporation does not carry a value neutral term. It is characterised by what we view it to be. The community, therefore, provides the delimitation of the corporation and the scientific observer is part of the community. Therefore, to study the corporation it is important for the researcher to use methods that do not create distance between the researcher and the researched world. As a social constructionist, the researcher cannot be anything but intricately involved in the construction of the researched world. For that matter, the researcher was in the field:

1. Making observations.
2. Exercising subjective judgment.
3. Analysing and synthesising the data and
4. Realising his own consciousness.

By way of gatekeepers and informants, the researcher was able to get close to the object of study and find out what was happening. In addition, by examining documents, the researcher obtained preunderstanding of the researched world (Patton and Appelbaum, 2003). However, instead of this becoming a source of subjective bias, the researcher observed a sense of discipline that neutralised any bias arising from preunderstanding of the researched world.

4.7 Justification for qualitative case study methods

Qualitative methods demonstrate a different approach to scholarly inquiry than quantitative methods. Although the processes are similar, qualitative methods rely on text, follow unique steps in data analysis and are divided into diverse designs (Creswell, 2014). Using qualitative methodology and based on the social constructionism view, this study investigated the way CSTs are managed in financial institutions in SSA. Research on CSTs falls in the tensions and paradoxes field of study. The tensions and paradoxes area of study is under-researched (Hahn *et al.*, 2015; Van der Byl and Slawinski, 2015; van Bommel, 2018; Sasse-Werhahn, Bachmann and Habisch, 2020). The current study followed exploratory qualitative research design, which allows for a holistic view of a phenomenon that is under-researched (Creswell, 2014). As such, this research seeks to understand conceptions and perceptions of practitioners in corporate sustainability, and how they understand CST management from a practical viewpoint. Research shows that perceptions and social relations fit perfectly in qualitative study approaches (Mason, 2002). Therefore, practitioners and stakeholders who have implemented CST management and are familiar with its principles, were interviewed to describe the phenomenon in detail. Those interviewed explained how CST management is conceptualised, designed, implemented and monitored for results. Based on a CSI theoretical model developed by Mirvis, Googins and Kiser (2012), the study explored each element of the process with a view to expanding the model and adapting it for the management of CSTs. This study was therefore looking at a dynamic social phenomenon and sought for depth rather than breadth thus qualitative methods were suitable for the study.

Guided by the overall study purpose, exploratory case study design was selected. This type of case study is used to explore a nascent phenomenon and identify novel concepts or procedures that can be studied in subsequent studies (Yin, 2014). In this case, the researcher followed individual cases to understand how the phenomenon was conceptualised, designed, implemented and the outcomes realised in each specific context. In management, phenomena are continually changing in path-dependent ways often influencing each other as they evolve. Case study research approach helps understand these phenomena and offers researchers opportunities to explore or describe phenomenon in context using a variety of data sources (Baxter and Jack, 2008). Case study allows the researcher to explore individuals or organisations from simple to complex interventions, relationships, communities and programs (Yin, 2014). Through deductive and inductive processes, case study research can support theory testing and theory building leading to redefining phenomena. Since this research is based on a known phenomenon, holistic multiple case study was undertaken (Yin, 2014).

Holistic multiple case study examines only the global nature of an organisation. This design is advantageous when no logical sub-units can be identified or when the relevant theory underlying the case study is itself of a holistic nature (Yin, 2014). Since tensions and paradoxes, concepts underlying this research are holistic, it logically implies that holistic multiple case study is appropriate for this research. However, a typical criticism of holistic case study is that the nature of the case can shift during the course of the study and the initial questions no longer reflect the evidence being gathered (Yin, 2014). Therefore, Yin (2014) cautions that a holistic case study design should only be used when it is impossible to identify sub-units related to the phenomenon.

The case study approach is growing in popularity in management studies because of its importance in generating theory. Building theory from case studies is a research strategy considered to be the best bridge between the inductive qualitative research and the deductive statistical research (Mariotto, Zanni and de Moraes, 2014). In case study, theory emerges as the relationships between concepts are recognised. Case studies are appropriate for theory building when little is known about a given phenomenon.

There are some qualitative empirical studies conducted in this field to study CST. However, since the CST concept is not widely researched on the African continent, it is necessary to conduct an exploratory research, which is suitable to explore a phenomenon that little is known about. In addition, due to limited access to data in Africa (Muthuri and Gilbert, 2011), coupled with the need to obtain a deeper understanding of the CST phenomenon, a qualitative research methodology seems appropriate for this study as employed in similar studies (Lashitew, Bals and Tulder, 2018). Lastly, it is essential to investigate CST in its context and to collect in-depth data to enhance its understanding rather than generalisation.

4.8 Research Design

4.8.1 Research aims and objectives

The motivation for this study was to explore, analyse and theorise an evaluation framework for the management of CSTs in financial institutions in SSA. Based on this overall aim, the specific objectives of the study are as follows:

1. To investigate the factors that motivate the emergence of social innovations as a way of resolving CSTs in financial institutions in SSA.

2. To examine CSR practices and activities in financial institutions and the role played by CSR and B2N partnerships in influencing social innovation at firm level.

3. To explore the role of macro-environmental factors in enabling or constraining the management of CSTs in financial institutions in SSA.

4.8.2 Research questions

Based on the above objectives, this research was designed to focus on anomaly-seeking questions that identify inconsistencies and establish emergent issues and new ideas (Carlile and Christensen, 2004). The overarching question and other contributory questions are shown in the table (Table 10) below:

Table 10: Research questions

Research question	Expected Outcomes	Indicator
Overarching question: How can CSTs in financial institutions in SSA be effectively managed to create blended value for business and society?		
1. How does a values-based governance system support CST management?	Corporations with values-driven governance system manage tensions and co-create blended value for business and society	Values-driven business (Painter *et al.*, 2019) Blended value (Emerson, 2003)
2. How does the nature of B2N relationships influence management of corporate sustainability tensions?	Corporations with B2N partnerships and CSR driven innovation are likely to manage long-term efficiency versus resilience tensions	Collaboration continuum (Austin and Seitanidi, 2012a) and 4-stage gate innovation process (Hielscher and Vannemann, 2013)
3. How do macro-environmental conditions influence financial institutions' management of corporate sustainability tensions?	Institutional change as a driver for the management of corporate sustainability tensions	Presence of either coercive, mimetic or normative isomorphism (DiMaggio and Powell, 1983)

(Source: Author)

By answering these questions, this study will contribute to existing knowledge by supporting theory building or reconceptualisation in an area where existing empirical research is scarce.

4.8.3 Case study, case selection, sampling and data collection methods and techniques

The research methodology adopted for this study is exploratory research based on a holistic multiple case study. As already observed, CST phenomenon is under-researched and most of the previous research is conceptual (van Bommel, 2018). This makes an exploratory study approach suitable for this research. The case study approach on the other hand, is suitable for answering the how questions outlined in this research and is underpinned by the epistemological view of social constructionism. In this research, the philosophical discussion of case study methodology focused ‘on the point within case study process where the researcher was faced with situating their own theoretical claims *vis-à-vis* the broader theoretical field’ (Ridder, Hoon and McCandless Baluch, 2014). Ridder, Hoon and McCandless Baluch (2014) have unpacked different ways in which case study researchers may elaborate their theoretical claims to demonstrate a significant contribution to the field of research. They have identified three different ways of positioning that enable the researcher to demonstrate the study’s contribution to scholarly community. These are pluralistic, antagonistic and synergistic.

Pluralistic positioning connects unrelated areas of research and explains management phenomenon in light of multiple theoretical perspectives that have not been drawn upon before’ (Ridder, Hoon and McCandless Baluch, 2014, p. 380). Antagonistic positioning on the other hand, entails a systematic consideration of other theoretical perspectives than the one that inspired the initial case study. Finally synergistic positioning ‘explains a combination of variables that have not been examined together before to demonstrate how the findings complement and confirm extant theory’ (Ridder, Hoon and McCandless Baluch, 2014, p. 378). This research has adopted the synergistic positioning, which allows the researcher to accumulate knowledge and elaborate a phenomenon in greater detail.

Using the traditional social contract theory of business ethics, the research sought to use case study to build theory and expand our understanding of CSTs management. By positioning the findings (that CSR enhances innovation) within the ICSI framework, the researcher demonstrated that ICSI as an emerging theory for CST management can achieve blended value for both business and society (Mirvis and Googins, 2017). This highlights the study’s differing findings in relation to other corporate sustainability research findings that have suggested a separation of economic and social benefits. The current research contributes to knowledge by elucidating clearly an ICSI framework for managing CSTs and demonstrating the creation of blended value that benefits both society and business.

Salvato (2009) used the synergistic positioning in a study that clarified dynamic capabilities approach. By positioning the findings that ‘mindful improvisations enhance product performance’, Salvato demonstrated how ‘findings parallel other research findings’ (Salvato, 2009, p. 401). Salvato’s research enters a synergistic dialogue that extends the dynamic capabilities concept to consider concrete activities of key internal and external factors with regard to performance. Thus the theoretical contribution in synergistic positioning is demonstrated as extending existing theory (Ridder, Hoon and McCandless Baluch, 2014).

The selection of cases followed the qualitative principle of purposive sampling, which allowed the researcher to select the units of investigation relevant to the study, and which is suitable for exploratory case study design (Welch *et al.*, 2011; Yin, 2014). Seven financial institutions and six NPOs were selected based on their previous implementation of social innovation projects (Austin, 2000). The social innovations included: community banking, mobile banking, agency banking and agricultural loans and insurance. These social innovations were considered to be the drivers of financial inclusion among financial institutions in SSA (Ngumi, 2013; David-West, Iheanachor and Umukoro, 2019). And financial institutions were suitable for this research because their social innovations are an embodiment of a values-based system of governance. Financial institutions are low on greenhouse gas emissions. As such, it could be argued that they are not accountable for the prevailing social and environmental harm. Therefore, their involvement in sustainability efforts is largely driven by moral values. With that in mind, the sampling procedure focused on looking for cases with similar characteristics based on a set criteria as follows:

1. Has a product that can be considered a social innovation.
2. Is a local financial institution, founded and registered in Kenya.
3. Has a corporate foundation, responsible for the social responsibility programs of the firm.

By way of gatekeepers, the seven corporations were selected because they fulfilled all the above criteria. These were studied in-depth through semi-structured interviews with senior managers. The managers selected were heads of innovation or product development units in their respective institutions. They were technical in their area of expertise and provided relevant strategic information regarding the operations of the entire organisation. Other interviewees were from the corporate foundations of the same financial institutions. For corporate foundations, CEOs of those institutions were interviewed. They were selected based on their ability to articulate strategic working relationships between the foundation and the product development unit of the mother corporation. In addition, NPOs were selected based on the following criteria:

1. Has partnered with a corporation.
2. Are involved in community work.

Six NPOs were selected based on their perceived significance in B2N partnership with the financial institutions and as reported by third party sources/gatekeepers. NPO data was mainly used to corroborate the initial findings from the corporations, thus fewer participants were interviewed. The multiple case inquiry focused on how corporations manage multiple CSTs in order to achieve corporate sustainability.

The table below (Table 11) outlines the data collection protocols that were used in this research.

Table 11: Data collection protocol

Protocol	Description
Overview of the case study	An overview of the case study stating the mission, goal and purpose of the study was developed. It was used to show the rationale for selecting the cases, the expected outcomes and the relevance to policy. This was shared with anyone who may have wanted to know the purpose of the study and was accompanied with a letter of introduction to the interviewees and organisations that were selected for the study.
Data collection procedures	• Access to interviewees and other key documents, was arranged through gate-keepers (identified by the researcher) from the selected organisations. • Resources for fieldwork – recorders, personal computer, writing instruments and a place to write notes privately was secured. • A procedure to reach the academic supervisors at the University of Kent for guidance on skype and telephone on a monthly basis was also put in place. • A clear schedule of activities that are expected to be completed within specified time periods, was developed. • Provision was made for unanticipated events including unavailability of interviewees. In which case, convenience sampling was resorted to.
Data collection questions	• An interview guide was developed with specific questions to guide the interviews on topical issues. The questions were pilot tested with a group of PhD students to ensure clarity, content and appropriateness before being used for fieldwork.

(Source: Author)

The data collection process involved reaching out to the sampled corporations through a gatekeeper known to the researcher. The gatekeeper would introduce the researcher to a senior or middle level manager in the organisation through phone or email contact. From then the researcher arranged for a semi-structured interview that lasted 60 minutes on average. Where a scheduled interviewee failed to turn up, it was negotiated by the organisation and a replacement found. In some instances, additional cases were recruited during fieldwork through referrals from those already interviewed.

This went on until the researcher was confident a critical mass had been attained. Based on previous studies, critical mass is attained in a case where the interviews are carried out by one person interviewing professionals and the interviewer feels the interviews are becoming repetitive (i.e the next interviewee is identical with the previous) (Fraher and Gabriel, 2014). Nevertheless, the process was not devoid of challenges. Data collection for this research was carried out at a time when Nairobi city had a massive terror attack that happened on 16th January 2019 and claimed dozens of lives (BBC, 2019). Following that incidence, the government and security agencies issued advisory to businesses to be extra vigilant. Stringent measures were introduced in many premises and access was highly restricted for strangers. Senior managers became extra cautious about entertaining strangers in their offices. As a result, some scheduled interviews were dropped and efforts by the researcher to access additional respondents became extremely difficult. However, this did not adversely affect the data collection exercise since a critical mass of respondents or data saturation was attained.

Methods and techniques: To understand the participants deeply, interview data was collected followed by documentary review to better understand the context and culture within which corporations implement CST management. Firstly, by use of multiple sources of data and triangulation, all data collected was corroborated. Secondly, the researcher as an 'outsider' took adequate preparation and got thoroughly familiar with the field context in order to enter the field in a credible manner. Therefore, the researcher got well-grounded in the extant literature to expand his understanding of multiple ways of viewing the phenomenon (Morrow, 2005). This aspect of pre-understanding (Patton and Appelbaum, 2003) introduces subjectivity. However, researchers should be mature, open, honest and disciplined and be aware of their own paradigm, selective perception, and personal defence mechanisms in order to appreciate their own subjectivity.

In social construction research, we do not work to limit, control or manage subjectivity; rather we embrace it and use it to position the researcher as a co-constructor of the meaning and interpretation of data (Morrow, 2005). Therefore, the researcher kept a self-reflection journal in which records of the experiences and reactions that came to fore were recorded and incorporated in the analysis. A further strategy was to engage a community of practice, notably the research supervisory team, who offered critical discussion of the findings regularly (Morrow, 2005).

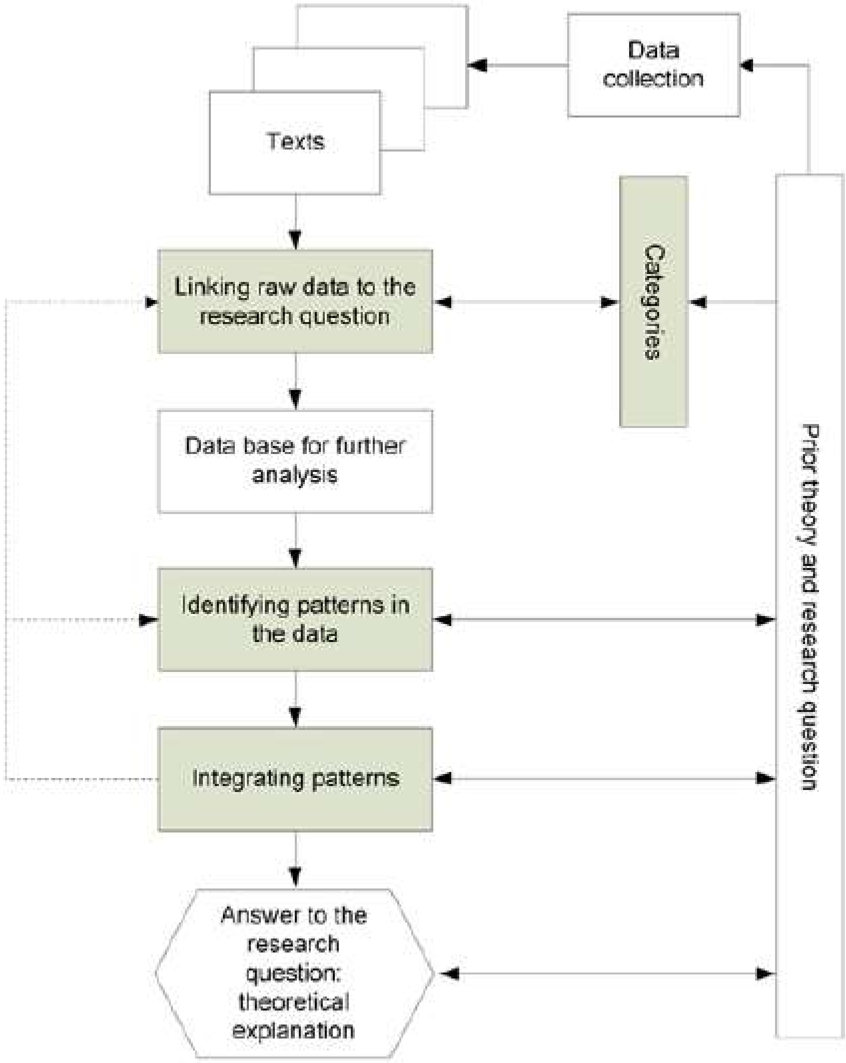
In order to ensure that the participants' reality was reflected in the research, the researcher sought deeper understanding of the participants' reality by probing further the meaning of their experiences. To further corroborate participants' views, transcripts of their interviews were emailed back to them to check for accuracy. Out of the 21 participants, only one requested a section of the interview to be redacted and this was respected. Another strategy to achieve fairness and avoid lopsided interpretation was to adopt the participatory consciousness approach, which gives attention to empathetic relating leading to a holistic concern for the evolving reality (Heshusius, 1994). Since the researcher was interviewing senior management staff of corporations, the entry and exit was well managed. The researcher carried business cards, which is a symbol of authority and authenticity in the corporate world in SSA.

Another measure of ensuring authenticity of data was to collect adequate amount of data. This involved gathering data up to the point of saturation, which meant no new information was forthcoming (Lincoln and Guba, 1985). Interviews were recorded (with consent) and transcribed lasting about 60 minutes each and yielding more than 147,000 words of transcripts. Although the researcher had challenges of accessing more respondents, it was felt that a critical mass of material had already been collected to draw some consistent and reliable conclusions. Previous studies have reached critical mass at much smaller number of respondents (Fraher and Gabriel, 2014). In addition, to achieve adequate variety of evidence, multiple sources of data were used. Such data was then used in triangulation during data analysis. A high quality relationship with participants was also important in creating rapport during data collection. For example, the researcher used gatekeepers to identify and contact potential interviewees.

The case firms: The seven firms selected for this study were four banks and three insurance firms, all based in Nairobi. They were all founded and registered in Kenya between 1965 and 1999. The banks all started as micro-finance institutions and have grown into fully-fledged commercial banks. Some of them underwent transitions through mergers and acquisitions but they have maintained a focus on the unbanked population and are operating service outlets throughout the country. They are all regulated by the Central Bank of Kenya (CBK) and are all listed on the Nairobi Securities Exchange. These banks are among the first in the industry to offer mobile banking, community banking, agency banking and money transfer using mobile phones. These innovative banking facilities are viewed as social innovations since they contribute to expanded financial inclusion. For the insurance companies, all have agricultural insurance products. Further, the selected institutions have corporate foundations (represented here as FDN01, FDN02, FDN03 and FDN04) that implement CSR programs. FDN01 has a focus on education, supporting needy children from high school to university. FDN02 and FDN03 both have a focus on entrepreneurship, supporting youth with technical skills and seed funding. FDN04 has a focus on education and economic development for rural communities. These institutions have partnered with at least one or more NPOs on a given social project not necessarily the mentioned social innovations.

4.8.4 Data analysis and interpretation

Data analysis was undertaken using inductive approaches (Fig. 6). As in any other qualitative study, data collection and analysis were occurring concurrently (Baxter and Jack, 2008). In the first stage, the study assumed a deductive approach where relevant literature was analysed, and an analytical framework articulated with a series of concepts to define the research questions. The analytical framework provided the researcher with an opportunity to gather general categories for reference as well as an anchor for the study; and was used as a reference at the stage of data interpretation (Baxter and Jack, 2008).



(*Source:* Gläser and Laudel 2013, p.7)

Figure 6: Structure of data analysis

In the second stage, the study assumed an inductive approach, by collecting and analysing empirical data. This is necessary because there is inadequate literature on CSTs. At the same time, the social constructionism viewpoint, presupposes interaction between the researcher and the participants to derive meaning from the discussion. Accordingly, semi-structured interviews were conducted to collect data from participants in selected organisations. These data were then analysed inductively by identifying patterns and integrating the patterns to build theory. In the third phase, the study discussed the propositions analysed in the conceptual model and constructed concepts to answer the research question. Throughout the process, emergent issues and new ideas were documented for further research (see Table 12).

Table 12: Structure of data analysis

Methods	Description	Where	When		
			Sept, 2017 – July, 2018	Aug, 2018 – July, 2019	Aug, 2019 – July, 2020
Deductive	Review of the literature using deductive methods with a view to formulating a conceptual framework & research questions	University of Kent	■		
Inductive	Gather empirical data from the field, based on case study methodology Create categories to support or reject the conceptual framework	Kenya		■	
Synthesis	Accept, reject or modify constructs based on evidence. Answer the research question.	University of Kent			■

(Source: Author)

Given that little research attention has been given to this area of CSTs, an exploratory qualitative research approach was used (Edmondson and McManus, 2007). An inductive research strategy, which included interviews with organisational informants was used for data collection, data analysis and generalisations. Grounded theory (Charmaz, 2006) approach was used in coding and analysing data to show the dynamic relationships among emergent concepts.

To understand how corporations manage CSTs in order to pursue both social and economic goals, the study used semi-structured interviews with senior managers in selected corporations (financial institutions) in Kenya together with their NPO counterparts and independent opinion from sustainability experts. In addition, documents were collected from the interviewees, and together with magazines, newspapers and digital content, documentary review was carried out to provide secondary data and for triangulation. Moreover, further information was obtained from collaborating NPOs and independent experts in sustainability. A total of 21 interviews were conducted and recorded (with consent) and transcribed to aid coding and data analysis process. The transcripts were sent back to the participants for validation. To respect confidentiality and anonymity of the participants, the interviewees were assigned a code as shown in Table 13 and the codes used to provide quotes to clearly and accurately present the participant's perspectives (Table 13).

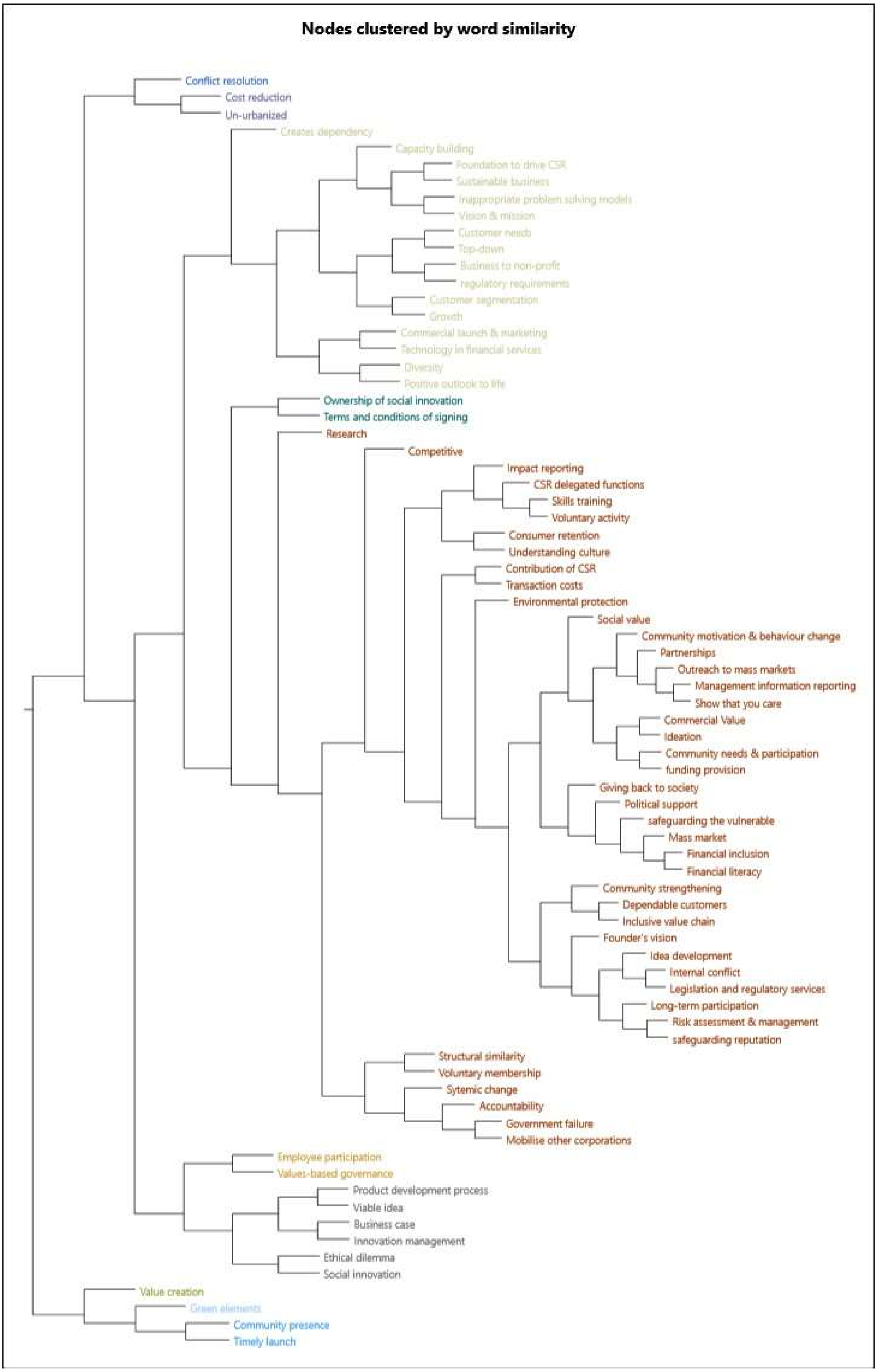
Table 13: Summary of participants

Participant Identification code	Industry	Participant's role	Date of interview
EX001	Banking & Insurance	Head	29.01.2019
EX002	Banking & Insurance	Senior staff	21.02.2019
EX003	Banking	Senior staff	04.03.2019
EX004	Banking & Insurance	Founder & Head	26.11.2018
FDN01	Banking	Senior staff	04.02.2019
FDN02	Banking	Head	14.02.2019
FDN03	Banking	Senior staff	19.02.2019
FDN04	Banking	Senior staff	28.03.2019
INS01	Insurance	Senior staff	18.02.2019
INS02	Insurance	Senior staff	26.02.2019
INS03	Insurance	Senior staff	24.04.2019

BK001	Banking	Senior staff	19.02.2019
BK002	Banking	Senior staff	19.02.2019
BK003	Banking	Senior staff	21.03.2019
BK004	Banking	Senior staff	16.04.2019
NP001	Civil society	Senior staff	22.02.2019
NP002	Civil society	Head	28.02.2019
NP003	Civil society	Head	25.03.2019
NP004	Civil society	Head	03.04.2019
NP005	Civil society	Senior staff	04.04.2019
NP006	Civil society	Senior staff	18.04.2019

(Source: Author)

Data analysis. The data was analysed in NVivo 11 following a grounded theory approach for exploratory studies (Strauss and Corbin, 1998). The following coding was used to arrive at key themes from the interviews: open coding, axial coding and theoretical coding (Saldana, 2013). Initial coding was done using the actual words of the practitioners in order to deepen our understanding of their culture and world view and frame the researcher's interpretation of terms that practitioners use in their everyday lives rather than in terms derived from the academic disciplines (Stringer, 1999). During open coding, concepts were identified by looking at the text and selecting the relevant key words as codes. This continued until saturation (when there was no new idea that could not fit in the already selected codes). Initial coding was limited to sentence and paragraph level coding. Indeed Saldana (2013) observes that line-by-line coding is not always necessary and so sentence-by-sentence or paragraph-by-paragraph coding was adopted and 65 codes identified (Appendix 6). The codes were then grouped into categories/themes during axial coding. Categories were created by bringing codes from different sources and grouping them together i.e interview codes merging with documentary codes. The goal of axial coding was to determine which codes are dominant and which ones are less important (separating the trees from the forest). Synonyms were crossed out and redundant words were removed. The best phrases and keywords representing the codes were selected. These were then integrated and refined into aggregate domains as patterns emerged (Gioia, Corley and Hamilton, 2012)(Fig. 7).



(Source: Author, generated from NVivo database)

Figure 7: Nodes clustered using word similarity

Theoretical coding was done to find a central or core theme, which explains what this research is all about or the major concern to the participants. Glaser (2005) discounts theoretical coding as not always necessary and that it is better to have none than a false or misapplied one. This view is supported by Dey (1999) who argues that 'by focusing on a single core variable, the research agenda may become one-dimensional rather than multi-dimensional' (p.43). However, Charmaz (2006) asserts that 'theoretical coding specifies the relationships between categories and moves the analytic story in a theoretical direction' (p.63). A view reinforced by Stern and Porr (2011) who state that a core category identifies the major concern that participants believe can provide guidance for making social life better. The purpose of theoretical coding in this research was to generate theory as well as aggregate the themes into the domains of the ICSI framework. Therefore, theoretical coding was necessary to specify relationships between categories and generate theory.

In addition to the NVivo database, a case study database was utilised to maintain a record of evidence of the process and emerging ideas (Yin, 2014). This consisted of the interview transcripts, memos from the interview reflections, ideas that emerged during the coding process, company documents and magazines and newspaper articles. The transcripts of the interview were emailed to each participant inviting them to provide comments and/or corrections and only one participant requested a section of the interview to be taken off record. This process enhanced the reliability and validity of the research.

4.8.5 Strategies for validating the findings

To ensure quality of data, empirical research needs to ascertain the standards of reliability and validity for the methodology used. Based on the epistemological underpinning, social constructionism supports reliability through establishing recognisable patterns in society and a shared understanding of phenomena. However, the criteria used to evaluate the findings generated by research within the interpretive paradigm differs from those applied within the positivist paradigm (Guba and Lincoln, 1981). While the value of quantitative research is judged by the degree to which results can be generalised to the wider population, the value of the understanding that emerges from a qualitative study is determined by the degree to which it fits and works with the perspectives of the participants (Ponelis, 2015). Therefore, instead of validity and reliability, qualitative research establishes trustworthiness through dependability, credibility, confirmability and transferability (Ponelis, 2015) (Table 14).

Table 14: Case study tactics for testing validity and reliability of data

Criterion	How the criterion will be met
Dependability	• Transparency: The research procedure was recorded in a clear case study protocol outlining the mission and goal of the study, rationale and how the cases were selected. In addition, the protocol outlined the data collection procedures and the broad questions being investigated. The interviews were recorded with the permission of the participants. • Replication: A case study database was established in NVivo 11 (with backup provided by the university server) where all evidentiary data including field notes, interview scripts, scanned documents, researcher's reports and other narratives are now stored (Mariotto, Zanni and de Moraes, 2014)
Credibility	• The researcher collected evidentiary data from multiple sources including interviews and documents review (for example, survey data produced by others, annual reports, integrated reports & financial statements, progress reports, mass media reports, magazines and articles). • The researcher also carried out data triangulation during data analysis (Stake, 2000; Yin, 2014). Open-ended interviews were carried out with senior managers of corporations, senior managers of NPOs and sustainability experts. Responses from these three groups of practitioners corroborated the same findings. The interview transcripts were sent to the respondents to validate the discussions. In addition, further information was obtained from the review of documents, such as the integrated reports and financial statements, sustainability reports, magazines and previous survey reports.
Transferability	Transferability is established by providing readers with evidence that the research study findings could be applicable to other contexts and populations (Johnston, Leach and Liu, 2009). In this study, the researcher used literal replication logic in case selection (Yin, 2014). Each case was selected based on their previous implementation of a social innovation so that it predicts

	similar results (literal replication). It was assumed that organisations with 'social innovations' have managed CSTs successfully and that organisations with social innovations are sustainable. Therefore, the study sought to establish the common factor among these organisations that enables them to do social innovation. If all the cases turned out as predicted they would, in aggregate, have provided compelling support for the initial constructs. If the results were contradictory, the initial constructs would have been revised and retested with another set of cases. The aim here was to transfer to theoretical constructs and not to generalise to populations. The researcher also documented a robust detailed account or thick description of the research during data collection including where the interviews occurred (Yin, 2014)
Confirmability	The researcher kept a reflexive journal and a record of all that was happening in the research process with regard to the researcher's values and interests.

(Source: Ponelis 2015).

This section has shown that this qualitative exploratory study is based on a holistic multiple case study. Other aspects discussed include the research methodology, aims and objectives of the study, the research questions and data analysis and validation. The underlying epistemological view has also been discussed. In the next section, ethical considerations shall be outlined and discussed.

4.9 Ethical considerations

This section on ethics considerations will discuss the importance of ethics in this research project and outline how the researcher ensured the confidentiality and anonymity of the respondents in order to protect their privacy.

The reason for ethical consideration is that the researcher was handling private information from both the organisations and individuals and there was need to respect and protect such data from hurting anyone involved or not part of the research. Therefore, the researcher first sought approval from the management of the selected institutions to conduct research, and then the people to be interviewed were asked to give clear consent of their permission to be interviewed. They were required to sign a consent form as designed by the University of Kent (see Appendix 1). They were informed of the nature and consequences of the research, that their confidentiality was going to be respected, that anonymity would be observed by use of pseudonyms; that they were free to withdraw from the research at any point with or without a reason, and that recording of the interview was only being done with their full permission (Pettigrew, 1990).

The purpose of the informed consent was to protect the participants' confidentiality. Since participants were senior professionals who understand English clearly, the informed consent form was written and administered in simple clear English. The researcher also ensured conformity to the General Data Protection Regulation (GDPR) legislation of the UK government as well as getting a license to conduct research in Kenya from the National Commission for Science, Technology and Innovation (NACOSTI) (Appendix 4). According to Kenyan law, a researcher can only commence their research after obtaining the research license. Therefore, after the ethical approval in November 2018, the research licence was applied for and obtained in January 2019; allowing the actual field data collection to begin in January 2019 (See Table 15).

Table 15: Activity schedule for the collection of data

	Activity	Where	When
1	Apply for ethical approval of research project with human participants (process takes 2-4 weeks)	*REAG/FSO	July 2018
2	Get approval from University of Kent ethics board	REAG/FSO	November 2018
3	Apply for research license from Kenyan authorities (takes approximately one month to be approved)	Online	January 2019
4	Obtained a research license from Kenyan authorities to conduct research in Kenya	NACOSTI	January 2019
5	Field research commences	Kenya	January 2019

(Source: Author)

*REAG =Research Ethics Advisory Group, FSO = Faculties Support Office, NACOSTI = National Commission for Science, Technology and Innovation

The previous section looked at ethical considerations, which include confidentiality, anonymity and relevant ethical approvals.

4.10 Chapter Summary

The discussion in this chapter has elucidated both the methodological position as well as the rationale behind the research design. The discussion delineated the nature of knowledge that was sought (i.e epistemology) and the way reality is viewed and defined (i.e ontology). The research takes a social constructionism perspective. Social constructionism views reality as socially constructed. In other words, the meaning that people attach to facts is more important in this research. In regard to episteme, knowledge is contextual. Our understanding of the world depends on where we are and that keeps evolving. This positioning of the research paradigm has influenced this research in several ways. First, the exploratory case study design seeks to establish what people conceive of the phenomenon under study. Given CST is a nascent phenomenon in SSA, the research has established practitioners and stakeholders' views on the management and evaluation of multiple CSTs among financial institutions in SSA. Secondly, the philosophical underpinning also influenced the open-ended interview discussion with a view to establishing participants' opinion of the subject of study. The interview site was considered a site for knowledge construction and interview statements were seen in their social context. Further, sample selection followed the qualitative technique of purposive sampling in order to include respondents who are knowledgeable in the field of study. Furthermore, data analysis was designed to derive meaning from interview data. Lastly, ethical considerations were important to assure the participants of their voluntary participation and protection of the jointly constructed data.

The chapter has provided the reader with a picture of the entire methodology of the research. The next chapter will now present the findings of the study.

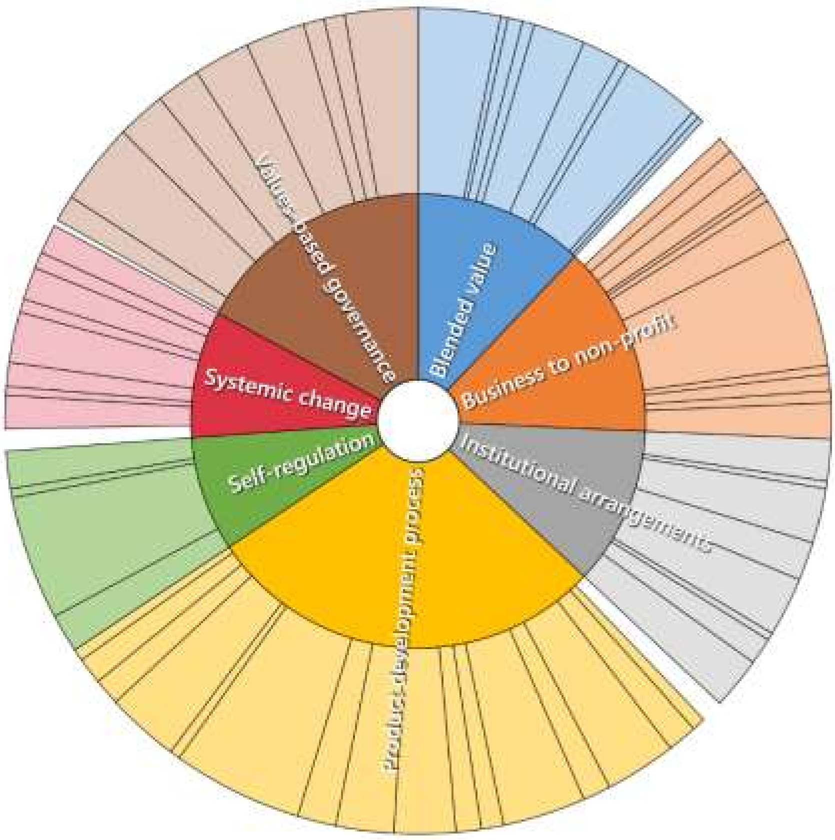
Chapter 5: Findings

5.1 Introduction

The purpose of this research was to explore with a select sample of organisations how corporations could manage CSTs that impede sustainable business. The researcher believed that a better understanding of this phenomenon would allow corporations to develop more sustainable products and transform society. The chapter starts by briefly outlining how tensions manifest in financial institutions in the SSA context. This is followed by a presentation of seven key themes obtained from 21 semi-structured interviews, and a review of the documents collected from the organisations. These seven key themes or categories that emerged from the study (Fig. 8), represent the mediating factors necessary to manage CSTs in financial institutions in SSA. They are as follows:

1. Values-based governance: founders' vision is the basis for a values-based management of CSTs thus making it possible for corporations to innovate sustainably.
2. Business to non-profit (B2N) partnerships: is an intervening factor between values governance and social innovation/product development.
3. Blended value: is characterised by products that have both commercial and social value and is essential in BoP markets.
4. Systemic change: is characterised by social innovation that pervades all parts of a system and brings fundamental changes to the systems on which we depend (e.g mobile apps have changed the way banking is done).
5. Product development process: is a four stage-gate CSR-driven innovation process that requires a clear, deeply embedded values system that considers social responsibility a mandate, and not only an instrumental tool for making short-term profits.
6. Institutional arrangements: consists of a coalition of corporations and other organisations with a sustainability agenda that come together to champion a cause
7. Self-regulation: is rule-based constraints on organisational behaviour without the coercive intervention of the government or another external actor.

Data analysis took the form of the cross-case thematic analysis. In this format, there are no separate chapters or sections devoted to individual cases. Rather, the study consists of cross-case analysis where each section is devoted to a separate cross-case issue and information from the individual cases reflected throughout the section (Yin, 2014). This was important because this was a cross-sectional study that sought to examine how firms manage CSTs in SSA. Cross-case analysis brought out the overall factors that determine CST management in firms. Additionally, cross-case analysis is useful for holistic case study where logical sub-units have not been identified.



(Source: Author, generated from NVivo database)

Figure 8: Main themes derived from the data

This chapter will outline first of all the description of CSTs in financial institutions (5.1.1) followed by a discussion of the seven key themes derived from the findings as follows (not in order of importance): values-based governance (5.2), B2N partnerships for social innovation (5.3), blended value (5.4), systemic change (5.5), product development process (5.6), institutional arrangements (5.7) and self-regulation (5.8).

5.1.1 CSTs in financial institutions in SSA

CSTs manifest themselves in spatial, temporal and contextual dimensions. In chapter 2 we discussed the personal versus organisational agendas, efficiency versus resilience and isomorphism versus institutional change tensions as the generic tensions that occur in the spatial, temporal and contextual spheres respectively. These tensions are an important category as far as corporate sustainability is concerned. They represent a dichotomy between business goals and social goals. Another classification of tensions according to Smith & Lewis (2011) is belonging, performing, learning and organising. This classification tends to define tensions experienced in organisations in general (Wannags and Gold, 2020) whereas the previous classification focuses on corporate sustainability tensions. Therefore, taking a cue from Jones (2016), this research found tensions that mirror personal versus organisational agendas, efficiency versus resilience and isomorphism versus institutional change. For example, the personal versus organisational agendas tension was seen where a collaborating partner lamented the bureaucracies in the corporation.

> "when we had requested them to promote the program, you know, they had to go to the marketing team and they had to approve, the finance team had to approve and, you know, all these approvals were taking time" [NPO01].

In this case the personal agenda was to deliver the program to the society as fast as possible, yet the organisational agenda demanded that several approvals must be given first. In effect the organisational member's desire to address social issues was being constrained by the structural elements of the organisation. What might be a priority of sustainability at personal level might not be a priority at organisational level, creating a tension. Such structural impediments can delay implementation of activities leading to failure to achieve sustainability goals.

Another example of a tension focusing on the efficiency versus resilience tension was seen in the claim by corporations that they are commercial entities and that social impact is not part of their bottom line.

> "We never do an assessment on the social impact in terms of how many families has it touched? Like how many in terms of the community whether… th… th… that assessment does not happen because it does not affect your bottom line it is not a deliverable in terms of your bottom line" [BK003]

This may mean that corporations are not concerned with community resilience. Social impact is a strong indicator of community resilience and the fact that corporations do not monitor social impact implies that the decisions they make though good in the short-term could have detrimental impacts in the long-run. Therefore, corporations' focus on the bottom line while neglecting social impact issues is a source of tension in the temporal sphere in financial institutions in SSA. The bottom-line in this case does not include social performance. This was reinforced by a senior manager in the bank:

> "In as much as all these things are great to do it is important that they make commercial sense for us" [BK001]

As long as social performance does not make commercial sense it is a source of tension between efficiency and community resilience. This is further made complex by the fact that the founder's intention was social.

> "The founder of the bank over 30 years ago noticed that local farmers in this area could not access financial services mainly because at the time the financial providers were international multinational banks. And the structure of banking sector in the early 80s was pretty intimidating for someone who was not in formal employment" [BK001]

Therefore, the founder's intentions had a social outlook whereas efficiency demands that the company emphasises shareholder value thus creating a tension.

The third example of tension was seen in the contextual dimension. The fact that innovation is approached through herding and copying is an indicator of high levels of mimetic isomorphism.

> "there's a lot of herding and copying what other people are doing, so that um… when as a consultant I question what was the strategic importance of this activity even if it is a well-done activity, of course I'm trying to bring it back into the core strategy of the business, it's very hard" [EX001].

The extract above implies that innovation is not aligned to the core strategies of the organisation but simply what others are doing and yet it is a well-established institutionalised practice. This makes it very difficult to implement institutional change, which leads to isomorphism versus institutional change tension. This tension is a hindrance to sustainability since it stifles emergence of improved products and sustainability models.

The aforementioned are examples of sustainability tensions uncovered from the findings. However, the research found seven key themes consisting of mediating factors employed by financial institutions in SSA to manage these tensions. We now analyse these themes in the following sections.

5.2 Values-based governance

The participants' sentiments reflect what is espoused by organisations grounded in ethical behaviour. Current literature shows that values-based governance can serve as a profitable framework to influence a firm's responsibility to stakeholders (Woermann and Engelbrecht, 2019). Referring to values-driven business, Painter et al (2018), suggest that the formulation of values in a business must start with the board, then the senior management with input from all staff at various levels of responsibility. Values-based governance is about encouraging employee participation, safeguarding the vulnerable and mobilising like-minded corporations to create systemic impact.

By encouraging and creating systems that include staff in organisational decision-making, the resultant organisational goals are a contribution to making vulnerable lives better. The evidence for this is in the kind of innovations coming out of such an organisation. According to an expert (EX001) opinion, it is a win-win for business and society. Another sustainability expert (EX003) gave an example stating how banks are able to finance projects that target the poor and bring sustainability.

> "I don't know if you know the story of [product] solar. They were actually financed by [Name] bank with absolutely no collateral, it was like a new idea with also… there's... uh... it has never been done before. You know banks are very... they don't, they don't finance when you come and pitch and say, ooh, I have this nice idea can you finance. That's what they did and a bank said this is ... err... good for the society so why not finance, because not only will it be good for businesses, but... it will create some sort of sustainability element to it , so, yeah..., banks are doing that" [EX003].

The above extract implies that a system of management has been created in the banks that can enable them to give loans with 'absolutely no collateral'. This is a new idea that appears to be a surprise to the sustainability expert 'they don't, they don't finance when you come and pitch and say, ooh, I have this nice idea can you finance'. However, because they felt it is good for society as well as good for business, they were able to finance. The idea that the bank can now consider what is good for society is evidence that a values system could be in place. Other views were that in the process of corporations being responsive to societal needs, they could unintentionally create dependency or even ruin people's hopes. For example, [FDN02] alludes to support to needy children being interpreted by society as an implicit agreement to provide employment to the needy students after schooling. Moreover, it comes as a surprise to the manager of a corporate foundation who thought that "we've walked with you this far, where did it become that we were everything to you?" [FDN02]. According to this manager, responding to societal needs should be to empower not to create dependency. However, corporations find themselves in this mix because they apply instrumental logic, which is a short-term strategy 'we've walked with you this far'. It turns out that social response is used as a means to economic benefit without any intention of continuity.

Another challenge of social responsibility is being responsible in the SSA context, where minimum wages are not respected can be a paradox. As one expert claimed [EX002]:

> "You know, you can pay people pennies on the dollar and er… people because they are desperate they will sti… they will still take but it doesn't mean that you're being responsible" [EX002]

Therefore, in the quest to implement a long-term solution, corporations create employment, which is a huge social concern, but some corporations abuse the opportunity by underpaying their workers because they are desperate. In effect, a corporation's social responsibility does not create impact in society. As such social responsibility should be looked at holistically. For example, provision of employment should be accompanied with a decent pay, acceptable working hours, and proportionate workload. However, corporations left on their own are likely to drift the easier way, a situation that prevails in most SSA countries, due to weak laws, poor institutional capacity and corruption. Social responsibility programs, if not grounded in the vision, could be used in an instrumental logic to improve the company's bottom line as stated by a senior manager of a corporate foundation [FDN04]:

> "If your vison is profit making you would just be doing CSR so that you can see the return on your balance sheet. But if your vison is to actually see how you empower people then irrespective of what your balance sheet looks like, you are there to stay" [FDN04]

The above extract confirms that the prospect of using CSR to boost a company's profits is a reality. Indeed, CSR as a values program, if not established on a clear, deeply embedded values system can be used as an instrumental tool for making short-term profits and not a social responsibility mandate. Social responsibility involves institutionalisation of ethics and facilitates long-term sustainability goals. Firms with such goals are likely to legitimise social innovation.

Companies that uphold values do not just push their products to the consumer. They respect the culture and ethos of the consumer and are careful to put in place mechanisms to test the product before marketing it to the consumers. Especially products meant for the mass market, including customers who are firstly undifferentiated and highly vulnerable, values input ensures the product is tested with the consumers and that it meets their preferences and acceptability, which are important in the safeguarding of human dignity and environmental protection. A senior manager in an insurance firm [INS02] attested to this:

> "So the role we then play is that of watchdogs at any stage let's test, let's test before going live" [INS02]

The senior manager implied that in his position as a senior manager he is tasked to ensure that customers' dignity is upheld. To achieve this, they constantly test their products with customers before releasing them to the market. Other views were that in pursuit of safeguarding the needs of the vulnerable, corporations try to de-bulk their products into smaller portions that are affordable to the BoP population. However, some expert [EX001] contested this, arguing that it is an unfair approach. In total, when the price of that small portion is aggregated back to the bigger portion, it is claimed the price eventually is higher than the initial price.

> "So you'll find that the cooking oil which you and I buy which may be 1 kg for a certain price, a person in the community buying half a kg of the same one might pay one-and-a-half of the pay if he scaled it to 1kg" [EX001]

Apart from affordable commodity pricing, safeguarding the vulnerable encompasses employee welfare, children protection, environmental protection, among others. These are practices that might look costly in the short-run, but they ensure sustainable business in the long-term. In addition, the ICSI concept recommends partnerships with NPOs. Firstly, NPOs can help pool resources to cushion the corporation from losses in the short-term, but also NPOs ensure that the values that corporations ascribe to are universal. This is evident from a senior officer in one NPO [NPO06] who said:

> "So we do and it's guided by our policy. We have a whole policy around who we get money from and who we don't take money from. And basically it's guided around our work, you know we work with children, we want people who really, you know respect the old age and children outreach and policies, issues of… of labour laws, child…child what?" [NPO06]

Through partnerships, NPOs put pressure on corporations to respect universal values like child protection, labour laws and environmental protection. Such moral awareness driven by ethical leadership, is a key ingredient in a values-based governance that, in turn, helps corporations to manage personal versus organisational tensions.

Values-based governance is dependent on the leadership of the organisation. The senior management is responsible for the approval of new products and plays a big role in ensuring that all staff are involved in the development of the organisational agenda. That way there is greater buy-in of the products that are released to the market especially targeting the BoP population. Employee participation enriches the process of product innovation by ensuring that the final product is well thought through before launch. It enables employees to be able to make their contribution to society through the organisation. Thus, resolving a situation where employees are only given time off to offer community service in an *ad hoc* fashion. When the leadership drives a values-based governance system, it creates greater employee satisfaction because they have an opportunity to give back to society through the organisation's innovation programs. Besides, employees are also stakeholders in the organisation as summed up by an expert in sustainability [EX001]:

> "There'll be greater in co-creation where you bring in other players like the workers themselves and others, to try and generate ideas together and there will be more keenness in ensuring that by the time you reach launch, the idea has been thought through soundly" [EX001]

Employee participation does not just serve as an opportunity to give back to society, but it is useful in innovation 'to try and generate ideas together' and also to ensure that 'the idea has been thought through soundly'. However, values-based governance has to be led from the top. It is imperative that the board, and top management have a buy-in to drive the process, so that it permeates as a culture in the organisation. This will involve setting sustainability goals right from the board level, senior management, and departmental level. In the long-run, if the governance system is an open system, then what prevails is a situation where the leadership is keeping the employees to account as the employees keep the leadership to account too. This is one level of a social contract where employees and company leadership agree amicably to jointly pursue sustainability goals. According to Donaldson and Dunfee (2002) these can be referred to as authentic norms which are consequential. They might be the right thing to do but they need to be checked at a macro level to ensure that the consequences are also right. In effect, organisations that implement sustainable goals do well to belong to an oversight body that ensures that the organisation's sustainability goals are in alignment with global expectations for example the SDGs and other industry acceptable practices. Whereas this could introduce the challenges of isomorphism, in this case it is normative (rather than structural) isomorphism that is driven by inter-organisational networks that span organisations with an aim of creating centres of excellence focusing on best practices in sustainability and bringing value to both business and society.

The expectation that employees will keep the leadership to account comes from the fact that most employees in corporations come from societies where they witness ever growing needs in society. Therefore, getting employees involved in social activities would be in fact putting them in the frontline in providing solutions to those problems, a position they would gladly be part of as shown by an expert in sustainability and CEO of a consultancy firm:

> "many of my employees were parents and they were just comparing how their children were treated and…and the lives of those children who were abandoned by their parents. So it would be pretty easy to …err..to err… convince them to gain…to gain that necessary level of engagement from them" [EX004]

It is apparent that employees are ever willing to be part of programs that support society 'it would be pretty easy to convince them or gain that necessary level of engagement from them'. It happens that in many firms the organisational agenda is divorced from the personal agenda. However, if employees were enabled to participate in setting the organisational agenda, they could serve as a conduit in locating societal needs, and in the case of financial institutions, financial literacy needs. Employees can play a big part in facilitating training aimed at financial literacy.

Financial literacy is an attempt at financial inclusion, which emanates from an intrinsic value system. The need to satisfy the basic needs of others through financial literacy training and offering affordable banking services cannot be driven by business objectives only, except it emanates from an intrinsic value system that goes beyond the law. The law is regarded as the minimum and the values-based organisation operates above the mandates of the law. However, in most SSA countries even the 'minimum' is so weak that self-motivation is a requisite. This is evidential from a senior manager in one bank [BK001]:

> "You remember the origin was you've been left out there nobody seems to care about you. So here we are with something that shows that we are not a cold hearted corporate (laughter) who are just driving for the bottom-line like that but that we feel it when you don't have a toilet to go to in your homestead" [BK001]

In going beyond the bottom-line, corporations get involved with social needs of people like 'a toilet to go to in your homestead'. This might seem like an inconsequential issue, but it might have repercussions not necessarily in the homestead but in schools and social places. When corporations are providing 'a toilet in the homestead' they are employing a separation strategy, which is about realising that they cannot trade with the low-income mass market without first making them financially stable. The mass market or BoP is not only a potential sales market at the end of the value chain, but also an integrative part of the value chain (Hahn, 2009). Therefore, corporations engage the mass market through another arm in order to uplift the lives of the poor, who are then brought into the formal banking through community banking, agency banking and mobile apps. One senior manager of a bank that specialises in mortgage said:

> "You cannot convert you, cannot convert these er… lower demographic… sorry it's the lower demographic as well as the lower income families into housing without actually making them financially stable and to that point" [BK002]

The above extract suggests that financial institutions have a double responsibility of addressing the social needs of low income families, but they must address the financial stability of those families first.

Apart from providing financial stability, the financial sector is also focused on financial literacy training, which is outside their core business, to enable the poor develop skills in saving, investment and book-keeping that are a prerequisite for sustainable long-term engagement. An example of financial literacy training based in northern Kenya is being run by a leading bank with an intention of creating an inclusive value chain based on livestock trade. However, an expert [EX003] in banking claimed that still this is targeting those who can repay.

> "so that's, unfortunately... I'll just be quite honest with you if you, if you are exceptionally... un... not well off, like you are not able to repay your loan, banks will not give you the loan, unless it's, it's just giving without expecting a return" [EX003]

Banks are highly risk-averse and they will rarely engage with exceptionally poor communities. Instead, they will advise them to look for alternative lending options, for example, digital apps platforms. This presents two options for the banks if they have to harness the BoP market as an integrative part of the value chain, that they either be bold and lend to the exceptionally poor accompanied with financial literacy trainings or they work with their CSR teams and NPOs to support the poor access financial services.

Most financial institutions in SSA have set up foundations, which are tasked with supporting exceptionally poor communities without any expectation of a return or benefit to the corporation. Indeed corporations that are more values-driven tend to embrace a broader alignment with CSR as part of their organisations' values-driven business commitment (Painter *et al.*, 2019). But CSR work should not be detached from the main organisation. CSR work can be a great contributor to firm innovation through providing valuable information and knowledge needed by the R&D teams to innovate. Innovation therefore is likely to be more prominent in values-driven organisations. Since innovation has a positive impact on financial performance, it means the firm is more inclined to re-invest in CSR with an increase in innovation activity. One of the senior managers of a foundation [FDN04] alluded to this:

> "the social and economic are very intertwined and to some extent I think the social part plays a bigger role in driving our economic engine" [FDN04]

From this statement 'the social and economic are very intertwined' we can deduce that social responsibility programs are designed with economic benefits in mind. This is typical of transactional relationships that corporations make with society. This will be seen again, when we discuss the B2N partnerships. For now, the rest of the statement that 'the social part plays a bigger role in driving our economic engine' reinforces the view about economic benefits. Indeed, in a transactional relationship the goal of the corporation is profitability and increased market share. Therefore, it could be understood that the social responsibility aspects for example financial literacy are tied to the corporation's economic activities.

To the contrary, the findings of this research show that the founders of most of the local financial institutions acted out of an ethical or moral obligation. This was in response to majority of multi-national corporations (MNCs) in the financial services industry in SSA that were designed to serve the affluent and those in formal employment. A factor that prompted the founders of most indigenous banks to initiate their banks in order to reach out to the unbanked farmers, youth and slum dwellers as one senior manager [BK003] explained:

> "Because majority of these people were the initially unbanked. They were the rejects. Then we came in and picked them up" [BK003]

Due to the prevailing banking system, the unbanked were mainly the poor: 'they were the rejects'. It was not unusual for rural population, especially the farmers, to be turned away from banks when they went to seek banking services or ask for a loan. Therefore, the indigenous banks sprung up to serve this category of the poor and marginalised while making financial returns. The plausible reason for this would be the intrinsic need to satisfy the collective basic needs of humanity. The founders believed that provision of financial services was key to uplifting the social and economic lives of the poor.

> "If you look at some of the photos of our earliest branches in [Name], and [Name] in those areas. At that time [Name] was actually using those banking halls even as storage areas. So the women would come and leave their goods there because they have nowhere to store them and the next morning they would come and pick them as they go to the market. At that time when you are looking at what you accept as a collateral, when someone is coming for a loan, if you go to the house and you see they have a bed they only have like a table that's what you actually write down. But you find that this person will be the best borrower because they don't, they wouldn't want to risk losing their bed. And we have examples of those people who have grown from borrowing five hundred shillings to a million. Real case studies. Real stories… So you can see that the mission of the bank was never about profits" [FDN04]

The fact of targeting the poor can be seen in the kind of collateral that was being accepted by these banks including tables and beds. Yet these are the 'people who have grown from borrowing five hundred shillings to a million'. Founded on strong collectivism values, the banks have theoretically continued to abide by the ethos of the founders amidst the challenges of competition. One senior manager [BK001] affirmed thus:

> "having an institution that has come all the way from 'un-banking' financial outfit into a full-fledged commercial bank that has remained true to its roots is actually in its very essence social responsibility" [BK001]

The extract above points out that to operate as a commercial bank and remain true to the 'roots' is an uphill task. The banking industry is a highly competitive market and unless you focus on being competitive, you risk being outperformed. Therefore, upholding the original values of inclusivity have been undermined by the prevailing business competitiveness. Businesses have shifted to give more attention to profit maximisation and capital growth at the expense of uplifting people's lives and they claim that that is 'social responsibility'. Incidentally, it was not so from the beginning. The African corporation was considered a community (Lutz, 2009). The notion of individualism was subsumed in the principles of collectivism. Collectivism, without a doubt, does not rule out personal good, but implies a simultaneous existence for self and for others. Thus, as a values system, collectivism permeates a firm's leadership and enables corporations to manage CSTs by contemporaneously promoting organisational agenda as well as personal agenda. African managers therefore need a management theory consistent with their communal cultures. 'In the absence of such a theory, there will necessarily exist either a discrepancy between management theory and management practice or a discrepancy between management practice and the culture of the manager' (Lutz, 2009, p. 317). This can be seen, for example, in the concept of giving back as one senior bank manager [BK001] observed:

> "People do not like, you know, feeling that you are exploiting them. As a matter of fact the term I strongly detest the term 'giving back to society' because it implies you've taken something (laughter)" [BK001]

As a practising African manager, this senior manager is clear that he 'strongly detests the term giving back to society'. For him it is inconceivable to distinguish between service and business, they are all intertwined. 'Giving back' is a practice that involves corporations donating to charity through their CSR programs. Some corporations give directly to charity and others through their established foundations. This could be viewed as exploitation, where the corporation takes so much from people and then gives it back in a paternalistic way. In contrast, financial institutions in SSA would rather not be portrayed as taking away from society and then 'giving back', which is a capitalist concept or paternalism. Their view is that they are contributing to society. Their products are social products targeted at the poor to uplift their lives. Thus, any form of social action is simply an extension of the values of uplifting others. However, a CEO of an NPO [NPO02] disagreed:

> "Of course I would also like to say, if they could reduce the amount of profits, that they don't, they don't pick so much from us and then throw us one or two cents" [NPO02]

According to the above extract, the NPO's view is that economic benefits and social responsibility should be comparable. A case where the profits are way above their social contribution is tantamount to 'throwing us one or two cents', which connotes an immoral act. The CEO of a corporate foundation [FDN01] on the other hand suggested that the corporation could only contribute to social issues out of their profits.

> "The bank was not profitable for a good number of years, but in 2002 it became profitable, and so… they star…they registered a Foundation in 2007, primarily to run the CSR activities of the bank" [FDN02]

This may suggest on one hand that social activities are secondary to the economic activities of the firm. While on the other hand it may suggest that corporations need profits to carry out social activities. NPOs seem to believe the former, that corporations consider social activities as secondary to their core mandate of profitability and that they give only a percentage of their huge profits. In fact, if profits plummeted, the first thing firms will cut is CSR spending. That would mean that CSR was not values-driven but merely a public relations exercise. If CSR were values-driven, firms would hold onto it through thick and thin, because it would be part of their identity. It would be ingrained in the core business of the organisation and would not be pegged on profits but would be targeted at solving social problems. Social needs do not disappear during tough times. In fact, when it is tough for the company, that is when it is even tougher for society and they are looking up to corporations for support or intervention. Yet you cannot give what you do not have. Therefore, if corporations wish to 'walk' with society, it is imperative to devise a more nuanced strategy. Independent opinion from the experts was more forceful. According to one expert [EX002]:

> "the line between what is private and what is public, has become completely blurred" [EX002]

Therefore, private sector needs to be involved in what was previously seen as completely public. If the education sector is not functional, if the health system is broken down, the private sector will feel the impact. The firms will not find skilled labour for their businesses, the workforce will be too sick and unproductive and generally the public will be spending a lot on health and education thus impacting negatively on their disposable income. Therefore, a model that re-directs private sector strategy towards social issues would achieve value both for business and society and achieve sustainability.

> "And therefore why… why do we engage the…the…the credit guy? It is so that this guy gets to open up his mind and say if the appraisal is to determine the ability of the customer the buying power of the customer and to establish whether the customer really can pay, then are there other alternative ways which I can do the appraisal other than the conventional ways?" [BK003]

Sustainability for financial institutions is seen in the ability of the customer to repay. This confines financial products to people with the ability to repay which limits innovation. Innovation is not about doing things the same way rather trying alternative ways in order to reach certain goals. As stated above, lending to the poor is always expensive because the appraisal process is the same old process about a person's ability to repay. This is meant to cover the uncertainty of the lender because they do not know the customer. Yet, if the lender made efforts to know the borrower, probably the uncertainty would have been minimised (this will be discussed further in B2N partnerships). One way to know the customer is to involve the employees in the organisational agenda.

Studies show that strong alignment between personal and organisational values leads to higher levels of citizen behaviour in an organisation (Hahn *et al.*, 2015). When individuals believe that they cannot produce desired results by their actions, they have little incentive to be committed to the organisation. Which implies that organisations need to encourage employee participation in setting the organisational agenda. The organisation, therefore, should boost the individual's efficacious beliefs in themselves to a level that allows them to pursue sustainability objectives without the risk of disapproval. Internal conflict is characterised by a clash between employee's belief that social and environmental issues need to be addressed in contravention of the organisational agenda, which does not support this. This can be seen in a person's motives, perceptions, values and actions that are not supported by the organisational culture (rules, norms and administrative procedures), structure and strategy, which leads to personal versus organisational agendas tension.

Personal versus organisational agendas tension is more intense for people higher up in the organisational structure, because society is looking at them to do certain things on occasion, but the organisational structure does not allow this. It can be more disturbing for someone who ensconces communal values but finds themselves in an individualistic organisation. The solution then lies in a values-based governance and innovation framework. Values-based governance involves inward reflection and rationalisation of organisation's decisions, based on a values system and it gives an organisation its identity. An organisation's identity is the aspect of culturally embedded sense-making that is self-focused. It defines 'who we are' in relation to the larger social system to which the organisation belongs.

Identity understood at this level is also relevant to employee involvement in innovation. Significant organisational innovations very commonly involve cultural change (whether intended or not), impacting on the identity of the organisation. Employee responses to innovation will be shaped by the nature of the relationship between personal identities and the changing organisational identity. For instance, where there is perceived to be an incongruity between the organisational identity and the personal identities of employees, the result could be feelings of disempowerment and disengagement because now you are not talking the same language, as explained by senior managers in the bank [BK001] and NPO [NPO01]:

> "system enhancement then what do you tell the system developers because they understand a different language from the rest of the business" [BK001].

> "For me I feel like when we encountered barriers they were mainly internal. So as I mentioned earlier it would… like where they would ask the marketing team to do something and the marketing team would say no that can't work or like we can't do this because the company regulation does not allow".[NPO01]

The view by the bank manager that part of the organisation 'understands a different language' may imply incongruence between personal and organisational agendas. It could mean part of the organisation are not ready to receive input from the rest of the business. This leads to internal conflicts that cause what the NPO senior manager referred to as 'barriers' to sustainability. In an effort to reduce these barriers to sustainability, corporations establish foundations to address social issues as stated by an expert in sustainability [EX001]:

> "So what happens now is that the…the Foundation would create like days, like say 'today is a giving day. So on that day they become Foundation people. You find them in Foundation T-shirts, but after that day they go back. So that will always be a challenge" [EX001]

The findings of this research have unearthed twelve characteristics of values-based governance system that support CST management as: pursuing common good, empowerment of the poor, employment, institutionalised ethics, mechanisms for consumer testing, safeguarding the vulnerable, partnerships with NPOs, ethical leadership, employee participation, financial literacy, financial stability for consumers, and knowledge sharing. Moreover, other features that do not support CST management were also identified as paternalism or 'giving back', exploitation, in-group identity, lack of coherence, discrimination on ability to repay and lack of inclusivity. Through further analysis and coding the twelve characteristics of values-based governance were merged into four principles of governance that we discuss here below.

5.2.1 The four dimensions of values based governance

We now look at the characteristics of a governance system of the firm that supports CST management as constructed by the researcher and the practitioners. This involved linking emerging themes from the previous section into aggregate dimensions as follows:

- Ethical leadership (Financial literacy, financial stability, employee participation).
- Solidarity with vulnerable consumers (Partnership with NPOs, consumer testing).
- Mainstreaming value co-creation (Knowledge exchange, safeguarding the vulnerable).
- Community empowerment (Common good for all, empowerment of the vulnerable, employment opportunities).

Moreover, other features that do not support CST management were also identified as:

- paternalism or 'giving back',
- exploitation,
- in-group identity,
- lack of coherence,
- discrimination on ability to repay and
- lack of inclusivity.

For example, in-group identity is a factor of a collectivist society, however, it was found to be a barrier to sustainability. In-group identity was associated with discrimination and financial services exclusion based on one's ability to service a loan. It was observed that banks are risk averse, they will not lend to exceptionally poor communities. Which is a suggestion of in-group identity, where the poor are excluded from financial services based on their economic status. Similarly, paternalism was viewed as a vestige of exploitation where corporations take excessively from society and only give back a penny. These approaches could be seen as separation strategies where the corporation separates the personal and organisational agendas and pursues them separately without reconciling them (Hahn *et al.*, 2015). Therefore, these features, were seen as not supporting an integrated approach to CST management.

However, we discuss here the four characteristics that are supportive of a values-based governance as gleaned from the findings, and which are foundational for firms in a collectivist society such as SSA. They are specified here as ethical leadership, solidarity, mainstreaming value co-creation and community empowerment. The question is why do these concepts matter? Are they not governance features we would expect in any social entrepreneurship studies? Why would they be what we would expect? Yes, they are the concepts we would expect in a social enterprise organisation as shown in Table 16. This is because the world expects high moral standards of any firm. For example lack of ethical values is blamed for the financial crisis of 2007/2008 (Kliksberg, 2016). Banks and investors began to prioritise profitability over ethics. Thus, allowing corporate management to ignore upholding ethical standards in lieu of capital gains. This scenario was a failure of corporate governance. Managers ought to know that although profit maximisation is their fiduciary duty, they also have a primary responsibility to provide products to society without adverse effects.

Table 16: Comparison between social enterprise governance and values-based governance

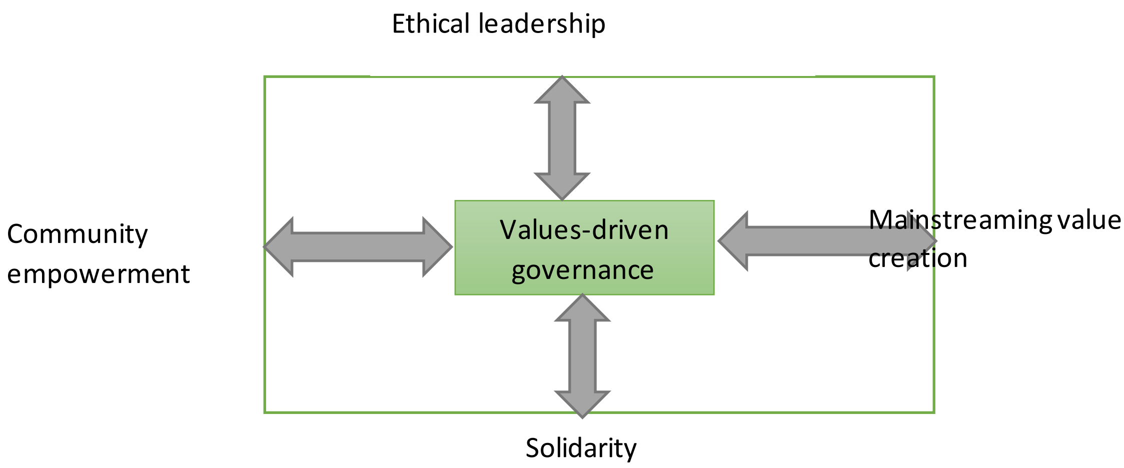
Governance cultures of a social enterprise (Mason, 2009, p. 216)	**Characteristics of a values-based governance**
Managing the establishment of a culture of accountability and transparency	Ethical leadership
Management of stakeholder interests	Solidarity with vulnerable consumers

Enabling and supporting an internal culture of maximising social benefits	Mainstreaming value co-creation
Promoting inclusion of stakeholders	Community empowerment

Source: (Mason 2010 & Author)

As such, in the SSA context, the governance characteristics spelled out here matter because they are based on cultural values that employees bring into the organisation. They represent organisational culture and are not simply the good thing to do but are based on the African philosophical view of *Ubuntu*, and this is the novelty of this research. Further, moral values are more important in the financial sector because financial institutions sell intangible products to individuals who may not understand financial knowledge (Chedrawi and Osta, 2017).

The four values-based governance principles (Fig. 9) modelled along *Ubuntu* values are foundational in the management of CSTs. According to social contract theory, these principles are an agreement with society to achieve social value. By implementing these four principles of a values-based governance system, firms reject as unsatisfactory theories of management that maximise owner value by all means. Instead, they embrace the view that the firm as a personhood should pursue management theories with ethical values of community and common good. Pursuing common good does not negate own good, instead it affirms that firms can attain own good through pursuing common good (Lutz, 2009). Further, if we can stop something bad such as poverty without sacrificing anything of comparable value, we ought to do it (Singer, 2012.). Therefore, this section seeks to answer RQ1, which sought to find elements of a governance system that can pursue both own good and common good in order to manage CSTs at firm level.



(Source: Author)

Figure 9: Four dimensions of a values-based governance system

We begin by discussing, ethical leadership first, since it provides guidance for employees who execute the other components of values-based governance. This is followed by solidarity, mainstreaming value co-creation and finally community empowerment. Table 17 gives sample quotes to illustrate these components.

Table 17: Description of themes and sample quotes

Theme	Description	Sample quotes
Ethical leadership	'the demonstration of normatively appropriate conduct through personal actions and interpersonal relationships, and the promotion of such conduct to followers through two-way communication, reinforcement, and decision-making' (Brown, Treviño and Harrison, 2005, p. 120).	<u>Supportive views</u> 'why don't I found an institution that will answer this particular need and ensure that everybody is included' [BK001] 'I mean if you meet our team leader [Name] he is extremely passionate about this course of you know we have to find solutions to our own problems'[FDN04] "So the person who has the idea presents the idea and say… er… when I was talking to this customer they said that they had this need" [BK003]. 'there will be greater co-creation where you bring in other players like the workers themselves and others, to try and generate ideas together and there will be more keenness in ensuring that by the time you reach launch, the idea has been thought through soundly' [EX001] <u>Divergent view</u> 'the Foundation would create like days, like say 'today is a giving day. So on that day they become Foundation people. You find them in Foundation T-shirts, but after that day they go back' [EX001]
Solidarity	'a firm and persevering determination to commit oneself to the common good; that is to say, to the good of all and of each individual' (Lutz, 2009, p.323)	<u>Supportive views</u> 'if your vison is to actually see how you empower people then irrespective of what your balance sheet looks like, you are there to stay' [FDN04] '... good for the society so why not finance, because not only will it be good for businesses, but... it will create some sort of sustainability element to it , so, yeah..., banks are doing that' [EX003]

		Divergent views 'So you'll find that the cooking oil which you and I buy which may be 1 kg for a certain price, a person in the community buying half a kg of the same one might pay one-and-a-half of the pay if he scaled it to 1kg' [EX001] 'so why do you want to play with eh… you know the who… the hand that feeds you, why do you want to bite it?' [BK003]
Mainstreaming value co-creation	Is whereby corporations make pro-poor innovations part of the core business and they don't water down quality simply because the product or service is for the BoP market.	Supportive views 'if a farmer knows if I go to [Name] bank with my muddy boots I will walk through and they will give me a listening ear and probably get what I had wanted to support my family or business ' [BK001] 'do deserve to be just like the rest and enjoy services of financial inclusion and financial education and financial services in general like any other part or any other person within society' [BK001] Divergent views 'Banks are very... risk averse. They would not lend to exceptionally poor communities that are not able to repay the loan , they have to look at your ability to repay a loan' [EX003] 'Of course I would also like to say, if they could reduce the amount of profits, that they don't, they don't pick so much from us and then throw us one or two cents' [NPO02]
Community empowerment	Necessity driven products, services or processes for the poor meant to improve their market participation	Supportive views 'You cannot convert you, cannot convert these er… lower demographic… sorry it's the lower demographic as well as the lower income families into housing without actually making them financially stable and to that point' [BK002] 'Atleast through mobile lending even the small enterprise can be able to access atleast first credit using that convenience' [BK003] 'low income earners to…. to get insurance by basically saving a hundred shillings on your mobile phone' [EX002]

Divergent views

‘if you are exceptionally... un... not well off, like you are not able to repay your loan, banks will not give you the loan’[EX003]

‘unfortunately agriculture as much as it brings the most money to Kenya in terms of the GDP , you cannot... it's, it's so risky banks don't, very..they feel very uncomfortable lending to, to farmers’ [EX003]

‘you are engaging the community not just by giving but you are doing it from a business perspective’ [NPO03]

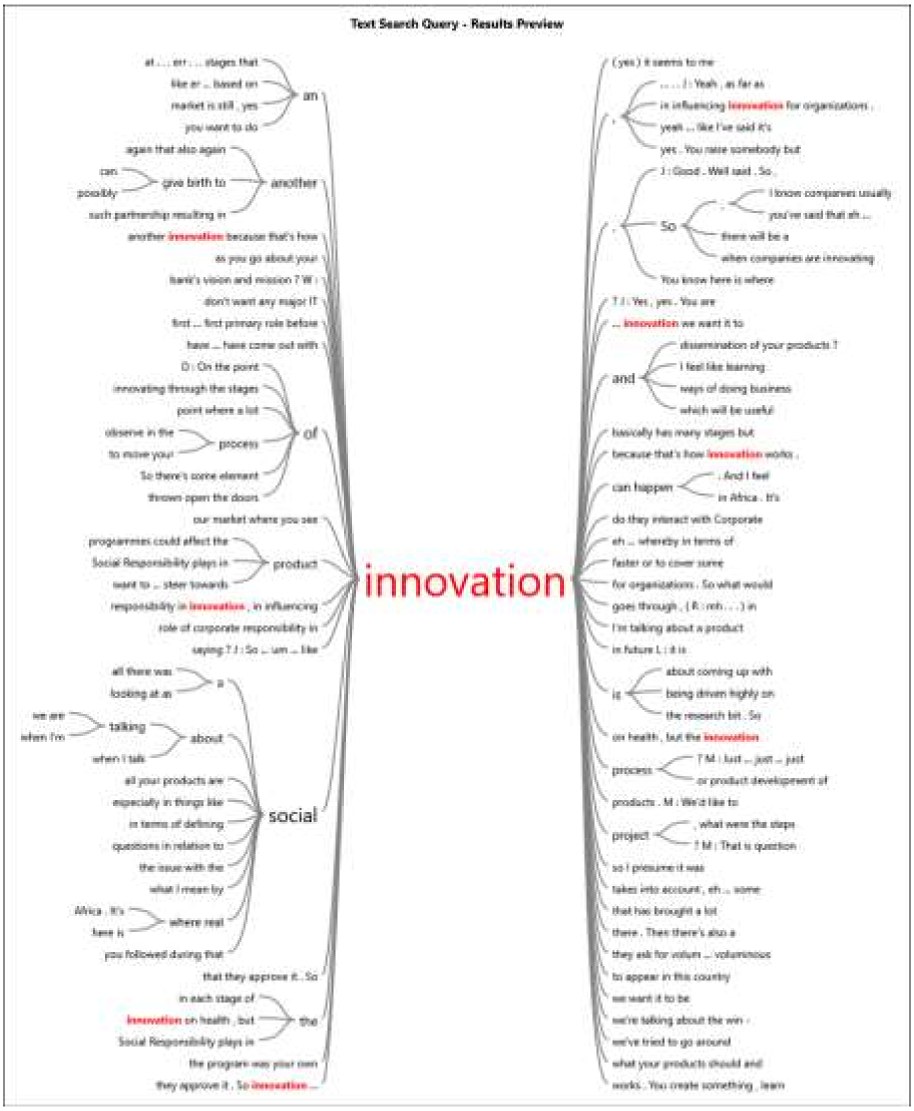
(Source: Author)

Ethical leadership: Ethical leadership combines individuality and collectivism. This was seen in the fact that all firms stated that employers engage their employees in a feedback process. This engagement between employer and employee is in line with the analytical framework principle: respect for all persons' dignity. It is also evidence of individual agency. This shows that financial institutions in SSA frame their organisational structure to overcome rigid formal reporting relations and top down organisational culture, features that constrain individual agency (Berrone and Gomez-Mejia, 2009). This feature is based on *Ubuntu* principle (U1): 'An action is right just insofar as it respects a person's dignity; an act is wrong to the extent that it degrades humanity' (Metz, 2007, p. 328). In collectivist societies, loyalty to higher authority is often assumed, yet these findings show that it is an exception rather than a rule. The fact that there was evidence of individual agency shows a mix of individualism and collectivism. According to Hahn *et al.* (2015), when corporations tap into employee knowledge at the same time enable employees to influence organisational agenda, this is ethical leadership. It is based on a synthesis strategy. Hence, we can deduce that ethical leadership based on synthesis strategy in a collectivist society, is a combination of individual agency and collectivism as seen among firms through a feedback mechanism or employee participation and enablement.

Both EX001 and FDN04 alluded to the fact that ethical leadership ensures that an idea is well thought through by all staff, as well as the resolve to find solutions to own problems'. This is evidence of employee participation, which is an expression of ethical leadership (Painter-Morland, 2015). Literature supports the findings of this research that employee participation is a factor of their supervisors' ethical leadership. Brown, Treviño and Harrison (2005) assert that employee participation is associated with followers' willingness to report problems to management as well as increased dedication and satisfaction with the job leading to improved performance. Further, they propose that ethical leaders influence followers' ethical behaviour primarily through social learning. Employees pay attention to leaders and the ethical standards they set, in part because leaders are salient authority figures in organisations who have the power to gain employees' attention and hold them accountable to ethical standards. Hence firms with employee participation have a bottom-up decision-making. This approach gives employees a say in the setting and accomplishment of organisational goals. The bottom up approach is collaborative in nature and unique, tasks are allocated based on competence, which is key in the management of spatial CSTs (Jones, 2016). Spatial CSTs arise from rigid hierarchical structures in the organisation, when individual motives are in conflict with organisational culture and strategy (Hahn, 2015). Ethical leadership promotes individual agency and treats organisational agendas as a collective endeavour thus creating an atmosphere of freedom and harmony which constitute the framework for tension management. According to Jones (2016), what employees crave for is freedom – "freedom to work as they choose, freedom to play, freedom to express themselves as they want to be recognised" (p.409). When employee participation is enhanced, the organisation's absorptive capacity, which is a set of organisational routines and processes through which an organisation acquires external information and utilises it to create value, is improved too (Murovec and Prodan, 2008). An enhanced absorptive capacity for the organisation and individual members is important because it gives value to the linkage between the firm and external agencies. The strength of this linkage, which is the source of knowledge exchange between firm and external agencies is dependent on the level of absorptive capacity of the firm (Cohen, 2017).

Secondly, ethical leadership based on the African morality of improving people's quality of life (Gyekye, 2003), is in line with *Ubuntu* principle (U2): 'An action is right just insofar as it promotes the well-being of others; an act is wrong to the extent that it fails to enhance the welfare of one's fellows'. This principle is based on the assumption that having been nurtured by community an individual ought to perform his or her duties towards the community too (Famakinwa, 2011). As such, the corporation as a personhood, that has been given license to operate, exercises its individual rights for the sake of the community not itself. Since these are not policies or regulations cast in company's rules, they are values that are dependent on the leadership to encourage and uphold. Therefore, individual agency, employee participation, knowledge exchange, freedom and bottom up management are factors of ethical leadership (Painter-Morland, 2015) promoted for the sake of individual agency as well as for the benefit of the entire community.

Solidarity with vulnerable consumers: The purpose of sustainability is for the corporation to realise self in solidarity with vulnerable consumers. The vulnerable in the SSA context are the BoP consumers who have been characterised by low buying power, divergent aspirations, poor access to se rvices, and having unique solutions to social problems (Oliveira and Machado, 2017). The same BoP characteristics are contained in Prahalad's (2012) innovation sandbox, which describes the four constrains (safety, aspirational, scalability and affordability) within which a BoP innovation may work. Therefore, to realise self in solidarity with the vulnerable is to understand the aspirations of the BoP consumers and design products that meet that need. Thus, as the corporation is making revenue it is enhancing the aspirations of the consumers. Solidarity with the vulnerable is a Kantian maxim that stresses that 'rational human beings should treat others as an end in themselves and not as a means to an end' (Johnson and Cureton, 2019). It shifts focus from laying emphasis on profitability, which may mean that you are using people as a means to an end, to focusing on empowering people, which means you are viewing people as an end in themselves, who deserve to be empowered. This is a deontological theory that promotes justice by designing products and services that meet the aspirations of the BoP consumers. The strong link between innovation and societal needs (Fig. 10), implies that values-based corporations are more alert to the needs of society and are taking a more socially responsible approach to product innovation.



(Source: Author from NVivo data)

Figure 10: The strong link between innovation and social needs

The observation that corporations are taking a more socially responsible approach to innovation suggests that individual motives are not in conflict with organisational agenda. Whereas organisational agenda is focused on the fiduciary duty of the firm, and personal motives seek to empower the community through social innovations, they can still be addressed simultaneously.

Secondly, the study further showed a trend where financial institutions argued that as commercial entities they are not obliged to intervene on social issues because it is not part of their bottom line and that any innovation activity should make commercial sense. From this, it may appear that firms in

SSA are driven by egoism. However, looking at how these firms were constituted, we can speculate that the founders had in mind ‘enlightened egoism’, where an enterprise invests in social welfare because an improved level of social services is in the interest of the investor (Crane and Matten, 2016). This is supported by Hofstede’s assertion that corporate founders are often cultural heroes (Hofstede, 2020). Two participants corroborated this assertion while referring to how their firms started by stating that ‘the origin was you’ve been left out’ [BK001] and ‘majority of these people were the unbanked. They were the rejects’ [BK003]. In this case they started the financial institutions to enable financial inclusion of the ‘rejects’ who had been excluded from mainstream banking. Therefore, as much as the founders might have had a commercial self-interest, they also were driven by the desire to promote the well-being of all in solidarity with the consumers (U2 and U5).

Therefore, recognising that the firm is a personhood, coexisting as a member of the community with the rest of society, means it should act in solidarity with vulnerable groups. This is because they are responsible for the state that the vulnerable groups find themselves in. It is like finding a child drowning in a pool of water. First, it is morally right to help the child out. But it is more of a responsibility if it is discovered that your previous accomplice pushed the child in. You cannot claim that since it was not you, it is not your responsibility. Corporations carry the blame of poverty because they have created structures of inequality. Poor workers are exploited through poor pay, unfriendly working and poor living conditions. In addition, Davies and Simon (2013) in a study in the UK found that the markets are structured to impose additional extra costs on the poor. These costs are related to fuel, telephone, insurance, food and use or non-use of credit cards. For example, paying for household fuel by cash, which is more common among the poor, was found to be 26% more expensive that use of credit card. Similarly, the cost of credit is higher for the poor than the rich due to borrowing of small amounts. These are spending costs that the poor cannot avoid, and corporations are responsible for these disparities, which have sunk the poor further into poverty. Therefore, whether out of moral duty or as a responsibility to society, just like rescuing a drowning child, corporations need to act in solidarity with vulnerable groups to improve the welfare of the poor. This is in accordance with *Ubuntu* principle (U5); ‘An action is right just insofar as it is in solidarity with groups whose survival is threatened; an act is wrong to the extent that it fails to support a vulnerable community’ (Metz, 2007, p. 333). However, Metz (2007), challenges this principle on the basis that solidarity, as a moral act is too limited to attain the single end of survival. Poverty is the single most important threat to survival in SSA. It is too huge a challenge that it is doubtful if a single organisation’s contribution can prevent some poverty at all. For example, there are other moral acts like taking care of a family that have not reduced poverty. Therefore, to claim that by acting in solidarity with the vulnerable will reduce poverty is a deception. To the contrary, statistics show that the global community has experienced some success in reducing child mortality (Cha and Jin, 2019). Therefore, for the corporation as a personhood endowed with resources and in contract with society, acting in solidarity with the vulnerable is not a black hole. Research has shown that people tend to affirm and prove that they are who they say they are by abiding with the norms of their group (Christiano and Neimand, 2018). Given that society has given the corporation a license to operate, they are expected to identify with what the society believes in. SSA societies believe that 'we are only human in community with others' (Lutz, 2009, p. 314). Therefore, a corporation as a personhood endowed with financial and human resources, has the capacity to minimise the effects of poverty on the vulnerable especially if they balance their financial goals with social goals.

Ubuntu does not envision anyone existing in a society without a communal relationship. Being in a communal relationship does not deny you your individual rights and can be likened to 'enlightened egoism'. Rather, you realise the self through communal relationships (Molefe and Magam, 2019). The fourth *Ubuntu* principle (U4) which states that 'An action is right just insofar as it positively relates to others and thereby realises oneself; an act is wrong to the extent that it does not perfect one's valuable nature as a social being' (Metz, 2007), supports this. As such, communal relationship is a dominant principle of African traditional morality (Gyekye, 2003). It recognises the intrinsic value of human beings, and it is guaranteed in the community. A firm therefore as a moral personhood has a responsibility to affirm and enhance the humanity of those it relates to through compassion, reciprocity, dignity, harmony and humanity (Nussbaum, 2003), which constitute communal relationship. For example, it is assumed that credit financing to the poor is always expensive. However, firms have been able to design community based financial products like community banking and agency banking that minimise on the firm's transactional costs (Must and Ludewig, 2010; Triki and Faye, 2013). Regrettably, only 23% of adults in SSA have access to financial services and only 5% of micro-credit loans demanded in SSA are fulfilled, which degenerates the poverty situation further (Triki and Faye, 2013). Products like community banking based on social collateral could make a difference (Postelnicu and Hermes, 2014). Therefore, financial institutions as personhood can realise self and communal relationships by transacting through carefully designed products such as mobile banking, community banking and agency banking.

In essence, the corporations claimed that their organisation's self-realisation shall be achieved when the founders' ultimate vision of 'empowering people' [FDN04] comes into reality. To get there, corporations need to overcome the notion that business has an impersonal character (Carr, 2002). Businesses experience loss of reputation and thrive on promises. Therefore, they cannot claim lack of moral values. As such, solidarity with consumers is a demonstration of their moral conscience.

Mainstreaming value co-creation: The third principle that emerged from the findings was that mainstreaming value co-creation is an important process that helps the firm to know exactly what consumers want from a product. It may involve third party groups as advisers or the corporation could "start with a deep immersion into consumers' lives to get unique insights" (Prahalad, 2012, p. 10). All firms interviewed consistently reported an engagement in piloting for their innovations in order to get feedback from consumers before launch of their products. This is an aspect of consumer testing to determine market preferences and consumer acceptability (Prahalad, 2012). In addition, it is a show of respect for the dignity of the consumers according to *Ubuntu* (U1). The purpose of consumer testing is to determine the feasibility of the products on the market before mass production or widespread dissemination. This helps to set pricing for the product, determine distribution channels and define after sale customer service. The assumption is that if people accept the product during customer testing, then the specifications are right for the target audience. Similarly, it serves to involve the consumer in the innovation process, which makes them feel dignified. In a collectivist society, people prefer products and services that prevent losses or negative outcomes. They simply want to live in harmony and build relationships, which is in line with *Ubuntu* (U6) "An action is right just insofar as it produces harmony and reduces discord; an act is wrong to the extent that it fails to develop community".

Therefore, consumer testing ensures that consumer preference is considered as an important aspect of product value. Value is seen in the worth of the product. If a product is not of value (price, safety, taste and appeal) to society, they will not buy it; in effect, the company will lose its 'license to operate'. Hence, consumer involvement apart from putting the onus on the corporation to 'do no harm', is a mechanism that constantly sets the ground for developing shared perceptions and interdependencies between the organisation and the community (Pies, Beckmann and Hielscher, 2010) thus facilitating a social contract necessary for mainstreaming value co-creation. Based on the social contract theory the corporation is the servant of the society. When a corporation enters a society, they find the society operating under some basic norms, which may include the need for affordable goods and services. For the corporation to continue to do business in this community they ought to innovate affordable products that meet community aspirations (Prahalad, 2012). Without that, they are simply serving their own selfish interests and do not qualify as an indigenous African corporation according to *Ubuntu* (U5).

Community empowerment: The findings show that community empowerment that is evident among financial institutions in SSA involves financial inclusion and stability through financial literacy as well as introducing mechanisms that reduce dependency. Community empowerment is important since it enables communities to make important decisions that affect them. It builds confidence and cooperative attitudes that enable communities to make the most out of opportunities and reap long-term benefits (National-Empowerment-Partnership, 2008). However, corporations assume that BoP communities do not believe that change is possible, and so they do not engage in developing community skills (Kantabutra, 2019). Yet, based on *Ubuntu* (U5), the community expects that a corporation as a personhood will act in solidarity with those whose survival is threatened. As such, it comes as a surprise when communities presume a long-term relationship with the corporation. This leads to a tension between agency and communion (Kearney *et al.*, 2019). One corporate foundation manager stated, "we've walked with you this far, where did it become that we were everything to you?" [FDN02]. The difference here arises from divergent viewpoints. Whereas the community views the corporation as a personhood who should perform her duty to society, the manager is thinking in terms of agency theory and expects to expend resources in the interest of the shareholders only (Hasnas, 1998).

For corporations to undertake community empowerment based on a synthesis strategy, they should entrench more empowering approaches in the organisation. For example, the need to satisfy the basic needs of others by offering a service to the community cannot be driven by business objectives only; it has to emanate from an intrinsic value system. Taking the corporation as a moral agent and basing on the assertion that individual values determine corporate behaviour (Jansson *et al.*, 2015), we can conclude that *Ubuntu* (U6) is responsible for the values-driven corporate behaviour in SSA. However, given the assumption that the world is unsafe and exemplified by pervasive mistrust (Barnes, 1981), corporate activities are driven by economic gain not moral principles. Experience shows that it is harder to argue for the moral over the economic than vice versa. This is because managers have been schooled in the modern neoclassical economics that focuses on profit maximisation. Yet it is possible to initiate new behaviour that leads to trust, care and hope, which invite similar responses from others and creates a norm reciprocity (Barnes, 1981; Lutz, 2009) based on a synthesis strategy.

A synthesis strategy for the management of CSTs, avoids to adopt economic or moral stance but rather takes a paradoxical approach of and/also expectation (Barnes, 1981; Hahn *et al.*, 2015). Moreover, the most salient paradox that leaders face in the effort to enhance community empowerment is the tension between agency and communion (Kearney *et al.*, 2019), where agency is organisational agenda and communion is social concerns. Synthesis strategy enables organisational members to involve the community in decision-making especially concerning new product development and financial literacy initiatives that uplift the lives of the vulnerable and make them financially stable even though that is not the mandate of the corporation. If this arrangement is maintained, it becomes a norm of reciprocity that creates network linkages, and skills and knowledge are made salient in the community leading to community support networks and corporate sustainability.

In aggregate, organisations in SSA, pursue common good through ethical leadership, solidarity, value co-creation and community empowerment. Managers, who espouse *Ubuntu*, execute these elements in a balanced manner.

In addition, they form a cyclic pattern of principles that must be applied in sequence to obtain effective CST management. The theory behind this is the social contract theory. Social contract theory is a theory that accepts basic moral precepts like 'do not lie', 'do not steal' etc, which are fundamental in the preservation of a person's dignity (Donaldson and Dunfee, 2000). The social contract theory's rule of thumb A, which states: 'a norm can only be adopted if adopting it does not harm members of another community' supports this (p.1863). Indeed, if the firm respects all persons' dignity, then it will involve them in decisions that affect them including producing goods and services that honour their aspirations.

5.3 B2N partnerships for social innovation

In the previous section, we considered the findings on the values governance of the CST mediating logic. In this section, we now look at the findings in relation to the B2N partnerships prevalent in the SSA context. The findings show that B2N partnership is important for community strengthening. Partnership is a channel for corporations to empower society, however; it takes time to see fruits of a partnership. It is about synergy of the corporation and NPOs while enhancing competitiveness. When partnership is based on complementarity then it achieves a wider outreach for the corporation, thus increasing the corporation's market share. In addition, partnerships provide a feedback channel for corporations on their products and new knowledge for future innovations. Through partnerships, corporations and NPOs can expand their interventions geographically, and sector-wise. They can also be able to deliver services at a lower cost due to reduced administrative costs. Corporations benefit with a wider customer base and increased sales volumes, whereas NPOs can achieve greater social impact through B2N partnerships. B2N partnerships enable both corporations and NPOs to pool resources, give feedback, mobilise communities and provide expert understanding of development issues.

"for instance, the corporates are very good when it comes to having formal

> systems, business modelling and availing the resources that are needed to bring a difference. But when it comes to community mobilisation, a deep understanding of development issues, how they are integrated um... the inter-connectedness of it, I don't think they would have that" [NPO05]

In a partnership, corporations bring business modelling and resources (both financial and human), which are essential for making a difference in society. NPOs on the other hand, compliment this with 'deep understanding of development issues' which makes them attractive to corporations. These are key features of any partnership. They show that each of the parties needs the other and so they come into the partnership as deserving of each other leading to a common agenda. This was reinforced by a senior manager in an insurance company: 'So what drives is normally in partnerships (sic) is I'm saying you've got an agenda that is similar' [INS01]. This quote lays emphasis on what drives partnership. Partnership is based on a common agenda and a common agenda is a total sum of individual agendas. Each organisation comes to the table with an agenda and then through a give and take process moderated by a values system they shed off their self-interests until they arrive at a common agenda governed by a collective interest. Conversely, a CEO of another NPO had divergent views claiming that corporations would always have a commercial value objective in any partnership:

> "I would say there is no equal re... equal relationship because again this is a business and you know uh... basically the businesses are there to uh... as much as they want to do good, they again eh... look at the key focus er... which is value to the shareholders. So, so they are very particular about the kind of projects they would like to support" [NPO03]

The extract above implies that corporations will not give up their focus on making value for their shareholders. That is the reason they exist. Therefore, 'as much as they want to do good' the partnership is likely to turn into a vehicle to achieving value for the shareholders. This view was supported by a senior manager in an NPO 'so each corporate has their own thing that they want to advance' [NPO06]. Some NPOs were not convinced that a B2N partnership could be executed on equal terms. However, this could be due to the fact that B2N relationship in the SSA context is still nascent. And so due to a combination of self-interest and a common good, this partnerships can be described as transactional according to the Austin (2000) B2N partnership continuum. It is also suggested in a report by Yetu Initiative (2018) on corporate giving in Kenya that corporates take an *ad hoc* approach in their giving, which is still a transactional relationship based on Gray and Stites (2013) sustainability continuum. Although transactional partnership might be construed to be a result of autocratic or paternalistic leadership and not values-based leadership, it is important to note that values-based governance can be represented by transactional, integrative as well as transformational partnership. But because SSA economies are still growing they have not reached transformational level let alone integrative. Ideally a long-term relationship that could lead to co-joined value or blended value would be transformational (Austin and Seitanidi, 2012b). This is where each party comes with their agenda and through a process of negotiation and social contract their agendas are translated into a common agenda and evolves into repeat innovations.

Therefore, it appears the B2N partnership in SSA is nascent and can be characterised as transactional. However, there is no clear description of how this partnership is modelled in practice leaving a gap for further study. For there to be a long-term sustainable partnership, there should be a clear entry process that is values-based and CSR-driven that leads to long-term relationship. Austin and Seitanidi (2012a) offers four levels of relationship building between businesses and NPOs:

- philanthropic (charitable corporate donor and NPO recipient, largely a unilateral transfer of resources),
- transactional (the partners have reciprocal exchange of more valuable resources through specific activities, sponsorships, cause-related marketing (CRM), personnel engagements),
- integrative (where missions, strategies, values, personnel, and activities experience organisational integration and co-creation of value), and
- transformational (where the partners co-create transformative change at the societal level).

The transactional relationship reported in SSA, can be explained by the power asymmetry between corporations on one hand and NPOs and society on the other. Whereas transformational B2N partnership should have deep trust and high level of engagement leading to frequent innovations, this was hardly observable except for one case where the relationship had lasted for about 30 years.

> "Like for [Name] we've had a partnership for about thirty years. The same with [Name]. And some of these organisations it keeps evolving, you know we go out there, we find lessons we find challenges and from those challenges we come up with new things" [NPO06].

This example proves that a B2N long-term partnership is possible. Indeed, the partnership has kept evolving and survived for thirty years, which is not a short duration. That is what is desirable in a B2N partnership that can bring systemic change in society. To achieve this each partnership should move along the Austin (2000) collaboration continuum and with the help of a partnership framework this can be replicated to other partnerships and create a paradigm shift. Partnerships open up possibilities for accountability for both the corporation and the NPO. When the partnering entities are accountable to each other there is guarantee for long-term relationship.

> "So that element of accountability and openness and er... and er... and all those conversations that we can have along that line, is something that the corporates again need to embrace because um... the hindrance has always been, these are private institutions, these are private corporations. But I think where this world is

> heading to, transparency and accountability is something we cannot run away from" [NPO04].

The prevailing B2N transactional partnership is viewed by NPOs to be steeped in favour of corporations. NPOs believe that corporations are in it to advance their agenda of making profits and increasing their market share. They feel corporations are not transparent insisting that they are 'private institutions'. However, to move the partnership to a transformational relationship an element of trust has to be built in the partnership as emphasised in the above extract 'where this world is heading to, transparency and accountability is something we cannot run away from' [NPO04]. This was supported by another senior manager in an NPO: 'But also, there is increasing recognition that consumers are interested in purchasing more sustainable brands than there was before. So again, that is also creating a momentum incentivising the corporates to do the right thing' [NPO05]. Therefore, consumer awareness is going to play a greater role in B2N partnerships. Combined by the changing crop of investors known as 'millennials' (ages 18 – 37), who are far more concerned with the social and environmental impact of their investments, there is increasing pressure on corporations to shift from a focus on financial returns to sustainable business. In fact, the need for corporations to show accountability to society and the environment could be part of the shareholder value. Driven by the need for transparency, corporations can institutionalise a values-based governance system right from the board of directors to the senior management in order to achieve sustainable business.

NPOs play a crucial role in this regard, aiding corporations to be accountable. NPOs bring to the partnership expertise in social reporting and community presence. NPOs are assumed to be trusted by the society and so they bring in legitimacy and a license to operate. They also could attract further partnerships from Development Finance Institutions (DFIs) who are not pleased with high levels of corruption in the public sector in SSA. NPOs help deepen and expand the presence of corporations in the community as alluded to by a senior manager in a corporate foundation:

> "NGOs biggest advantage would be to allowing us to deepen our existing interventions or expand on the interventions that we have either geographically or maybe an add on area like we never used to offer advisory services but now we are able to offer those services" [FDN04]

It is evident from the above extract that corporations find NPOs useful in their operations. They see NPOs bringing value and synergy to the partnership. Through a B2N partnership, corporations can 'deepen our interventions' basically meaning that they can reach the neediest and deserving cases in society better than a corporation would do. For example, through partnerships, corporations can reach the disabled with interventions that suit them. Secondly, they can 'expand on the interventions'. Deepen and expand do not appear to mean the same thing and are used here to emphasise these two separate dimensions. Expansion means outreach to a wider geographical area.

Nevertheless, you can expand geographically and only serve the top cream that you first come into contact with. Yet the real need lies underneath. Therefore, through B2N partnerships corporations are able to innovate products and services that meet the needs of the most deserving and in wider geographical locations. A senior manager in an NPO upheld this view: '…so they would want to come and get associated with us, work with us because we have linkages at the local level, and we have linkages at the national level' [NPO06]. This may imply that corporations seek partnerships with NPOs in order to gain entry to local markets where NPOs are more appreciated and recognised. NPOs can play a role of mobilising communities and supporting efforts of knowing your customer for the corporation. And this is desirable because in the end the greatest beneficiary is the consumer. A platform is set for the consumer to access services especially financial inclusion services like banking and insurance.

On the contrary, a senior manager in the bank was apt to warn that partnership could easily lead to dependency, 'especially where the need ends up being long-term and yet the initial partnership was short-term' [BK001]. The message here is that it should be clear from the start that a partnership will be either short-term or long-term. It appears that some NPOs use short-term partnerships to legitimise a long-term relationship and the corporation feels short-changed. On the other hand, an expert in sustainability [EX001] argued that partnership is not entirely to afford services to needy cases.

> "find a company saying, … we don't want any major IT innovation to appear in this country without us knowing about it because IT is very disruptive and it could even render us out of business. So we will support the IT hubs, where we know where people are going, and we will support young innovators together with their innovations. So that you always have a tab on the different innovations coming out. And if we see good ideas we can always pick up a young man and incubate him and co-create with him. You see the…the way they are being very strategic. So some are thinking like that and so they enter into mid to long term partnerships" [EX001]

Here the sustainability expert is implying that partnership especially long-term partnership could also be used as surveillance to keep the corporation on top of the competition. Especially with the advent of information technology (IT) and mobile banking, there are new technologies coming up rapidly. And so, for the corporation to keep pace they form alliances to monitor what is going on in order to be updated frequently, upgrade their products and keep ahead of the competition. However, this cannot jeopardise B2N partnerships. The fact is that B2N partnerships can be multi-faceted, but the overall objective remains business sustainability in the long run through co-creation of blended value.

In conclusion, B2N partnership is a way of mobilising resources from both corporations and NPOs. Whereas corporations bring financial and human resources, NPOs bring on board legitimacy and grassroots networks that enable corporations to create outreach channels in the BoP markets. B2N partnership in SSA is still nascent i.e transactional, which is representative of a collectivist society. In a collectivist society there is power asymmetry and corporations tend to assume a higher power position because they have resources leading to a transactional relationship. Nevertheless, B2N partnership still brings accountability and enhances values governance. In a values-based theory of the firm, accountability to society and the environment are part of shareholder value.

5.4 Blended value

Traditionally value has been understood to be either economic or social. This has given rise to the notion that for-profit firms create economic value whereas non-profit firms create social value and that firms operating to create both are 'double bottom-line' as opposed to 'single bottom-line'. Another view is that value is indivisible. Blended value therefore is generated from the combined interplay between the component parts of economic, social and environmental performance. All firms create blended value; however, the debate is the degree to which they maximise the component elements of value (Emerson, 2003). The financial institutions were categorical that any innovation must make commercial sense. "In as much as all these things are great to do it is important that they make commercial sense for us" (BK001). This was supported by INS03, "to get there we need some assistance, some funding to be able to even allocate any resources on our end because commercially it does not make sense". This shows that financial institutions consider themselves as double bottom-line organisations having both commercial and social value. Commercial value is important to create sustainability by generating the revenue that is again used to benefit more others within the BoP markets.

> "And for it to be sustainable you cannot rely on donors or even partners. You try and make sure that the same same deposits that these customers are giving you are the same same ones that are going around" [BK003]

The extract above points to a crucial element of partnership that it must be self-sustaining. Therefore, creation of value is key to the sustainability of B2N partnership in the financial sector. The contentious issue is which value, commercial value or social value. Local financial institutions are categorical that in order for more customers to benefit from the financial services, revenue has to be generated from the same population. The idea of fundraising from development finance institutions is not sustainable. Therefore, from the financial institutions point of view commercial value must be included in any B2N partnership arrangement. The quest for commercial value by financial institutions is however, misunderstood by NPOs and experts. They claim that corporations in the quest for profits will not even let go harmful products because they want to generate revenue for the shareholders. An expert in sustainability gives an example of plastic bottle that corporations have rejected to ban because it generates income for the shareholders, yet they know very well it is injurious to the environment.

> "today we have er… we have a plastics ban…. a plastic bags ban here in Kenya now . But businesses have been resi… very resistant to… to plastic bottles okay, to doing away with plastic bottles. So of course these…these are some of the issues, okay, that we understand… some of them understand but there's the pressure from sta… shareholders trying to get er… more profits" [EX002]

The expert clearly implies that corporations have the ability to implement a ban on plastic bottles, which they are reluctant to do. The underlying message is that although there is a law banning use of plastic bags, it would not have been enacted without the blessings of the corporations. In the same vein, the corporations could support the banning of plastic bottles, but they would not. '…there is pressure from the shareholders' for more profits and the plastic bottles seem to be making that difference for the companies involved. This to NPOs and sustainability experts is greed; it amounts to selfish ambition, which is not supportive of partnerships. A senior manager of an NPO supported this claim that corporations are driven by a selfish ambition "most of the corporates, not all, they would want you to answer the question, 'what is in it for me'" [NPO05]. This connotes a view that corporations are simply looking for financial returns. A senior manager in a financial institution corroborated this claim:

> "we hear this a lot of times from our fellow corporates where we say 'we are customer-centred' and… it's not very honest usually because customer-centred means we have a look at the customer than we look at making money" [INS02].

The above extract points to the fact that corporations could be dishonest in their approach to partnerships. Whereas they may claim that they are customer-centred, but the intention is not to serve the customer but to make money out of the customer. The same respondent reinforced his point by stating further that "I mean you'll make money once you identify a need and you answer to it, the money comes in" [INS02]. And so, even when corporations are talking about social value 'once you identify a need', they still qualify it with financial gain 'the money comes in'. Corporate foundations also view parent corporations as being driven by commercial gain as stated by one senior manager [FDN01] in a corporate foundation:

> "we've spoken to a few people in the bank er… who have to help us like evaluate the idea is it possible for their… is there financial gain for them but I think it could be a win" [FDN01].

Therefore, commercial value is a key component of a B2N partnership. However, commercial value could be redefined to include social return on investment. By putting valu e on all those social impacts that typically would not have market value, corporations can transform social impact into commercial value. This could be attractive to emerging ‘millennial’ investors and in fact increase shareholder value for them. This is where B2N partnership plays a crucial role by bringing in the much-needed expertise form NPOs to not only justify but compute social return to investment for corporations.

Corporations’ involvement in a B2N partnership is dependent on their ability to see financial gain in the undertaking. This is in line with Emerson's (2003) assertion that every product has blended value but on varying degrees. Therefore, blended value can be achieved through partnerships between businesses and NPOs, which is aimed at increasing the degree of social value in the social innovation without diminishing the commercial value inherent in the product.

5.4.1 Social value

The concept of social value is difficult for financial institutions to define. Whereas one senior manager saw it as “not a deliverable for their bottom line” [BK001], another one thought that social value is bringing the unbanked into the banking scope:

> “So one of the things that we have seen is just the fact that we have brought people who are doing financial business outside the scope of the bank and brought them inside. So they become an addressable population and you can start teaching them how to do particular things on their own” [BK001]

According to the above extract, bringing the unbanked into the banking scope is of social value. The statement underscores the importance of banking as a way of social life. Those doing ‘business outside the scope of the bank’ include small traders, motorcycle ‘taxi’ riders and the like who are basically at the base of the economic pyramid. Financial institutions, therefore, believe that bringing such people into the banking scope will enable them to receive financial education and become financially independent so that they can ‘do particular things on their own’. It is very difficult to grow a business if one is not banked. Banking helps traders to obtain loans and have a well organised bookkeeping system, which amounts to enabling the customer to do their own thing. However, once the unbanked are brought into the banking scope, the level of interest shifts to the economic benefit: “we can see as a tangible benefit is just seeing businesses grow through advance of credit” [BK001]. Credit is an important ingredient of the banking sector. Therefore, the ultimate objective of banks in growing small traders is so that they become borrowers of the bank. This is a legitimate objective in so far as corporate sustainability is concerned. This was supported by a senior manager in a financial institution: “The gratification is not about someone making money it’s not in making money, it’s in making a difference, it's making money in making a difference" [INS02]. This creates a lasting solution to social challenges. When financial institutions are involved in uplifting the welfare of the BoP population, they become eventual beneficiaries. Increasingly therefore, corporations through their foundations are turning to creating social value as a measure to guaranteeing economic benefit.

> "So we realised that 40% of default has been mainly driven by poor health or health in the family. Maybe there has been either a death in the family or there has been a sickness or illness that has come then the focus shifts for that household to try and solve the sickness issue and then paying back a loan becomes secondary. I think you've heard people say recently that we are all one sickness away from bankruptcy or poverty. So because of that we realised that we can be able to support our economic outputs by supporting households to have access to very affordable healthcare" [FDN04]

Therefore, from the corporation's point of view, it is detrimental to try to separate economic from social value. Simply because the social value of 'affordable health' is what enables customers to attend to the economic value of 'paying back the loan'. One financial expert seems to agree that social value and economic value are inseparable: "because if you are not creating value for people, in terms of meeting certain... certain things that they probably are finding challenging you're not gonna (sic) make profit" [EX003]. So why are corporations not creating more social value in the community? A CEO of an NPO [NPO03] explained as follows:

> "so, so, so even the moment you start the discussion, they will tell you we don't have the funds. But basically it's not about money because there are things that can be implemented in terms of eh... looking at the welfare even of the workers, where you don't need money. You don't need money to talk to your employees well. You don't even need money to…err… to motivate, your, your employees when they, they do good. So it's a culture which you can cultivate even without investing much in it, yeah" [NPO03]

Corporations will claim that they don't have the funds to invest in social value even when they know that it is crucial for generating profits. They do not have the expertise to set in motion systems that can create social value. Social value is derived from a values-based culture ingrained in the systems of the organisation. A corporation can create social value by firstly enhancing the 'welfare of the workers', which does not require any funds and secondly, by seeking partnerships with NPOs and other like-minded parties. However, more important is instituting a collectivist values culture that is other-regarding.

Indeed, the inequalities present in society are a result of self-interest individualistic models of corporate governance. A senior manager in an NPO posed the following question: "…we are supporting because these people are needy. What is it that if it were done right, then we wouldn't be doing what we are doing today?" [NPO04]. SSA with its young history is possible to trace back to the 19th century when there was enough for everyone. There was poor technological advancement to exploit the resources, but they were there and accessible to everyone. However, the introduction of capitalism in Africa changed the whole paradigm. Introducing rapid resource exploitation and egocentric tendencies that made the elite and political class to seek European-style lifestyle at the expense of other citizens introduced inequality and poverty. Henceforth, the corporation has become the face of capitalism and subdued governments and continued the exploitation of resources for the selfish-interest of a few. A situation that can only be remedied by corporations themselves through a process of moral commitment. Corporations with a moral commitment to society, innovate for the mass market.

The mass market consists of undifferentiated consumers. It comprises of consumers with varied preferences, needs, price points and tastes; it comprises of at least 60% of the population in countries of SSA. Goods sold in this market are exceptionally of low quality and low price, the markets are inefficient due to lack of infrastructure. This makes it very difficult to target this market with products. You cannot develop a product for each individual. As such, financial institutions have employed various methods to reach this market.

> "So we ask ourselves, what is it that would meet the needs of this category of customers? Because as a marketer you see as I go out, or as a [Name] manager as I go out I also cannot have I cannot design very many products that will reach everybody individually. So I have to put people in *small groups*[4]' [BK003].

In the financial sector, one approach to reach the BoP market is through group banking. This is done by putting a number of customers in small groups so that it is easier to reach them with skills training and credit. A customer value proposition is then developed for each small group. This is to enable the institution to reach as many customers as possible with differentiated financial products. Apart from reaching the poor with financial services, corporations also create social value like health care as stated by a senior manager [FDN04] in a corporate foundation:

> "As a result one of our most nascent products is actually and [Name] health insurance policy and what we have started to do is we have already set up five [Name] clinics. We have such in [Names]. Again using the same model, how can you reach the people who are most disenfranchised offering them quality accessible affordable health care. Consultation fee is 500 shillings but when you walk in the look and feel is of the [Name], [Name] hospital clinics set up. So if these people are able to access quality health care at such low cost, then they are able to ... you are

[4] Actual word used by interviewee means small group but can't be used for anonymity purposes

> taking care of their physical wellbeing and they in return can be able to focus on the economic outcomes that also improve on our balance sheet" [FDN04]

The extract above explains how corporations come in to provide affordable health services to the poor communities so that they can focus on economic activities which is good for the corporation. This may mean that corporations social activities are tied to the economic value derived. Therefore, addressing the needs of poor people is important as a social obligation but it also brings economic value with it. Two respondents, a senior manager in a financial institution and a sustainability expert both shared the same story about the first shoe company in Africa:

> "You know that business of that guy who saw people without shoes and said here there's no market and the other one said 'Eh… bring, bring shoes bwana nobody here even has a shoe (both laugh)" [EX001]

> "Whenever I hear about the Bata story…the first manager was like there's no market there those guys walk barefooted, there's no market there at all. The second manager was like, Aha… those guys are just like there's no market, those guys they walk barefooted, the third one was like that's the market right there, sell them the shoes and they won't walk barefoot" [BK003]

The implication of the above extracts is that if you address people's needs, you hit two birds with one stone. By this pioneer shoe company addressing the walking needs of people in Africa, they created a market for shoes that thrived ever since. Similarly, when a corporation for example provides health care to a community, they create fertile ground for improved economic activities that is beneficial to them. It was also suggested by a senior manager in a financial institution that corporations have been developing products for themselves and that is why they have such a low penetration:

> "Our penetration of insurance in this market is testimony to that. We're below three percent, we've been below three per cent for so many years that tells you a lot. It means that a lot of us unfortunately as …as….as…peers within the industry have been developing products for ourselves" [INS02]

Therefore, the mass market has opportunities for business, but businesses need to be aligned to the social needs of the poor. This, corporations have not mastered this fact clearly. Corporations have been developing products in total disregard of the social needs of the societies in which they sell their products. A trend that creates wealth for a few shareholders in the process creating huge economic disparities that are not conducive for corporate sustainability and systemic change in the society.

In conclusion, financial institutions are double bottom-line organisations that generate both commercial and social value. However, for financial institutions, commercial value precedes social value. NPOs see this as greed. They contend that corporations will only engage in social activities out of excess capital or as a means to financial gain. Therefore, to make social value attractive to corporations, a monetary value should be assigned to the social impacts created by corporations through a social return on investment evaluation process. NPOs could thus play a role in determining the social return on investments. For example, financial literacy is a social activity that could be evaluated based on the 'credit value' of the unbanked that were brought into the banking scope through the program. However, this is better said than done. Social value is derived from a values-based culture. Therefore, corporations need a values-based culture to develop products that meet social needs of the poor and to assess the social return on investment as part of the bottom-line.

5.5 Systemic change

Systemic change is the outcome of SOI or social innovation. Corporations have received enormous criticism with the public's expectation that social innovation will offer answers to problems given that issues such as massive unemployment, dysfunctional public facilities, or the intensification of the ecological risks cannot be overcome without corporations' involvement in implementing social innovations. An innovation is social to the extent that it is socially accepted and diffused widely throughout society or in certain societal sub-areas, transferred and institutionalised as a new social practice or routine (Howaldt and Schwarz, 2016). For these innovations to grow, it will depend on the creation of new conditions to make the innovations economically viable (Murray, Caulier-Grice and Mulgan, 2010). Effectively, sustainable business needs the right conditions for change and more often than not firms need to help create those conditions. The three dimensions of systemic change to be addressed below are financial literacy, problem solving models and sustainable business.

5.5.1 Financial literacy

The participants agreed that financial literacy is important in bringing about systemic change in society.

> "But the stimulation for me, it is where people are able to change and there's a mind shift, there's a change in the way people think. Because when that happens then people will start looking for where is the seed capital rather than is there money that I can take and not pay" [BK003]

The goal here is to enlighten people to have a 'mind shift' and be able to identify opportunities for investment. When that happens then such people come forward for 'seed capital'. The contribution of the corporation in this process is to help in changing people's mind-set. This can be achieved through financial literacy programs that support consumers through a value system of loan, advice and savings. This is because they realise that loans alone cannot grow people. They need to save and without financial literacy, it is not possible for poor people to save as elaborated further by the same senior manager in a bank [BK003]:

> "So we tell them through the advice we give you that is how you will get to upgrade your skills. Through th… the whatever, savings that's how you get to grow because loans will not grow you" [BK003].

Therefore, financial literacy is intended to 'upgrade' people's skills in financial management. Special focus is on savings, which is a major challenge for poor people. This again relates to the issue of community banking. Community banking is an effective way of enabling poor people to save since it promotes peer accountability. In effect, community banking could outwit mobile banking which has no systems of peer-to-peer accountability. Financial literacy has the impact of raising the self-efficacy of the poor so that they can be able to initiate and maintain a behavioural change as narrated by another senior manager in a bank [BK004]:

> "We are able to change that thinking as well as when it comes to trade finance we are able to push like what I have seen since we begun this [Name], we have changed the perspective which was that tenders were inaccessible. So people have come to realise that you only need to have a competitive edge and really be focused on what you want to supply or what you want to do when it comes to tendering or trade financing. And as a result we are seeing many people really venturing into that business as well as also consuming our products through our channels" [BK004]

Through financial literacy programs, financial institutions are able to 'change people's perspectives' to enable them to demystify some areas of business that were thought to be a preserve of the rich. This process of shifting people's mind-set is important because it stimulates the financially secluded to challenge themselves towards financial responsibility. Therefore, financial literacy is about empowering people to transact with the bank sustainably. A senior manager in a foundation summed it up like this: '…it is also how about if I finance you to be able to deliver financial literacy training to this person such that they become better borrowers' [FDN04]. Financial literacy involves partnerships whereby 'I finance you to be able to deliver financial literacy training'. Ultimately, financial institutions expect that a more financially literate population would be better borrowers.

Financial literacy has helped to crack the cultural practices that were adversarial to loans and insurance uptake. Traditionally, people dependent on each other in case of a disaster without needing an insurance or a loan to deal with the challenge as summed up by a senior manager [INS02] in an insurance company:

> "it helps but it's a very long journey, because what you are fighting against or what you are swimming against is a cultural history of thousands of generations. Insurance is not as old in this country and is not old either; you know it's from the sixties. Just you know a short… sixty, seventy years ago, so it's not even it's what, sixty years ago and you are fighting a generation of hundreds of years, thousands of years where communities yeah…. Your house burns down we'll build you another one as a community you know? Your things are stolen we all contribute and buy you another cow. So that's what we are fighting against, yeah? So you know it's a mind-shift but er… it'll take… it'll take the long, very long road, yeah" [INS02].

The above extract acknowledges the strong social support system among the poor in SSA based on collectivism. This can be leveraged on by financial institutions to ensure that services and products are available at all stages to the poor to enable them build resilience to financial shocks and support them when facing financial difficulties. However, financial literacy is 'a very long journey'. It takes long to change people's mind-set towards financial issues because their practices are embedded in a 'cultural history of thousands of generations'. These years of cultural history have built social support systems that are very difficult to dismantle. Therefore, the best way is to leverage on the social support systems with well-tailored financial inclusion products. For example, establishing community-banking groups is a way of drawing from the already established social capital. Whereas in the west governments would intervene to deliver these outcomes to the poor, in SSA government institutions are weak, therefore leaving a gap that financial institutions can fill sustainably. However, this needs to be entrenched at macro-level. And through industry associations, such as insurers and bankers associations, global oversight can be given to corporate-society engagements.

Interestingly none of the NPOs talked about financial literacy, which could imply that financial institutions do not have confidence in NPOs to deliver financial literacy programs. However, NPOs can play a crucial role in reaching the low-income populations with financial literacy messages. Given that, NPOs are more trusted by the mass market, they have the legitimacy to carry the message in partnership with financial institutions.

5.5.2 Problem solving models

Problem-solving models that address poverty both scholarly and practically have tended to focus more on resilience which represents a dominant topic in sustainable development (Hahn *et al.*, 2015). Social problems are complex and intractable. They require concerted and multi-faceted approaches to address. If corporations focus on addressing resilience issues only, then new challenges keep cropping up. For example, climate change is an elusive challenge that cannot be addressed through resilience mechanisms only. Other interventions especially at macro-level ought to be considered and the private sector has the capacity and resources to spearhead this. For example, the private sector recognising that corruption had become a big impediment to achieving sustainable development in Kenya, initiated an anti-bribery legislation, which was later enacted by the government as alluded to by an expert in sustainability:

> "It was the private sector here in Kenya , supported by us, the [Name] , uh, that talked to government, that went actually to government, and told the, the... and told government that we want to do a bribery Act, bribery, to address bribery on the supply side, okay? Of, of, of the government you know private corruption dynamics. So it was the private sector that actually went to government, back in 2016, you know, with a draft bill, on, on bribery. And the government was receptive to it and in 2017 the bribery Act came into effect" [EX002].

The above extract explains how the private sector initiated and engaged at another level with the government to bring systemic change in society. The phrase 'actually went to government' is repeated twice implying emphasis and mesmerisation. Given that the legislation was enacted, the interviewee wanted to make it absolutely clear that it is possible for the private sector to influence legislation in SSA. One explanation for this success is the fact that the private sector was organised under one umbrella body with an intention of creating a conducive environment for sustainable business. Whereas the citizens may establish norms that govern their interactions among themselves and with corporations to bring harmony and sustainable development, they need these norms aligned with higher globally acceptable norms.

Apparently, banks and NPOs did not disapprove of their business implementation models raising concerns about contentment in their existing efforts at poverty alleviation and sustainable business. Scholarship and awareness creation on alternative models of sustainability especially in the private sector remains an area of need. Organisations establish administrate procedures to coordinate implementation of organisational sustainability agendas, but these procedures curtail personal agency. Therefore, sustainability models that not only focus on the outward coordination but also the inward tensions are necessary.

5.5.3 Sustainable business

There was much variance around the issue of corporate sustainability. Participants from financial institutions and foundations reported on outreach programs like school fees scholarships, financial literacy, supporting families to acquire items like water tanks and the like as constituting their corporate sustainability efforts. The experts' view, however, was that such outreach programs mostly benefitted individuals and are not enough for sustainability. For example, one expert in sustainability [EX001] said:

> “Sustainable business means that you change the way you do business to add more value to the society in which you are…and the context in which you’re operating even as you add value to yourself. So when in a year you have done like you’ve taken two hundred children to school yeah, as part… your foundation, your CSR foundation has done that, that is not the same as sustainability. You’re reporting to er…to the [Name] and to your stakeholders when you’re reporting and you tell us that two hundred children…you paid school fees for two hundred children. That’s certainly a benefit to those children. It makes an impact and it changes the lives of those to whom you assist. But it is not sustainability. It is not a sustainable way of generating value to the community and the country and the planet, you know, in which you operate in” [EX001]

According to the expert, benefitting an individual does not constitute sustainability. It is limited in scope and cannot be systemic. What they see as sustainability is adding value to society which implies value to yourself too because you are part of the community. This is a veiled description of *Ubuntu*. *Ubuntu* simply means individual existence of the self and simultaneous existence for others. It is remarkable that the above extract describing sustainability succinctly fits the description of *Ubuntu*. Therefore, *Ubuntu* and sustainability are one and the same thing.

In summary, financial literacy brings about a mind-set from donations to entrepreneurship. It raises the self-efficacy of the poor so that they can be able to initiate and maintain behavioural change. Innovations like group banking and mobile banking are more impactful when accompanied with financial literacy. SSA as a collectivist society has strong social support systems that financial institutions can leverage upon to deliver financial services to the poor. Similarly, corporations can use their power to influence legislation at the macro-level for sustainable business.

5.6 Product development process

The most common innovation process model is Cooper's (2001) six stage-gate process for new product development. In this model, each stage has a set of proposed steps each one of them consisting of a set of fixed, cross-functional, and parallel activities. The input for each stage is a gate and serves as the evaluation for the next step. The development of new products or innovations follows a set of stages and a decision-making process ranging from idea to opportunity. The process thus tends to converge on a continuous reduction of risks (Bagno, Salerno and Silva, 2017). However, Hielscher and Vannemann (2013) have modified this model into a four stage-gate innovation process consisting of discovery, conceptualisation, development and launch. Basing on this taxonomy, the following section will discuss the results of data showing the characterisation of the four stages of innovation as obtained from financial institutions in SSA that combine CSR work with innovation to achieve blended value products. The four stages are ideation, ideas development, commercial launch and marketing, and management information reporting.

5.6.1 Ideation

Ideation process starts with identification of the idea itself, how viable is it. Although there is the id ea owner in the firm, an idea could emanate from within or outside the firm. Key ways of idea identification involve community participation especially if the product is a social innovation. For that matter, CSR plays a key role in this phase of innovation. CSR plays a role in:

1) Identifying new markets and opportunities

2) Facilitating dialogue with stakeholders to generate new ideas (Hielscher and Vannemann, 2013) and

3) Transfer of tacit knowledge between organisations (Mirvis *et al.*, 2016).

A senior manager in the bank [BK003] said:

> "so just like I said the first thing when we meet… when we go to the… when we go to the…the.. to meet the customers, or even the ones that approach us, once we've done the needs analysis that is we pick an idea. We pick an idea from the er… needs analysis" [BK003]

The needs analysis is an important exercise because it is where ideas are generated (i.e 'we pick an idea from the needs analysis'). This is carried out either through a focus group discussion 'when we go to meet the customers' or through a one-on one process with customers that come to the bank (i.e 'the ones that approach us'). This shows that there is effort on the part of the corporation to reach out to the consumers and get their input, which informs the innovation process. A senior manager [BK001] in another banking institution confirmed this:

> "So we have had focus groups in the past to develop products to ensure that we are not making an assumption from where we sit in ivory towers" [BK001]

Corporations recognise that they can get it wrong by 'making an assumption from where we sit in ivory towers'. Therefore, to ensure that the products they develop meet the aspirations of the society they try to reach them through focus groups as well as other continuous feedback mechanisms and interaction methods.

> "making inroads with farmers, training them, teaching them er… farming methods, the practices… best practices, um… and through… and it's not seasonal. It's an annual thing. And it's across the country we have dedicated er… officers that go out in the field, work with these farmers from one field to the next, village and county wide" [INS02]

Corporations have deployed officers in the field whose work is not simply to recover loans or recruit new customers but to train their clients on how to be economically independent. This acts as a strong feedback mechanism that helps corporations to determine products that are suitable for consumers at each varying time, context and circumstance. A senior bank manager summed it up: 'it cannot be one size fits all' [BK003]. In an undifferentiated mass market, it is fundamental to develop products that meet people's unique demands. Having understood the consumer needs, eventually "the big idea will then be defined by what you want to do for your customer" [BK001]

Whereas the financial institutions did not recognise the role of CSR in ideas creation, the foundations were categorical that they play a big part in enabling the corporations identify new investment opportunities through their outreach work especially financial training programs. For example, a senior manager in a foundation [FDN04] said:

> "But for example the bank may not…it is not its core business doing financial trainings for the bank. But now the foundation can engage in that because there are other interested partners whose core mission is to give and to enable interventions in education, in health and all that. Not necessarily for economic gain. For example [Name] can be able to partner with those ones and then make a case for this financial partners that are coming on board they have their own mission and vision but for us given that we are running within the group, we can make a case why this is a smart investment for the bank" [FDN04]

The corporate foundations are convinced that their work is complimentary to the corporation's aspiration because for example it is not the bank's 'core business doing financial trainings', which the foundations engage in. They can be able to do that because it is 'not necessarily for economic gain'. In addition, they can intervene in areas like education and health, which are not directly linked to the economic activities of the corporation. But because they are part of the corporate family, they 'can make a case why this is a smart investment for the bank' and they will be listened to. However, the interface between the foundation and the corporation was not explicit. When asked whether they interface with the foundation during innovation process, a senior bank manager's [BK001] response was:

> “the answer is no. The foundation in the structure which it currently runs is just to take care strictly of CSR” [BK001]

A senior manager [FDN01] in a corporate foundation confirmed this after they were asked the same question:

> “No. The only way the bank benefits from the foundation is by us having a certificate of er… an exemption certificate from the Kenya Revenue Authority” [FDN01].

This unexpected scenario could be as a result of unclear communication structures. Whereas the foundation is playing its role in reaching out with social activities, this is not effectively communicated back to the corporation. In most cases, the contribution of the foundation to the innovation process in the corporation seats within the foundation as tacit knowledge and it is not clearly communicated to the corporation. A senior manager in the insurance took a middle ground saying ‘It’s not perfect, but what we do is... we have open communication lines’ [INS03]. The underlying reasons could be that the foundation and the corporation have common interests and conflicting interests at the same time. The corporation is interested in commercial value whereas the foundation is seeking to invest is social value, which are both desirable for the firm but each side sees the other as a trade-off i.e you cannot invest in both simultaneously as a senior manager [BK001] opined:

> “how are we going to make the money because at the end of the day it is a commercial bank (laughter)” [BK001]

Some managers view the work of the foundation as not serving the commercial purpose of the corporation as stated in the extract above ‘how are we going to make the money’. Therefore, a gap exists in terms of tapping from the foundation’s tacit knowledge to enrich the innovation process. What is needed though, are efforts by the corporation to exploit both the tacit and explicit knowledge from the foundation to identify new markets and new opportunities in order to co-create social innovations. This requires moral commitment from top leadership because social innovations have a long-term breakeven point.

Experts too were in agreement that companies are not harnessing tacit or even explicit knowledge from the communities as stated by an expert in sustainability [EX001]:

> “There are not many companies who are at that level, what you find most of the time is most companies will just, there’s a lot of herding and copying what other people are doing” [EX001]

Therefore, for companies to tap into the tacit and explicit knowledge of stakeholders, CSR can play a crucial role. Currently and propelled by market competition, corporations are simply doing ‘herding and copying’ thus stifling innovation and creativity. Tacit knowledge is exchanged through shared interactions and experience. According to Mirvis *et al.* (2016), this knowledge is exchanged among partners and could be teachable (know what), continuous co-learning (know how), local ties (know who) or a viable solution to breaking poverty cycle (know why). These are roles that CSR can play in the innovation process especially in SSA. This was well summarised by an expert [EX001]:

> “I feel that there’s not been a lot of strategic thinking on ‘how can I engage especially in things like social innovation. You know here is where real social innovation can happen in Africa. It’s where real social innovation can happen. And I feel that companies have never sat down to….to ponder ‘ how can we get into this space and create future long term business, and come with ideas that five years or ten years ahead but then begin exploiting the potential of those ideas through their CSR Foundations and all that . Because that’s where you can…you can incubate, that’s where you can nurture without the risk of being asked by the Board are we making money from this thing. This is the only place where money can go in and nobody is going to ask the questions of what came back yes…(both laugh)” [EX001]

Given the rising poverty in SSA, it is a unique and perfect context for ‘real social innovation’ to happen. Corporations therefore ought to look into long-term planning ‘five years or ten years’ because social innovations need long-term incubation. This is more so possible through CSR work because it is a safe space where ‘nobody is going to ask what came back’. This does not mean that CSR work is wasteful, but that returns on CSR work are social in nature and not only financial. However, CSR work if well nurtured and integrated in the core business of the corporation, is a big contributor to the ideation process of the firm and its long-term sustainability.

5.6.2 Ideas development

The second stage of the 4 stage-gate social innovation process is the ideas development stage which Cooper (2001) refers to as conceptualisation. Conceptualisation involves defining the scope of the innovation idea, then building a business case for it. The business case consists of a value proposition, justification and a plan (Hielscher and Vannemann, 2013). In corporations where CSR is embedded in the business strategy, the business case discusses possible connections to CSR because such innovations are radical or systemic and they carry more risk. First, they have a longer breakeven point and secondly, they may require organisational changes within the structures of the company. Changes in organisational structures are necessary to accommodate BoP innovation requirements, which are a deviation from normal innovation, which focuses on risk reduction and profit maximisation. BoP innovation instead shifts managerial attention to creating the 4As (awareness, access, affordability and availability) (Prahalad, 2012).

The ideas development stage in financial institutions in SSA is much wider than Cooper's conceptualisation. It includes the approval of the business case by senior management or product development committee (which includes risk assessment), creating of a prototype and testing the same and finally refining the prototype. Financial institutions did not mention the role of CSR in this phase of innovation. However, the foundation managers reported that CSR plays a role in trialling the prototypes for the corporation before they are convinced of its viability.

> "It affects our new innovations in that, now the bank is thinking well, this had…could have an effect like this, like this, having seen what a small trial did" [FDN02]

As noted in the ideation stage, evidence shows that there is a disconnect between the product development unit and the CSR unit in financial institutions. However, in the ideas development stage, the foundation is important in carrying out small trials, which inform the innovation process.

> "And in some of these companies, the staff of the company talk of the Foundation as 'their other people' like they are an external party…'o…that thing those guys of the Foundation do'… " [EX001]

The preceding extract points to a fact that communication channels between the corporation and the corporate foundation are not clear. In the absence of clear communication channels, the parties resort to pointing fingers 'those guys of the foundation'. An example of a disconnect was seen in a success story as shared below by the CEO of a corporate foundation [FDN02], but was not featured in the integrated report 2018 of the institution, nor did the corporation's product development staff mention it.

> "These renewable energy technologies for individual households across the country have had very slow growth. The bank cannot begin to start forming loans, for like 4,000/-, for the clean cook-stoves. And these ones could even start from 7,000/-. They are expensive to maintain, those sort of loans. They are expensive to distribute. They are expensive to administer. They are expensive to collect. The interest you'd have added on such a loan will…the actual income will be not even sufficient to administer it. Yet, that renewable energy and saving the whole environment, cutting down less trees, all depends on these renewable energy technologies. So, what are we doing? I am looking for funds from [Name] right now, and we are into the final stages, to see how we can develop a mobile app to offer these products to the co-operative side through a mobile app, and the co-operatives then give it as a loan product. So, if it's a success, then the bank can take it up" [FDN02].

Therefore, a gap exists in terms of the interface between product development unit and the CSR programs run by the foundations. The extract above exemplifies B2N partnership, pooling of resources, affordable products, use of technology to reach the BoP populations, piloting and blended value creation, which shows that indeed CSR can play an essential role in product innovation. In a study on the effect of CSR on innovation, Piqueres and Ramos (2019) confirm that CSR can play a significant role in contributing to sustainable development while enhancing firm's innovation. The challenge is the lack of a mechanism to operationalise that.

> "We have a substantial clientele from the legal fraternity and we put them in a room and said if you'd want a bank to serve the lawyers specifically what would you ask them for? And we used that to check back some of the things that we had made an assumption. Because some of them checked out others were, you know, way off the mark" [BK001]

The extract above shows no involvement of CSR or the foundation in this stage of the innovation process. The corporation reaches out directly to the clients for feedback. This approach is meant to get feedback from the consumers concerning the prototype that is being tested. In this example, the corporation had made assumptions that turned out to be 'way out of the mark' in comparison to what the consumers wanted. This approach is used by corporations to test prototypes.

> "So how do we test the prototype? It's by going to the same people that gave us this need. So we'll approach the branches who have the customers, these customers normally go to the branches and we tell them this is what we have prepared, yeah" [BK003]

Prototype testing is done with existing customers who frequent branch offices. It is assumed they are 'the same people who gave us this need'. But it is difficult to ascertain that truly they are exactly the same people. And if someone is being asked to assess something they were not involved in designing, they are likely to give contrary views. In addition, this approach limits the feedback to existing customers only, which can curtail the growth of a product. This localised testing of prototypes was confirmed by another senior manager [BK004] in a bank:

> "we normally use our sales or business teams who go out there to establish new relationships with customers and through them we are able to really capture any feedback" [BK004]

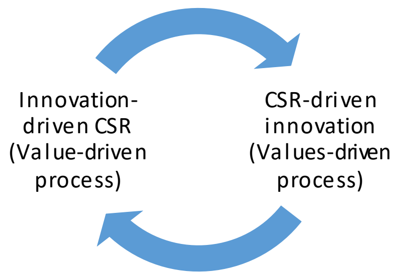
Feedback therefore is captured through corporate employees reaching out to customers. It appears there is no effort to use CSR or NPOs to get feedback from consumers. The reason for this is the fear that testing might take too long and delay the launch of the product. A senior manager [INS01] in a financial institution attributed to this:

> "Sometimes the testing is…is accused of being over testing and by the time you are launching the product people have moved on but I think it's the right way to go" [INS01]

Testing with foundations can be slow and make your product hit the market late when people have already moved on. This is as true for the mass market as it is for the niche market. With the advancement of technology, everybody is seeking to be first. However, even if others launch before you but your product is sound and it is based on carefully monitored feedback, over time you will surpass those who went before you. Also, corporations could devise ways of shortening the testing period through for example focus group review.

In conclusion, it appears ideas development stage of corporate innovation is devoid of CSR participation. This is a handicap for social enterprises because involvement of CSR at this stage has the potential of attracting or penetrating new markets. Prototype testing using CSR has the potential of reaching consumers that had not been reached before. It also portends for fresh feedback that can improve the product and expand the product's outreach. Therefore, greater involvement of CSR in the ideas stage is encouraged.

To effectively mainstream CSR in business processes, it is necessary to focus on innovation and the search for value. CSR offers a framework for companies to innovate sustainably and with less risk. In Africa, companies are formed with a social responsibility related mission (Idemudia, 2007). Therefore, they will easily respond to a call for increased value creation. Increasing value is a CSR factor because it makes a product more useful to other humans (CSR-driven innovation). Value creation therefore, is not about efficient mass production, but it is based on staff creativity, mass customisation and the capacity to penetrate new markets; the ability to find a solution to a vexing social problem; or, the way a new product or service is sold and delivered. Ultimately, as companies strive for value creation, the result is products and services that have social impact. In this sense innovation has achieved CSR goals (i.e innovation-driven CSR). The resultant cyclic mechanism creates a win-win situation for both innovation and social responsibility (see Fig. 11). Therefore, values-innovation not only has intrinsic and social worth but is also a source of economic value for the company (Austin and Seitanidi, 2012b).



(MacGregor and Fontrodona 2008, p.13)

Figure 11: CSR mainstreamed innovation process

5.6.3 Commercial launch and marketing

Launch is the fourth and last stage of Hielscher and Vannemann (2013) linear model of innovation. However, according to financial institutions in Africa as social enterprises, commercial launch and marketing is stage three of the social innovation process prior to management information reporting. Commercial launch is a very important phase of the innovation process since all prior stages were in preparation for launch. The modalities of a commercial launch are quite diverse and would be supported by a campaign. Marketing materials and communication messages are developed to explain what is the need that will be met by this product. But since the product is meant for the undifferentiated mass market, the targeting is narrowed down to smaller groups in order to reach many people and make an impact in a short time.

> "So back to what I was saying about refinement, now marketing gets to design the… the communication material and design the… the activation mechanics, yeah? How are we going to activate these products because remember I told you majority of our strategies are mass markets" [BK003]

Commercial launch may involve a press release to pique the news media to publish the story that would usually be followed by people signing up for the product. This may be followed by a promotion campaign where 'marketing gets to design the communication materials' to create awareness and market the product. The next very important question is 'how are we going to activate this product' since the target is the mass market. Whereas ordinary products would be advertised in the mainstream media, social innovations take a 'below the line process' (BK001) and are pushed to the community through group banking. The marketing team would also prepare marketing materials including testimonials of success possibly from the pilots already undertaken. The key message at commercial launch is to create confidence in the consumer by being honest. Luckily, the stage gate process has feedback validation loops that help the corporation to understand exactly what the consumers need, to increase success and protect their brand.

Brand reputation is crucial to corporations because it sanctions their legitimacy in society, as a senior manager stated, “so that at any one time terrorism and [Name] should not be found in the same sentence” [BK003]. Apparently, NPOs feel that corporations’ involvement in society is simply to protect their brand as stated by a senior manager in an NPO [FDN05]: “A lot of them want to leverage on those opportunities to build their brand”, which was supported by sentiments from an expert in banking [EX003]: “So there's a reputational risk element to it. So if I'm a bank who is financing funny, unscrupulous people there's a reputational risk yeah..., associated with that”. These statements have implication to the approach corporations use in reaching BoP markets. They are first and foremost scared of being associated with unscrupulous clientele, which can hugely injure their reputation and impact on their commercial as well as social value. Therefore, a mediator between the corporation and the customers for the sake of validating the credibility of customers could be a driver for corporate presence in the BoP market. This is where CSR-driven B2N partnerships can play a role in creating confidence in the corporation.

Whereas certifying the credibility of the customer is a matter of conjecture, sustainability corporations are better off certified by an independent oversight body. Literature distinguishes between two CSR-related marketing strategies: sustainability-oriented marketing strategies and marketing strategies for products that meet sustainability criteria (Hielscher and Vannemann, 2013). The former involves CRM campaigns while the later is more exclusive with labels and certificates. Both types of marketing can be effective in marketing social innovation products. However, CRM can as well be used for products that have negative impact to society like tobacco products. Therefore, certification marketing is more appropriate for sustainable business. For example the B Corps certification system is a sustainable business model that certifies companies that meet rigorous standards of social and environmental performance (Stubbs, 2017). B Corps companies exemplify the use of marketing strategies for products that meet sustainability criteria. This was not the case among the corporations interviewed. However, an expert in sustainability [EX002] was emphatic that membership to sustainability certification groups is based on the social value of the product:

> “…draw income from the weaponry or landmines and so and so forth. Or companies which derive income from tobacco, and so on and so forth. Because these pose responsibility risk to the initiative in fact at their very existence their work is anti-ethical to the SDGs. If you are a tobacco producer, seller, marketer or whatever and er… here we are trying to get SDG three on off the ground on health and wellbeing for the people and your very product that pro… that you produce is injurious to the health of everyone” [EX002]

Although financial institutions in Africa are social innovation companies, they still are involved largely in hybrid products as opposed to blended value products. Hybridisation is where a company produces commercial products on one line and social products on a different line. This is a separation strategy and it simply intensifies CSTs rather than minimising them. This is good for the shareholders because they are assured of returns on their investments, but it is not a sure way of progress towards sustainability and poverty alleviation. Eventually the corporation will give more attention to the commercial products at the expense of the social products. The alternative way is for the innovation to carry blended value, so that both commercial and social value are tied in the product and the growth of one means the growth of the other.

5.6.4 Management information reporting

Management information reporting is stage four and the final stage of the stage-gate innovation process. This came up strongly from the financial institutions despite the Hielscher and Vannemann (2013) linear innovation model not having it. This stage is important for providing feedback to the innovation process. Hielscher and Vannemann (2013) model assumes that feedback is a continuous process that occurs throughout the innovation process. While that might be true it is important for organisations to be deliberate on reporting not just for the sake of feedback into the innovation process but also to share best practices and model perceptions around sustainable business. The CEO of an NPO involved in sustainable development [NPO04] stated:

> "But we are not good in telling the story. We are not good in documenting the so many initiatives, which are going on and currently, that is a whole area that we are working on. And I'll tell you, apart from the big, corporates, who have got the machinery, who have got the necessary personnel, who can brand and profile and package the work that they do, this has been an area that has not been well handled. There's a lot happening in this country, there's a lot happening among the corporates and philanthropy, there's a lot that is outside here but we need to document that, we need to profile that, we need to document it, we need to tell that story and that story can only be told if we put it down in paper, if we put it down in visual form, whichever form that works" [NPO04]

The above extract underscores the need to document the impact being created in society. The big corporations have been able to do a bit of documentation but not enough. The implication is that documentation of social impact is not an easy thing. Therefore, other approaches like partnerships between businesses and NPOs ought to be explored for the sake of documenting social impact. The current practice is for corporations to measure success by the revenues coming in from the product sales. Most financial institutions do not report on social impact and if they do it is a proxy measure based on the uptake volumes of their product. This indeed is not reported in the integrated reports and financial statements of financial institutions. There was however, one case that used visitations for reporting at individual client level on: increase in amount of loans borrowed over time, expansion of business premises, and number of job opportunities created. This kind of reporting is still not systemic. It does not show the extend of the impact across the society. Financial institutions lamented lack of resources to carry out a comprehensive monitoring and reporting process.

> "…as an institution we don't have enough resources to..to..to allocate to.., it is too large to just cope uh… to be able to allocate resources for that" [INS03]

Apart from resources, corporations also don't have expertise to carry out social impact monitoring. Previously it was stated that corporations have field staff who train and collect feedback. However, it is surprising that the same staff cannot be used to monitor social impact. It must be an issue of capacity and lack of goodwill from top management. A senior manager in a financial institution (BK003) summed it up succinctly:

> "We never do an assessment on the social impact in terms of how many families has it touched. Like how many in terms of the community whether… th… th… that assessment does not happen because it does not affect your bottom line it is not a deliverable in terms of your bottom line" [BK003]

Therefore, corporations do not monitor social impact because it is not part of their bottom line. The bottom line consists of only financial returns. That's what drives them. Thus, measuring social impact is a disruption and an inconvenience. To the contrary, while financial institutions do not lay emphasis on social impact reporting, NPOs and foundations were emphatic that corporations ought to report on both their sustainability and financial performance.

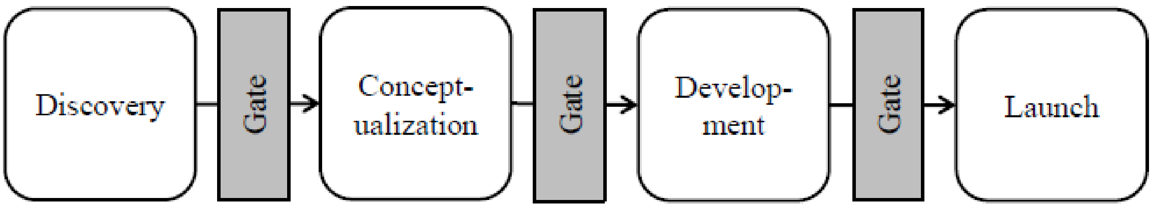
> "sustainability reporting is another buzzword in the corporate space, which is gaining momentum and I see a lot of multinationals involved in that where you report not just about profits but also planets and people Er… and these reports, I think, they are helping build certain perceptions around an organisation, um… how well are you sustainable um… in a more holistic way besides how much money you make, we are interested to know what are you doing for community" [NPO05]

Therefore, management information reporting should focus on reporting on progress of societies out of poverty: conversion of peasantry farming to agribusiness, nutrition levels in society, corporations' contribution to SDGs, number of jobs created, inclusion of people with disabilities in economic activities, how communities have become better borrowers and so on.

In summary, the product development process for financial institutions in SSA follows a four stage-gate process involving ideation, ideas development, commercial launch and management information reporting. Although interface between CSR and product development units is not strong, participants agree that CSR plays an important role in the innovation process through exchange of tacit and explicit knowledge between the corporation and consumers. Therefore, to strengthen social innovation, channels of knowledge exchange could be improved between the corporation and corporate foundation or the CSR unit.

5.6.5: The role of CSR in the four innovation stages

We now turn to discuss the role of CSR in the innovation process. Innovation is a key aspect of firm competence because it enables a firm to cater to the ever-changing needs of the marketplace and is pivotal to the profitability and survival of any firm (Hauser, Tellis and Griffin, 2006). CSR can be harnessed to foster the interactive process of innovation where the company cooperates with stakeholders in order to achieve corporate innovation. According to Hielscher and Vannemann (2013), the four stage-gate model (Fig. 12) of innovation illustrates the idea of CSR-supported innovation management.



Source: (Hielscher and Vannemann, 2013, p.2)

Figure 12: The four stage-gate innovation model

In the next section, I compare the above innovation model with the emerging model as practised in SSA from the findings of the research. Whereas the two models have great similarities, the emerging model does not end at launch. It extends to monitoring and information management phase and has a feedback loop. The terminologies used in each phase also vary slightly. Finally, the emerging model combines conceptualisation and development into one phase (Fig. 13).

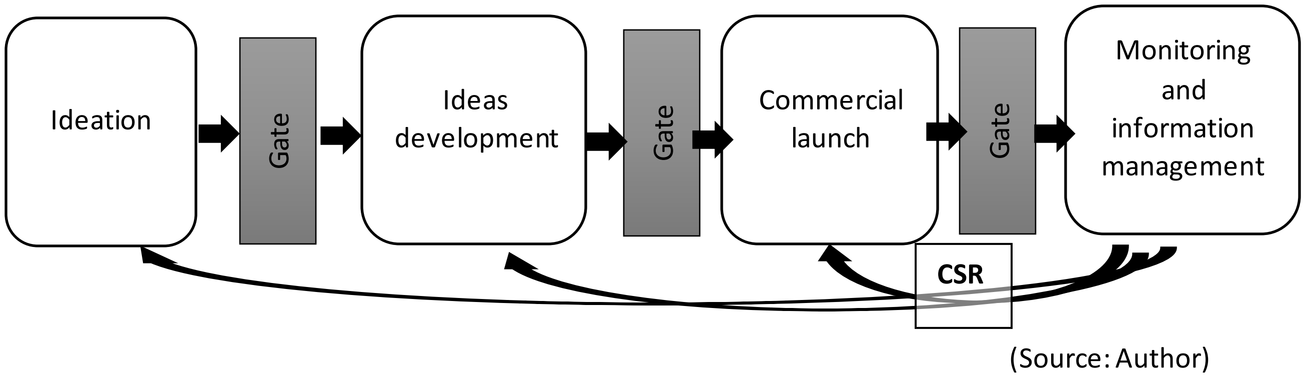


Figure 13: CSR-supported innovation process

Ideation stage: The findings showed that ideation stage involves needs analysis carried out through:

- Focus group discussions with potential customers
- One-on-one discussions in the office with clients, and
- Fieldwork staff on their monitoring and training schedules in the field.

The purpose of the ideation phase is to acquire tacit knowledge from the consumers as well as identify new or potential markets for the corporation. The intended outcome during the ideation phase is to be able to determine 'what you want to do for the customer' [BK004]. According to Hielscher and Vannemann (2013), the first phase of the CSR-supported innovation process is discovery. During this phase, the sources of ideas include scenario generation, fundamental research and contact with stakeholders through lead-user integration. Scholars have argued that CSR can be incorporated in the corporate strategy (Dentchev, 2004; Porter and Kramer, 2011) at various stages of innovation. At ideation, CSR role is to identify new markets, and broaden the way the corporation views value creation. Through dialogue with stakeholders and exchange of knowledge, new ideas are generated that redefine value not just in terms of financial gain but also in terms of social benefits too. The ability of the corporation to reach new markets and redefine value through CSR is a positive thing towards enhancing resilience.

Ideas development stage: The ideas development stage involves building a business case for the innovative idea, as well as developing and testing prototypes. Ideas development combines both the conceptualisation and development stages of Hielscher and Vannemann (2013) model. According to Hielscher and Vannemann (2013), CSR is important in this phase in terms of discussing how to overcome challenges related to CSR-based innovations. CSR-based innovations have later breakeven point; require creation of new organisational structures and cooperation with other organisations to pool resources and values. In a way, CSR enables a firm to identify the four success factors of social innovation as stipulated in the innovation sandbox (Prahalad, 2012). From the findings, ideas development involves development, prototype testing and validation of the product. The prototype development is chiefly technical and so there is no much CSR work needed. However, CSR may come in to pool resources and enforce CSR-related criteria for testing the prototypes.

Commercial launch stage: The third component of social innovation is commercial launch. Commercial launch involves taking the innovation to the customer. Key activities during this phase are media advertising, developing communication materials and aligning them with the need that the product is meant to meet as well as use of testimonials to reach the mass market. These entire launch activities are supported with a marketing campaign. It may involve two kinds of CSR-related marketing.

1. Cause-Related Marketing (CRM) for sustainability-oriented marketing strategies, or
2. Marketing strategies for products that meet sustainability criteria.

CRM can be applied to any product and tied to a cause that consumers identify with. For example, a bank could say that if you open a certain bank account the bank will donate one shilling to a certain children's home. In turn, people who are compassionate about destitute children will be attracted to open an account with that bank. The second CSR-related marketing is where the product being marketed meets certain sustainability criteria. Probably the product is eco-friendly and is promoted as such. In both cases, CSR programs play an important role in helping the product to penetrate new markets where the corporation did not have a presence. Equally, CSR activities create a platform to articulate what the corporation has to offer and intensify their brand building. Whereas in the Hielscher and Vannemann (2013) model launch is the last phase of the innovation process, the research findings placed launch as the third phase before management information reporting.

Management information reporting stage: Management information reporting phase involves getting feedback about the performance of the product and the value or impact it is creating in society. First, reporting is useful for feedback into the innovation process. Reporting at this level helps provide feedback on what the customers are saying about the product, is there traction to justify the business case, are revenues coming in, if it is not working, where are the loopholes, and finally reporting helps determine if the product should be retired or augmented during the decline phase. Secondly, management information reporting is about impact measurement. There were varied views about how to determine impact with most corporations implying that they use their current customers to postulate social impact. By looking at activity changes in someone's account statements, it can show impact. For example, if someone previously used to ask for school fees loans and they are no longer doing so, it implies they are now able to handle that by themselves. Other corporations cited things like customer business expansion and increased uptake of a product as indicators of impact. If a customer expands their business, then the implication is that they have definitely employed more people thus creating employment opportunities. Another measure is looking at customer loyalty. If customers stick around for long, it means the corporation is making them and the society better. Others focus mainly on the business impact on the environment: "part of what a reporting does is you measure very basic things like electricity consumption, your water consumption, garbage disposal habits, your waste disposal habits, and then it's being tracked" [INS02]. Most of the above tracking and reporting has an internal focus. It is meant for sustainability reporting and does not capture systemic change occurring in society. This shows that corporations struggle to understand impact measurement.

An expert in sustainability lamented that social impact monitoring is rare among corporations. They focus more on 'brick and mortar' and not the change occurring in society. This is because their organisational agenda is short-term, whereas social impact is a long-term issue. Linking with corporate foundations as CSR programs has helped bridge that gap. Foundations are able to conduct *ad hoc* impact assessments as well as in-house assessment to establish baseline and verify social return on investment after a while. Since most local institutions do not have capacity and resources to monitor impact, it can be undertaken through corporate foundations or in partnership with NPOs, which is a CSR function. NPOs enable people to talk freely and give genuine feedback. Therefore, CSR-NPO partnership could be a moral commitment of the firm 'to do good', which plays an essential role in the management information-reporting phase of the innovation process. Through CSR programs, feedback can be obtained concerning the performance of the product, adaptability of the product to the aspirations of the consumers, safety, scalability and affordability as per Prahalad's (2012) innovation sandbox.

It was also suggested that management information reporting is not just for providing feedback to the innovation process. This phase is important to all stakeholders as a means of sharing stories of impact to the external publics. An NPO manager [NPO03] opined:

> "But we are not good in telling the story. We are not good in documenting the so many initiatives which are going on and currently, that is a whole area that we are working on… this has been an area that has not been well handled. There's a lot happening in this country, there's a lot happening among the corporates and philanthropy, there's a lot that is outside here but we need to document that, we need to profile that, we need to document it, we need to tell that story and that story can only be told if we put it down in paper, if we put it down in visual form, whichever form that works" [NPO03].

Proper documentation of social impact is lacking among corporations. In order to achieve systemic social change, documentation and dissemination of success stories is a key ingredient. The gap that exists between society and corporations is due to a breakdown in communication, which leads to lack of harmony (i.e *Ubuntu* principle U6) and creates suspicion of the intentions of the other. In order to bridge this gap, umbrella organisations that offer oversight for example in the banking sector have developed tools that can aid member organisations to monitor their impact. An expert in sustainability referring to corporations specified that 'they have tool kits that make them... as in, go to, to the ground and actually assess the impact that they are having' [EX003]. Therefore, long-term and sustainable monitoring of social impact, that is beneficial to the corporate innovation process and that benefits society, can be achieved through a monitoring system and a feedback process facilitated by CSR programs. In addition, monitoring tools can be provided through umbrella bodies that offer oversight to theme-specific coalition groups.

5.7 Institutional arrangements

Institutional arrangements are informal or formal coalitions for collective action and inter-agency coordination. They are important for influencing/incentivising industry towards sustainable business. In addition, such coalitions are crucial as a forum for bargaining for better legislation. A crucial issue though is the possible misalignment of self-interest against collective interest. Whereas some corporations coalesce together for self-preservation, others have a longer-term objective of sustainability. The purpose of institutional arrangements therefore is to provide institutional oversight to member organisations in order to stick to the global agenda of sustainability.

5.7.1 Mobilise other corporations

The findings show that financial institutions are heavily influenced by what is happening in the industry. The need to belong can influence corporations to join a collective action or refrain from doing something good.

> "Collective action is much more impactful. If a business, if as a business you decide, that uh, you will not use plastic products as a business, that's a huge progress, that you are making. But, unless you, unless there is a collective action, towards, you know, not using plastics, the impact of your action, is much less ...if other businesses are corrupt , the fact that your business is not corrupt, even though it's beneficial, it's not as impactful . So, what we need you to do, is to sell the message , to come together with others, in concert, development partners, government, to talk" [EX002]

When an institution is values-driven, they find themselves in a dilemma. They want to bring change but find they have no discernible effect on a wider scale. For example, corporations that do not use plastic products, only have an impact if there is collective action towards use of plastics. Since a corporation cannot be able to mobilise institutional change on their own, it is therefore important that they form coalitions of purpose. There are such voluntary membership institutions like UN Global Impact Initiative and Bankers Association that provide ratification for sustainable business and awards for outstanding performance in sustainability. Such coalitions have the capacity to amplify small achievements of each company and show impact to scale. In addition, the coming together of single purpose-driven organisations can help to put pressure on governments and on each other to do the right thing as the quotation below suggests.

> "[Name] which is basically nudging banks and member organisations to say look at your customers and support the ones that are doing something that has an impact to the environment that has an impact to the society" [BK001]

Such collective institutional arrangements are useful in pointing member organisations in the right direction. Take for example the Bankers Association, which is an umbrella organisation for banks. It is able to guide as well as constrain member banks to uphold sustainability practices at the same time lobby governments to enact sustainability legislations. For example, one such voluntary membership institution was able to lobby the government for a crucial legislation in an area that was affecting society negatively.

> "It was the private sector here in Kenya , supported by us, the [Name] , uh, that talked to government, that went actually to government, and told the, the… and told government that we want to do a bribery Act, bribery, to address bribery on the supply side, okay? Of, of, of the government you know private corruption dynamics. So it was the private sector that actually went to government, back in 2016, you know, with a draft bill, on, on bribery. And the government was receptive to it and in 2017 the bribery Act came into effect" [EX002]

The extract above shows the success the private sector can achieve if they are united together with similar goals. Corporations are known to have resources, expertise and clout that they can use to influence the right legislations that support corporate sustainability and create social impact. In Africa where laws are weak and institutions are dysfunctional, it is unlikely that the government will take an initiative of seeking support from the private sector in such matters like legislation. It therefore demands that the private sector take an initiative 'it was the private sector that actually went to government '[EX002]. Similarly, another membership organisation is spearheading resource mobilisation for the banks with a view to supporting sustainable business. "So we are trying to catalyse a market where capital is raised through the Nairobi Stock Exchange, that will be channelled to different green related projects" [EX003]. The principle is that these voluntary membership organisations are organised around certain values-based principles and those corporations that feel inspired can then join and commit to observe those principles. Once an organisation has signed as a member, it is protected from the usual competition that goes on in the industry because the shareholders of the company are party to the principles of sustainable business that do not emphasise financial returns over social impact. These institutions build capacity of the member organisations in sustainable business, create networks for knowledge exchange and bargain for better legislation .

5.7.2 Pooling resources

There are diverse ways of pooling resources for sustainability for financial institutions. Some of those highlighted here are the green bonds and social bonds. These are resources that cannot be negotiated individually except through an association like the bankers association.

> "So we are currently working with I think NSE in terms of getting the listing rules. There's the green bond listing rules, so if somebody wants to come to market to... issue a green bond, it's possible. There're also social bonds, but that one I think is still... we're not, that's not our core focus, right now it's mostly, green related bonds , yeah..., so, that's what we are doing right now" [EX003]

Therefore, institutional arrangement that brings togethe r like-minded corporations can be a forum to bargain for additional funds to invest in social innovation. Advantages of green or social bonds are that they constrain the issuer to invest in social activities and secondly they compel the issuers to report on the social impact achieved by their social activities.

5.7.3 Safeguarding corporate reputation

Institutional arrangements for voluntary membership is based on high moral standards and it is their mandate to safeguard first the initiatives reputation and secondly the reputation of member organisations. Therefore, strict principles are observed and if any organisation violates those principles, its membership is revoked.

> "Because it is a reputational risk to the initiative which is voluntary yes, but it is a reputational risk if we have the most corrupt people, the most corrupt businesses in our (both laugh) in our membership, if we have the most corrupt membership in the... in the initiative or if we have the worst violators of human rights in the initiative . That's why even the initiative has an exclusion cri...criteria" [EX002]

Formation of coalitions is a delicate issue. What about if some are found to be corrupt in your midst.

A coalition that champions a cause must guard its reputation especially when membership is voluntary. If it is voluntary, then it must dangle some 'carrot' that will attract other corporations to join. That carrot is the reputation. Corporations will covet a coalition that has earned respect from the government and among the society; and joining such a coalition automatically gives the corporation legitimacy. Sometimes however, such groups are formed for selfish ambitions to block scrutiny and push for independence as well as block civil society penetration. That is why the starting point is a values-based governance. Organisations that want to shield themselves from scrutiny and accountability will definitely not be built on values. Indeed, morality is a higher obligation that is self-imposed. However, there are still cases where organisations have claimed to observe high ethical standards but have instead been found to flout the very tenets they claimed to espouse. For example, Enron that went under in 2001 had a code of ethics that stated: 'employees of Enron corp., its subsidiaries, and its affiliated companies are charged with conducting their business affairs with the highest ethical standards' (Thomas, 2002). Despite such an impressive code of ethics, the company operations were shrouded in fraud and corruption leading to its collapse. This may imply that organisations on their own without a third-party certification are bound to flout the ethics they claim to uphold.

A company can make a moral self-commitment to credible standards by voluntarily joining a certification oversight body. The certification helps convince the public that the organisation is serious and that it has been vetted independently. Further still, if the corporation does not live to its commitment, then the certifying organisation has the latitude to dismiss its membership. In addition, sustainable institutions are encouraged to seek membership with an oversight body in order to build a critical mass and influence other corporations towards sustainability.

> "Because what we're trying to do is get a critical mass of businesses acting in a particular way towards sustainability in a way that can actually materially affect sustainability, can actually advance the sustainability agenda forward" [EX002]

The process of engagement in an oversight institutional body is voluntary. The corporation makes a commitment that is not enforceable by law, but they are held accountable for the actions they take through annual reporting. This is still a grey area among corporations that are stifled in competition. It does not sound plausible for a corporation to voluntarily join a coalition with other corporations considered competitors. Therefore, for purpose-driven coalitions to succeed they must receive a commitment from the highest representative of the organisation.

> "So when a company joins the first step of joining is that the highest level representative of the company the CEO, MD, the Executive Director , the highest possible level of the company writes a letter and s… of commitment and saying that we are committing to the ten principles of the [Name]. That letter is addressed

> to the [Name] in this case [Name] and it says that as a company we have committed ourselves to the principles of the [Name]. That is a commitment that is not enforceable but which we take very seriously, which is why every year you have to report on the actions you have towards the ten principles, okay" [EX002]

Although the extract above says that belonging to a coalition 'is a commitment that is not enforceable', but it amounts to a social contract. The CEO of the organisation makes a commitment that binds the corporation so long as the corporation's leadership is ethical. Moral commitments are based on conformity to the highest professional standards of conduct and moral managers operate within the letter and spirit of the law not just the letter of the law. In fact, the law is regarded as a minimum, while the manager operates well above what the law mandates (Carroll, 1991), which is a safeguard to the reputation of the oversight organisation.

5.8 Self-regulation

Self-regulation by corporations can be a solution to the regulatory capacity problems faced by developing states. Market pressures can provide incentives for firms to implement codes and standards, and also rely on widely available information about corporate behaviour (Graham and Woods, 2006). International organisations can assist in setting the agenda for self-regulation and supporting country governments to provide a conducive environment for fulfilling these roles.

However, since serving the poor is not a lucrative undertaking, it requires high-level commitment from the corporations to successfully operate in this market. SSA is characterised with people deprived of political rights, human rights and lack of a free market. Policies to safeguard the poor are lacking or they are so weak or are not enforced. And so the private sector feels that they are stepping in what the government ought to do:

> "And so everybody sees this as we are supporting what the government is supposed to do. And so it's a favour that we are doing and so there shouldn't be so much push and pull on it, eh you know" [NPO04]

For that matter, this space then attracts those corporations that are ready to go an extra mile to serve the poor out of moral obligation. Morality cannot be legislated. Therefore, it becomes very necessary that corporations reaching to the poor should have self-regulation through some institutional arrangements. Government incentives don't work. For example, the government has a provision for tax exemption for corporations that give to charity. However, because of bureaucracy in the government the benefit is never enjoyed:

> "But um…one, there are so many bottlenecks towards enjoying that specific provision. There are so many tax benefits to corporates and all these er...er…er… foundations that we are… corporate foundations that we are talking about. The government has provided those provisions. They are there in the tax legislations. But the problem is in terms of the…bureaucracy involved, there are so many bottlenecks for you to even get tax, tax exemption certificate. It is hell on earth" [NPO04]

> "And even the process of getting that refund is not simple. So when you think about it if filing returns alone is that difficult you don't even want to go that direction. Probably the amount of money you're looking for is probably a hundred and one so you spend more money trying to get back , that kind of madness" [NPO06]

> "in fact there's eh… there's a tax exemption certificate that they get, that eh… eh… that you can apply to Kenya Revenue Authority, but again it's a tedious process. Um... we have an example, for example [Name] trust fund, they have a tax exemption certificate. But it's… it's a certificate that expires in two years. It's a tedious process, so by the time you apply (laughs) the moment you get it, then again you'll re-apply again" [NPO03]

The above extracts show that government incentives to business to engage in social action is not working, simply because government institutions that are supposed to enforce are themselves weak and dysfunctional. Therefore, self-regulation comes in as an enforcement over and above government oversight and an incentive to corporations but also as a sign of commitment to social action. Corporations are powerful entities not just in the banking sector but generally. Therefore, to legislate for them requires their participation and total buy-in. This can be approached via institutional arrangement coalitions so that emergent legislation is seen as self-regulation.

Government legislations are intended to provide a conducive environment for corporations to engage in social innovation for sustainability and to safeguard the interests of the society. Therefore, if a corporation finds itself in bad books with the regulators it is deemed a violation of the social contract and they risk losing their 'license to operate'.

> "So we start going back to who is the [position] Manager of this customer what was the story and how did it happen? Some of them are unfortunate but yes we… we are aware that they… we try as much as possible so that we are not in their bad books, yes" [BK003]

Any conflict with the regulators is dealt with internally by following up with the manager concerned. However, in some cases the corporations can resist legislation and force a reversal if the legislation is not in their favour. For example, in Kenya, a law was enacted that forced banks to cap their interest rates at 4% above the Central Bank rate. This was faced with resistance from the banks until it was repealed (Vollgraaff, 2019). The banks found a way of boycotting this legislation:

> "When the capping came, most banks had money. They had very many deposits so what did they do with it? They placed them and they bought bonds, they did. So they switched their way of business and said we're not going to give loans we have other ways of making money. So what happened is that the loans became cheap but unavailable…So they said we have other means it doesn't have to be interest income. We can also benefit on non-interest income. And therefore push customers to transact with us more and we get more income from non-interest income" [BK003]

This example points to the power of the private sector when it comes to legislation. If legislation is used to force the private sector to serve the poor, the private sector will resist and win because they wield more power than the BoP population. They have enough reserve capital to keep them going until things get better, while the poor suffer because of the legislation. Therefore, a better approach is where the private sector players are incentivised to commit to self-regulation through membership to an oversight body. For example, an expert in the banking industry [EX003] explained how they come up with self-regulation:

> "we borrowed from every principle that is established , and came up with five principles as a banking industry, which are being deployed... which I'd mentioned earlier , they were ratified by the me… eh… [Name] member bank CEOs in twenty, is it twenty fifteen and then they were actually launched by the governor of the Central Bank of Kenya so they're being, we are building capacity of bank staff to have an understanding of those principles and also to understand how they can work towards creating value" [EX003]

Therefore, as much as legislation is important, self-regulation is likely to yield more outputs in terms of social value than mere government legislation. The coalition of players in the industry is a key factor in developing principles of service and monitoring their implementation among members.

5.9 Chapter summary

This chapter has presented the findings of the study, addressing the research questions by reflecting on how CST management is implemented among financial institutions in SSA. It presented the factors that influence the operationalisation of CST management particularly focusing on the process of social innovation that co-creates blended value for business and society. The seven major themes of CST management formulated from the findings are as follows:

- Values-based governance
- B2N partnerships
- Blended value

- Systemic change
- Product development process
- Institutional arrangements and
- Self-regulation

The analysis of the findings reveals that a corporation's ability to be sustainable is determined by its capacity to institutionalise a values-based governance system. This can be seen in an organisation's voluntary membership to an oversight body, B2N partnerships, CSR-driven innovation, rule based self-regulation, blended value creation and pervasive systemic change in the organisation and society.

The first finding shows that values-based organisations are focused on safeguarding the vulnerable. In safeguarding the vulnerable, participants stated that they are driven by ethical leadership handed down from the founders' vision. It was surprising that the focus for doing good was not on vision/mission statements, but rather on ethical leadership. Apparently, most organisations' mission statements are just on paper and never internalised. People will resonate more with what the leader says than what is recorded down in the vision/mission statements, which reinforces the aspect of political choices and backed by the social constructionism paradigm. Values is a political choice. It depends on the leadership. The more altruistic the leader is the more they are likely to institute values-based governance.

The second finding shows that B2N partnerships is an intervening factor between values-based governance and social innovation/product development. Due to their community presence, NPOs have an advantage in assessing community needs, understanding policy implications and identifying customised solutions for specific contexts. They can also pool resources and lower transaction costs for corporations. Still, they keep corporations accountable to society through informed engagement. Therefore, B2N partnerships are crucial in infusing values in the social innovation process. The prevailing B2N partnership in SSA is transactional collaboration, which arises from self-interest and desire for social good.

The third finding shows that blended value is a combination of social value and commercial value. Social value is an important component of social innovation because it legitimises the product in the mass market. For example, community banking is a product with blended value. It enhances financial literacy in the community at the same time generating revenue for the corporation. Ultimately there is improved outcomes of financial inclusion, poverty reduction and the development of a stable financial system, which is beneficial to the operations of financial institutions (Refera, Dhaliwal and Kaur, 2016).

The fourth finding on systemic change is about innovations that radically transform some of the fundamental systems on which we depend. For sustainability to happen systemic change has to take place. Systemic change requires both top-down programmes and bottom-up ventures to harness power and money and engage the enthusiasm and commitment of the society. For example, mobile phone infrastructure is an important pre-condition for organising bottom-up models of low-cost banking. However, there is need for finance tools like green bonds and social bonds to mobile resources to bring about systemic change. Therefore, systemic change recognises interdependencies and a thrust by a values governance system influences changes in those other systems.

The fifth finding on product development process reveals that CSR when understood as an agent of moral commitment can be used to strengthen the innovation capacity of the firm. CSR programmes can act as an insurance for the company to enable it to commit to higher innovation risks that target BoP markets and have a longer breakeven horizon.

The sixth finding on institutional arrangements shows that this is a voluntary membership arrangement that offers oversight on global values that ought to be observed by businesses in a BoP market in order to enhance accountability to society but also a form of 'incentive' to do good.

The seventh finding on self-regulation shows that although government legislation is necessary for advancing sustainable business, it can also kill budding businesses that enhance sustainability. On one hand, it is debatable whether corporations are able to assure safety of their products, if left to self-regulate. They are likely to hide unethical behaviour from the public eye. On the other hand, Graham and Woods (2006) argue that government's role should be to provide incentives for self-regulation. They posit that corporations are economic entities who will only undertake actions that are in their self-interest. Therefore, Self-regulation needs to encompass self-preservation but focus on collective interest to gain industry support and be effective.

In this chapter we have identified seven key themes that relate to the three CSTs. In the next chapter, we begin to cycle around emergent data, themes, concepts and dimensions and the relevant literature to see whether we are finding precedents or have discovered new concepts.

Chapter 6: Discussion: Towards an integrated corporate social innovation framework for corporations in SSA

6.1 Introduction

The purpose of this research was to explore, analyse and theorise with a sample of organisations how corporations could manage CSTs that impede sustainable business. It was hoped that a better understanding of how corporations manage CSTs could elaborate on the purpose of business and develop tools that could be used to create value for both society and business. Building on the analysis of the findings, the aim of this chapter is to offer an interpretation of the research findings infused with meaning in light of the previous scholarly literature and develop an ICSI framework for the management of CSTs as inferred from the findings. Relationships and revelations were drawn out from new concepts related to existing ideas and theories (Gioia, Corley and Hamilton, 2012). The study looked at how firms overcome CSTs in three spheres: spatial, temporal and contextual. Spatial dimension situates CSTs at two levels in space i.e hierarchically within the organisational structure - causing personal and organisational agendas tension. Temporal dimension locates CSTs at different points in time i.e efficiency versus resilience tension. Contextual dimension arises from keeping up with a wide variety of interest groups and other market players leading to isomorphism and institutional change tension. The following research questions, RQ1, RQ2 and RQ3 arise from the spatial, temporal and contextual dimensions respectively:

- RQ1: How does a values-based governance system support CST management?
- RQ2: How does the nature of B2N relationships influence management of CSTs?
- RQ3: How do the macro-environment conditions, influence financial institutions' management of CSTs?

In the previous chapter, we discussed the findings of the study and categorised the findings into seven major themes. In this chapter we start 'to distil emergent themes' into aggregate dimensions and constructing a data structure i.e thinking about the data theoretically (Gioia, Corley and Hamilton, 2012). This is informed by relevant a priori theories and brings rigour in the analysis as well as to see whether we have constructed any new concepts. This process led to the emergent of three key pillars of ICSI (Table 18) namely:

- Values-based governance
- B2N partnership and
- Institutional arrangements

We will, therefore, discuss how these three pillars could be understood to manage the three overarching CSTs that are the focus of this study. By so doing, we answer the overarching RQ: **'How can CSTs in financial institutions in SSA be effectively managed to create blended value for both business and society?'**. By suggesting that *Ubuntu* cultural values are a mediating logic for CST management, we generate a normative theory that states that: *cultural values are a mediating logic for the management of CSTs and could influence corporate sustainability by impacting the governance system, innovation process and institutional arrangements of a corporation*. The objective in developing this theory was to establish authentic norms based on *Ubuntu* principles between firm (as a personhood) and society and evaluate them as stipulated in the analytical framework. The result is a socially constructed behaviour and commitment of the firm for the management of CSTs. When CSTs are managed effectively, the firm is able to undertake social innovation and thus create blended value for both business and society.

Table 18: Data coding and thematic analysis

1st order concepts (Open coding)	2nd order themes (Axial coding)	Aggregate dimensions (Theoretical coding)
Employee participation Financial inclusion Founder's vision Giving back to society Internal conflicts Safeguarding the vulnerable Show that we care Vision/mission Voluntary activity	Values-based governance	**Values-based governance could influence a firm's responsibility to society**
Accountability Capacity building Community presence CSR as a delegated function Funding provision Green elements Long-term partnership partnerships Positive outlook Transaction costs Understanding culture	B2N partnerships	**B2N partnership could be responsible for social innovation at firm level**
Commercial value consumer retention Customer segmentation Diversity Mass market Outreach to mass market Social innovation	Blended value	

Social value Un-urbanised		
Business case Commercial launch Community needs Contribution of CSR Customer needs Environmental protection Foundation/CSR Ideas development Ideation Impact reporting Management information reporting Research Risk management Technology in financial services Top-down Viable idea	Product development process	
Community strengthening Ethical dilemma Inclusive value chain Mobilise other corporations Political support Safeguarding reputation Structural similarity Voluntary membership	Institutional arrangement	**Institutional arrangements could uphold firm legitimacy**
Community motivation Competitiveness Dependable customers Financial literacy	Systemic change	

Growth	
Problem solving models	
Skills training	
Sustainable business	
Government failure	Self-regulation
Legislation	
Ownership of social innovation	
Regulatory requirements	

PS: Refer to Appendix 6 for the definitions of the codes (Source: Author)

This chapter is arranged as follows:

- First, we discuss the key characteristics of a values-based governance system that is the bedrock of an ICSI framework. We show that cultural values are key in modelling business models in different cultures and by embracing cultural ethics, businesses could manage the personal versus organisational agenda tension. In the context of SSA the cultural norm that underpins the economic system is *Ubuntu* comparable to Confucianism in South East Asia.
- Second, we will discuss B2N partnerships as presented among financial institutions in SSA. B2N partnerships in SSA could be categorised as transactional, which is a nascent stage of B2N collaboration according to Austin and Seitanidi (2012a). Transactional collaboration is underpinned by values-based corporate governance. It was found that B2N partnerships is an approach that could manage efficiency versus resilience tension especially when buttressed by CSR programmes and social innovation.
- Lastly, we will look at institutional arrangements. This is a coalition of corporations with moral commitment to a moral issue and it helps develop self-regulation protocols. Such coalitions could manage isomorphism versus institutional change tension leading to radical innovation.

Overall, the management of CSTs is an important issue to scholarship and practice because it enables corporations to improve their absorptive capacity for external knowledge and increase their social innovations thus benefitting business and society.

6.2 Values-based governance as a foundation for social innovation

In this section we explicate how organisational cultures contribute to the debate on tension management in corporate sustainability. These organisational cultures centre around ethical leadership, solidarity, value co-creation and community empowerment. The analysis of the findings inform us about how local corporations in SSA base the management of tensions on organisational cultures influenced by individual values. The interpretation of the findings addresses the research question: **How does a values-based governance system support CST management?** We examine the way the research findings compare with the existing literature and a theory for the management of CSTs is developed.

Given the contextual specifications in SSA, tension management has a particular meaning in the SSA context. By acknowledging this peculiarity, this research reveals that CST management is culture sensitive and contributes to scholarly knowledge by underlining this cultural sensitivity in the management of tensions in financial institutions in SSA.

The first peculiarity is the clarity placed on the identity of tensions in corporations. By examining the literature, it was concluded that a tension is neither a trade-off, dilemma nor a dialectic. A tension is a duality (Smith and Lewis, 2011), meaning they are opposites that exist within a unified whole. These opposing elements can be addressed simultaneously. Even though they compete for resources in the short-term they are mutually reinforcing in the long-term. At individual level, tensions can spur confusion and reinforce inaction because contradiction often triggers denial and repression (Smith and Lewis, 2011), thus arousing attention on one choice. Overemphasis on one choice fuels groupthink, rigidity and overcommitment to performance without ethics, leading to a vicious spiral, which may drive a short-term success but be detrimental in the long-term.

However, acknowledging tensions as a duality triggers acceptance rather than defensiveness. Acceptance entails viewing tensions as an opportunity for creativity since actors cannot choose between competing tensions. Thus attending to these competing tensions at organisational level requires a mediating logic (Hahn *et al.*, 2015) or a frame that can host the paradoxical tensions (Smith and Lewis, 2011). Smith and Berg (1987) note that 'by immersing oneself in the opposing forces it becomes possible to discover the link between them'. Instead of being defensive, tension management in corporate sustainability requires ethical leadership, solidarity, mainstreaming value co-creation and community empowerment. First, ethical leadership allows for top-down and bottom-up decision making which makes tensions salient and allows recognition and acceptance of the underlying tensions. It enables actors to accept contradictions and seek differences between competing forces as well as potential synergies (Smith and Lewis, 2011). Second, cultural values predominantly shape relationships and influence social commitments. Tension management based on moral duty is a social commitment driven by solidarity as a paramount value of the social norms in SSA. Solidarity, which is inherent in the SSA society is an *Ubuntu* value and it motivates corporate sustainability. This confirms Lutz's (2009) assertion that cultural values of *Ubuntu* are key ingredients in the African management philosophy. These cultural norms have potential to make salient tensions thus generate a virtuous cycle. As Karsten and Illa, (2005) point out '*Ubuntu* provides a strong philosophy from the community concept of management'. The African management philosophy views a corporation as a community. The concept of *Ubuntu* emphasises the need to harness solidarity tendency of the African people in developing management practices. In effect, moving away from maximising owner value to striving for decent survival and profit making but not at the expense of exploiting others. In other words 'ensuring that no one falls too far behind anyone else' (Shonhiwa, 2006, p. 41). The concept of maximising owner value is partly responsible for the widening inequalities in SSA and increasing poverty (World-Bank-Group, 2018b). When tension between business goals and social goals is viewed as a duality, then the *Ubuntu* value of solidarity acts as a mediating factor in linking the two together as a step towards fighting poverty and inequalities.

Thirdly, the traditional approach to creating value is the niche approach of differentiation, which implies that products are custom made to suit different niche markets. OECD (2012) defines social innovation 'as innovation for low- and middle-income groups' and goes on to suggest that these innovations are cheaper versions of existing devices. This approach to innovation does not help manage tensions. Low quality products meant for low-income groups are detrimental to the environment and society alike. This approach only serves to extend the tensions between social and business goals. Instead, mainstreaming value co-creation as a governance strategy emphasises 'not watering down quality' for the low-income consumers. This ensures that social innovation is embedded in the core business of the corporation. The idea of mainstreaming value co-creation is a value based on *Ubuntu* principle U4:' An action is right just insofar as it positively relates to others and thereby realises oneself; an act is wrong to the extent that it does not perfect one's valuable nature as a social being' (Metz, 2007). Through co-creation of value with others, the corporation as a personhood realises value for itself. Similarly, organisational employees realise self by creating value for society. For example, it was observed that personal versus organisational agendas tension manifested when individual agency was curtailed by organisational bureaucracies. However, due to the transparency inherent in ethical leadership, this tension was acknowledged. According to the integrative view, accepting, embracing and acknowledging tensions is the first step to managing tensions (Hahn *et al.*, 2015). In order to manage this latent tension, the corporation ought to introduce structures and policies that enable individual members to participate in enacting organisational agendas and create a 'true aesthetic experience' that leads to delivery of social benefits and business performance. These structures and policies include top-down and bottom-up decision-making processes that enhance delivery of business performance and maximise social benefit. In such a case, staff are empowered to follow through with their innovations based on capacity rather than seniority. This provides the primary drivers of tension management with value-adding activities and the required social benefit. In return, the degree of legitimacy conferred on the firm helps to assure continued sustainability (Mason, 2009). Thus, mainstreaming value co-creation turns the business concept from 'high margins, low volume' to 'low margins, high volumes' concept through leveraging on production synergies.

Finally, a focus on community empowerment through necessity-driven products that promote community aspirations and improve their market participation, is another organisational culture element. For example, when a corporation introduces a product in a community, it could be accompanied with training on use and handling, last-mile distribution channels, credit offerings and other product awareness efforts. These are mechanisms that reduce dependency. In the case of financial institutions, initiatives like financial literacy, if maintained become 'a norm reciprocity' that creates network linkages, and skills and knowledge are made salient in the community leading to the sprouting of community support networks and long-term corporate sustainability.

The management of tensions is founded on ethical value choices. It is believed that if corporations manage tensions and pursue sustainability, this will result in a better world. However, free market individualism based on egoism and short-term corporate gains, stifles these efforts to support social causes. Though, collectivism, which perceives things from environmental cues, ensconces sustainable development, consistent with the integrative framework (Hahn *et al.*, 2015), egoistic tendencies bring harm to society, and it would seem morally right that they correct those harms caused to society. However, free-market proponents argue that it is not the corporation's responsibility to correct the harms caused to society but rather the governments' (Friedman, 1970). Therefore, in order to straighten the negative impacts of corporations on society, deontological theories place moral duties and obligations on the actors (corporations) in form of an imaginary contract with society that imposes moral responsibilities on the corporation beyond legal obligations. The key to this contract is respect for the value of other individuals. Just as any decent person would do whatever is within their power to exercise their duty to save lives, mitigate problems we are responsible for, provide basic rights to everyone to live a decent life and mitigate bad consequences of human action. The theory that supports this moral duty is social contract theory, which according to Donaldson and Dunfee, (2000) has two levels - the microsocial level, which yields authentic norms, and the macrosocial level, which yields hypernorms. In the case of corporations, the authentic norms are contracted commitments between the corporation and society in both the spatial and temporal perspectives. As such, a personal versus organisational agenda tension which occurs in the spatial dimension is resolved by establishing authentic norms.

For example, NPO respondents mentioned that they find approvals by corporations take too long thus delaying their implementation schedule. This is attributable to top-down hierarchical decision-making structures in the corporation. The NPO staff would prefer a flexible bottom-up structure that is based on enthusiasm and commitment to social issues. However, corporations prefer a top-down watertight structure that ensures efficiency. Therefore, both top-down and bottom-up structures are important to yield innovations that transform fundamental systems in society. As such, an authentic norm representing moral commitments to deliver on the formal agreements would be established between the corporation and the NPO (explicitly or implicitly), driven by cultural values of the employees, leading to doing the right thing, which goes beyond organisational policies and procedures, and reflects a values-based organisational culture.

Organisational cultures therefore shapes the internal conditions that drives the determination of the organisational agenda leading to motivation, job satisfaction, transparency, selflessness, prudence and common good (Kohll, 2018). These elements are normative in that they relate to the expected standards of organisational behaviour which may exist beyond the regulative requirements. They comprise the values and norms or ideals a corporation strives to achieve and are thus a prominent feature of the activities of sustainable businesses.

6.3 Social innovation at firm level

In the previous section we looked at corporate culture as a response to personal versus organisational agendas tension. In this section, we look at B2N partnerships and product development processes. B2N partnerships are looked at in view of the collaboration continuum. This research found that B2N partnership in SSA is transactional. Since transactional partnership combines self-interest with social good, it could manage efficiency versus resilience tension especially when buttressed by CSR programs and social innovation. In the second part of this section, we look at the role of CSR in supporting both B2N partnerships and social innovation. Corporations that effectively manage efficiency versus resilience tensions are likely to achieve corporate sustainability by investing in social innovation. Therefore, we answer the second research question: **How does the nature of Business to Non-profit (B2N) relationships influence management of CSTs?**

6.3.1 Justification for corporate response to social issues

Corporate sustainability is a branch of social justice. By appealing to human rights, we can argue that one group (the corporation) have an obligation to another group (the society). From an ethical point of view addressing global issues like poverty and inequality is a moral obligation. It is like rescuing a drowning child. Just as all of us agree that rescuing a drowning child is a moral obligation, so we do agree on poverty and inequalities. So why do we still have poverty and inequalities? Hardin (1968) explains that rational and self-interested agents of the corporation in the quest to maximise profits end up perpetuating poverty in the fear that attempts to rescue the poor will only lead to everybody becoming poorer. Steinhoff, (2013) argues that the fact that some corporations are causing poverty or benefitting from it, does not hold the rest responsible for those actions. Egoistic theory would argue that the corporation is not indebted to the poor and that the best they can do is to maximise profits and hope that there will be a trickle-down effect to the benefit of everyone. However, Singer (2016) argues that it is not right to let people suffer from hunger, disease, lack of shelter especially if you have power to prevent it from happening without sacrificing anything as important. Corporations exploit the poor in many forms such as cheap labour, poor housing, long working hours and so on. Yet, if they had made some rules that respect society's needs the benefits would have been universal. As such, their moral failure is responsible for the state of the poor.

Corporations as personhood or corporate citizens have the ability to alleviate poverty without sacrificing anything important, which amounts to a positive moral duty. In a sense the corporations are responsible for pushing the poor into poverty by way of poor wages and creating a subclass of the working poor (Tulder, 2008). In that case they cannot be bystanders in as far as poverty is concerned. Those who design, sustain and benefit from the economic global order are to blame for the harms on the world's poor and must be responsible for remedying those harms. One way of minimising these harms is by managing the tensions that perpetuate global inequalities. From a utilitarian point of view the corporation's profits might plummet in the short-term if a corporation is involved in social action, and given that social action or innovations, have a long breakeven point, the corporation might be forced to lay off some staff in the short-term due to plummeting returns and thus create a negative effect on a few people in society. But in the long-run there is likely to be a significant increase in returns because a healthy society is an anchor to business. Therefore, on average social action increases corporate performance. Ultimately corporate investment in social action is justified as it does not decrease the overall wellbeing of society. Thus, utilitarianism justifies a few people suffering to achieve greater good because the means justifies the end. However, according to social contractarianism, instead of the means justifying the end it is the rules that ought to change to achieve greater good. So that instead of having to lay off staff in the short-term in order to accommodate long-term gains, the rules could be changed so that the corporation looks for additional resources to cushion its short-term shortfalls (Kim, 2017). This is a justice approach that seeks not only the interests of the corporation but the interests of the society as well. Therefore, in social contractarianism, re-focusing attention towards social wellbeing re-invents poverty as an opportunity rather than a threat making social action a justice issue as well as a business opportunity.

Therefore, corporate sustainability is one way of looking at these complex nuanced challenges that really have to be addressed if we are going to move into a more just world and in fact survive as a world and a human race. Since they concern everybody, they are issues of justice, human rights, fair distribution and because they are issues of existence for humanity, they consist of the survival of the corporation, which is nested in the global system.

In the next section we look at efficiency and resilience tension which manifests in the temporal dimension and which is at the centre of social innovation as a mediating factor.

6.3.2 Role of B2N partnerships in social innovation

Efficiency versus resilience is the tension that epitomises the need for social justice. It manifests in conflicting organisational goals and societal expectations. Under same conditions, firms adopt similar solutions to increase efficiency and competitiveness, resulting in homogenisation and loss of diversity thus lowering resilience at systemic level. Whereas the market system emphasises efficiency for success and survival, sustainability suggests that efficiency needs to be complimented by resilience (Hahn *et al.*, 2015). The CST between efficiency and resilience, therefore, stems from a mismatch between the organisational agenda and societal expectations. In financial institutions, efficiency versus resilience CST can be explained based on the fact that at the systemic level society expects a diverse menu of products they can choose from, whereas at organisational level the focus is on products with high returns. Resilience can best be achieved if there is a diversity of financial services targeting the poor in society. An analysis of the integrated reports and financial statements obtained from various banks and their corporate foundations during data collection, showed that financial products targeting the BoP consumers are fairly diversified (Table 19).

Table 19: Examples of loan facilities available to BoP consumers

Loans/service	BK001	BK004	BK002	BK003
School fees	X			
Personal/salary advance	X	X	X	X
Agribusiness	X			
Mobile banking	X	X	X	X
Community banking				X
Agency banking	X	X	X	X

(Source: Author)

Diversity is an enabler of systemic level resilience. With diversity, consumers have a wide range of products to choose from. An example of diversity can be seen in agriculture. The decision to choose which crops to grow is made by farmers based on high agricultural yields. In the event that they all choose to grow a similar crop, this will result in a homogeneous portfolio of crops which lacks resilience (Hahn *et al.*, 2015). In case of a disease outbreak all the farmers' crops will be wiped out. Similarly, with a broad range of banking products, consumers can choose which loan product or service to go for. Diversity thus ensures the corporation is not dependent on one product and consumers have a range of products to choose from. B2N partnerships, based on a combination of self-interest and social good, which are characteristic of transactional collaboration, is a mediator of diversity. These transactional collaborations are characterised by programmed activities, clear objectives and shared responsibilities (Austin and Seitanidi, 2012b). Resources flow bilaterally and creating value for one partnership leads to value creation for the other (Googins and Rochlin, 2000). To the extent that more resources are generated for the NPO, there is potential that associational or blended value is generated for society (Austin and Seitanidi, 2012b). This is enhanced by intermediating variables like company's CSR work, which can affect the realisation of the associational value (Austin and Seitanidi, 2012b). For example, Coca-Cola collaborated with the Bill and Melinda Gates Foundation (BMGF) to deliver vaccines in remote places of the Congo using soft drinks crates in a ‘last mile’ project (EURACTIV, 2017). The partnership realised value for the company, the NPO and society. This can be explained by the resource dependency theory, which says that the resources one organisation needs are in the hands of another organisation forcing organisations to depend on each other and influence their organisational behaviour (Hillman, Withers and Collins, 2009).

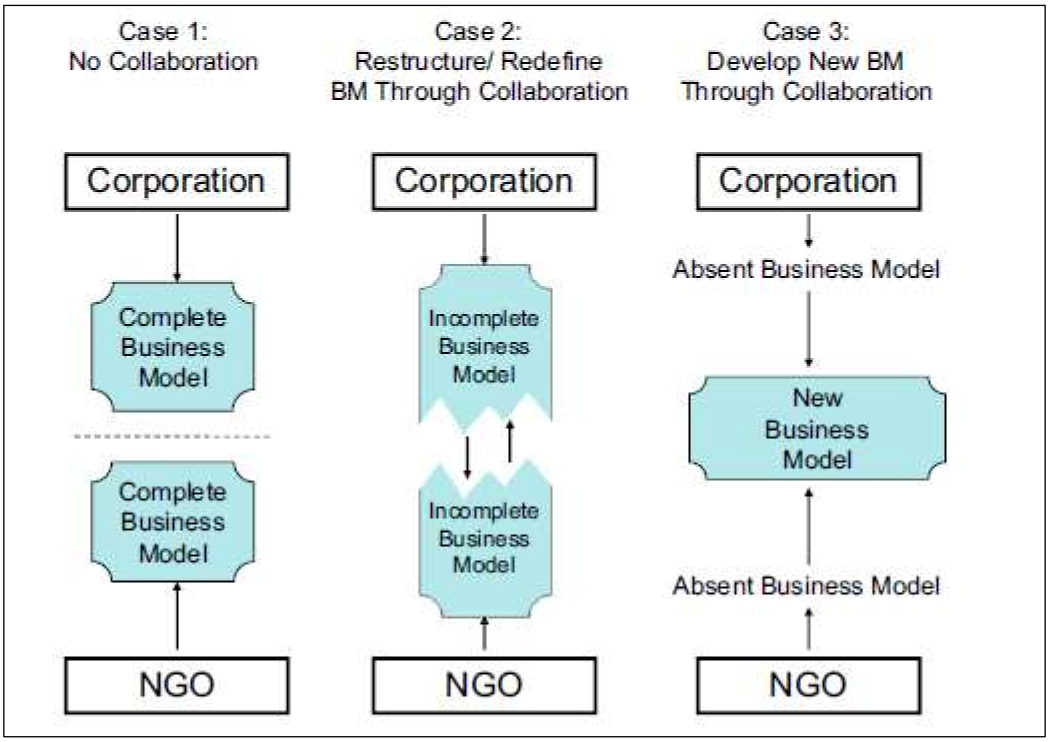
Transactional collaboration identified as prevalent from the findings, is partly responsible for managing efficiency versus resilience CST. The indicator of effective management of efficiency versus resilience CST is a diversified product portfolio. Indeed, other partnership models like integrative and transformational collaboration that are not based on sole value creation are also suitable for the management of efficiency versus resilience CST. However, in the case of SSA where economies are still growing, the B2N partnerships are deemed to be at a nascent stage. As the partnership grows towards transformational collaboration, the ability of the corporation to manage efficiency versus resilience CST increases.

Austin and Seitanidi (2012b), have grouped B2N partnerships into four stages on a continuum with the ultimate characteristics among others being high level of engagement, deep trust, conjoined value co-creation and frequent innovation outcomes (Fig. 14). On the contrary, Gray and Stites (2013) have given it a two dimensional outlook of shared responsibility and scope. As you move towards transformative partnerships, the scope expands into more players, more sectors, and bigger problem areas. Although Austin (2000) agrees that movement along the continuum tends to be incremental as partners get to know each other better, build trust and confidence, and experiment with increasingly broader and more complex collaborative activities, he also asserts that it is not necessary for every relationship to go through these stages sequentially. However, in both continua as partnerships grow, businesses are able to work more closely with low-income communities to develop resilience and generate value for all partners. Similarly, Dahan *et al.* (2010) have argued that when MNEs are seeking to enter a market in the developing countries, they face a range of challenges. In order to surmount those challenges, they may consider collaborating with NPOs through an evolutionary process of corporate- NPO partnership based on developing countries’ business models (Fig. 15). Therefore, management of efficiency versus resilience CST is based on B2N partnerships that take a while to grow and get strengthened.

NATURE OF RELATIONSHIP	Stage I Stage II Stage III Stage IV *Philanthropic>Transactional>Integrative>Transformational*
Level of Engagement	*Low←---→High*
Importance to Mission	*Peripheral ←---→Central*
Magnitude of Resources	*Small←---→Big*
Type of resources	*Money←---→Core Competencies*
Scope of Activities	*Narrow←---→Broad*
Interaction Level	*Infrequent←---→Intensive*
Trust	*Modest←---→Deep*
Internal change	*Minimal←---→Great*
Managerial Complexity	*Simple←---→Complex*
Strategic Value	*Minor←---→Major*
Co-creation of value	*Sole---→Conjoined*
Synergistic value	*Occasional←---→Predominant*
Innovation	*Seldom←---→Frequent*
External system change	*Rare←---→Common*

(Austin and Seitanidi 2012a, p.736)

Figure 14: The collaboration continuum



(Dahan *et al.*, 2010, p.329)

Figure 15: Corporate-NGO collaboration based on developing countries' business models

6.3.3 Theories of partnership

The main reason for forging partnership is a perceived threat for survival from an external force, common objectives or self-interest (Mcquaid, 2000). The external force could be government through legislation or pressure from society. It is also suggested by Ridley (1997) that human beings were built with capacity to be social, trustworthy and co-operative and do not need an external force to collaborate. Hence, institutions can draw from this natural instinct to encourage B2N partnership.

Although many B2N partnerships claim to share common objectives, which include improving the general welfare of society, in reality each partner benefits when resources, capabilities and assets are shared. The inherent differences between corporations and NPOs in mission, governance, strategy and structure may mean that businesses will usually carry an opportunistic self-interest as opposed to a common objective (Dahan *et al.*, 2010). This view is strongly held by NPOs. In a study by Cho and Kelly (2014) on the relationships between corporations and charitable organisations in the United States of America, it was found that charitable organisations do not appreciate corporate donor's efforts to build relationships believing that their sole intention is to increase profits. This could be a contributor to the transactional B2N partnership observed in this study. In a transactional collaboration, the goal of the corporation is to enhance revenues (Table 20). This arises from self-interest and the corporation will use social good to advance its goal of revenue enhancement. The same view is held by Gray and Stites (2013), who state that the second level of the continuum represents transactional sustainability partnership where "the primary motive for business is profitability and market share" (p.25).

Table 20: Differences between the four stages of collaboration

Philanthropic	**Transactional**	**Integrative**	**Transformational**
Unilateral resources flow	Focus is on incorporating shared resources to enhance competitive advantage	Generating societal value more important to partners	Beneficiaries take an active role in the transformation process
Volunteerism – no innovation	Incremental innovation	Radical innovation	Disruptive social innovations
Aimed at enhancing reputation	Arise from self-interest and social good	Priority to produce societal betterment	Systemic change

Sole creation of value	Reciprocal value creation	Co-creation of value	Multi-party, multi-sector collaboration
Corporation give funds, NPO delivers service	Revenue enhancement	Congruency in missions, values & strategies	Corporation acts as broker between government and society

(Adapted from: (Austin and Seitanidi, 2012a)

Others have argued that self-interest could also be a powerful incentive to encourage partnerships (Friedman, 1970). The corporation is driven by self-interest or egoism to maximise profits. Egoism claims there is no such a thing as self-interest because you are not alone. Whose self-interest? If you are acting in self-interest, over what period of time? For example, if you could punch someone – it is in your self-interest for a minute. But, later on, you are charged and jailed. Was that self-interest beneficial? Therefore, if you have to act in self-interest you will have to take in account your collective self-interest into the future. Ultimately, there is no difference between your self-interest and the interest of others around you. Which seems to agree with utilitarianism thinking that so long as actions produce positive consequences, then intentions are irrelevant. So that, if someone acts in self-interest but produces greater good for the greatest number of individuals that is what should count. However, if everyone acted in self-interest we would be back to the 'state of nature' described by Hobbes as solitary, poor, nasty, brutish and short (Boucher and Kelly, 1994). Therefore, rational people would reason that the key to saving ourselves is to cooperate even when it is not in our self-interest to do so. Ultimately, we set mutually agreeable terms of exchange through a social contract (implicit or explicit). Social contract makes life not just survivable but possible. A social contract comes with a heavy social cost. Both parties must drop their self-interests with the privileges it affords. However, contractarianism introduces constraints that makes it better off in the system than it would be outside. The drive for corporations to cooperate with society is not based on preferences but constraints. Once the corporation has committed to sustainability, it is constrained to produce social value. The constraints are compelling enough to propel the corporation to focus on long-term collective benefits rather than individualistic short-term goals. The constraints include knowledge exchange, lower transaction costs, third party benefits, group identity, legitimacy, and sustainable business.

In the absence of a contract, whoever is the most powerful player will always dominate. Indeed, such a state is unstable because when the weaker ones get together, they will scheme to overthrow the powerful one. That has been the situation in SSA where NPOs believed that their role is to put checks and balances on corporations. Nonetheless, rational people would reason that the key to saving themselves from antagonism is to cooperate. Hobbes believed that any time you have a group of rational individuals living together, morality would just emerge (Donaldson and Dunfee, 2000). Free, rational and self-interested people know that there are more benefits in cooperating than in not cooperating. If they do not cooperate, they see each other as adversaries with competing goals. But since they are rational beings, they can figure out a better way of dealing with each other. They set mutually agreeable terms of exchange through a contract. Henceforth, the right acts are those that do not violate the free, rational agreements that have been made. In contractarianism, people trade-in some privileges for the benefits that come out of cooperative living. For example, after 911 all the airports in the world began to impose 'draconian' safety checks on passengers and people accepted it because they traded a little of their freedom for the greater good of the public.

Conversely, people who are risk averse reason that the contribution they will make to some group activity will exceed the benefit they might receive. This could be true in the short run, because the challenge is looked at as a social dilemma. In a social dilemma, it is always in the best interest of an individual not to cooperate because they are looking at the advantages and disadvantages. Not cooperating has more advantages in the short run when considered as zero-sum problem. However, if this decision is repeated over and over again, it has been established that in the long-run, the total would be a maximum if everyone cooperated all the time (Axelrod, 1984). The technique for getting all parties to collaborate is to be transparent. In situations where each party knows the decisions the other party is taking, most of the time, people cooperate in these situations, so the collective effort does not fail. Therefore the thing that will make corporations to create social value is when they know that others are joining to create social value too (Felkins, 2001).

In the temporal dimension, corporations connecting with the external publics through NPOs collaboration, can know the contribution of society to social value. However, the challenge that corporations face is making decisions that might be best in the short-term, but often divert attention from those desirable in the long-term. The business case or instrumental logic approach transforms temporal tensions into competitive opportunities (Sasse-Werhahn, Bachmann and Habisch, 2020). This short-term trade off approach assumes that decisions can be made quickly. Thus, managers employing this approach seek immediate solutions without worrying about future repercussions. They capture the temporal dimensions of corporate sustainability in terms of financial metrics only, which results in a narrow set of potential solutions (Sasse-Werhahn, Bachmann and Habisch, 2020).

To the contrary, managers equipped with integrated lens, rely less on financial metrics applying more qualitative techniques that target multi-perspective set of innovation outcomes. This means firms have to accept longer breakeven point for their innovations as well as profit unpredictability contrary to efficiency expectations (Sasse-Werhahn, Bachmann and Habisch, 2020). Hahn *et al.* (2015) give an example of an agroforestry project in Brazil that pursued goals to increase both productivity and biodiversity. Although the project did not meet farmers' expectations, it continued due to an effective information exchange strategy on the importance of achieving both efficiency and resilience goals. As such, there was a mediating logic indicative of a synthesis strategy.

Synthesis strategy links benefits of higher efficiency to benefits of higher diversity (Hahn *et al.*, 2015), and creates internal institutions that coordinate decision-making in order to manage the tension between efficiency of a single firm and resilience at a systemic level. Results of this research show that NPOs plug into those internal institutions to mediate between individual firms and society to reduce tensions. Such institutions play an important role in increasing resilience in the society. NPOs represent public interest and do ensure that community aspirations are catered for in social innovation.

In cases where voluntary cooperation between corporations and NPOs is not possible, government enforcement might be employed. However, corporations are powerful, and they can cajole governments to amend the laws or simply not enforce them. The challenge is to make corporations acting as corporate citizens have social consciousness – collective self-awareness and experience of collectively shared social identity. Social consciousness denotes a conscious awareness of being part of an interrelated community of others (Campbell, Gulas and Gruca, 1999). Social consciousness may stimulate working together towards a common goal as seen in the example of GE working with NPOs in India for a common good (Box 3).

Box 3: Example of a corporation working together with NPOs towards a common goal

For example, GE Company have a medical ultrasound-scanning machine that is used in hospitals. Over time, it was observed that people in rural India were not accessing this machine. The natural response to enable rural people access the services of this ultrasound machine would have been through charity. The company had the option of facilitating the poor with transport allowance to enable them get to hospital and access the ultrasound machine. This approach would definitely not be sustainable. Therefore, working with NGOs and communities in India, GE were able to come up with an innovative solution. They developed an alternative portable ultrasound machine, which is being used by community health workers to carry out body scans in people's homes and then relay the results to a doctor who then prescribes medication. The poor stay in their homes where they are not inconvenienced and still receive the same medical care they would have received in hospital. Because of this innovation, jobs have been created for community health workers; the machine is ten times cheaper leading to high sales volume and reaching a wide population, and the machine uses batteries thus saving on energy. In aggregate, the success of the ultrasound-scanning machine was because of its inclusive design and attention to community aspirations brought about through partnerships.

(Source: Adapted from Mirvis, Googins and Kiser 2012)

Collaboration is important for a corporation as it enters into a community. Based on the social contract theory, when the corporation enters a community, it finds members of that community in contract one to another. They have established authentic norms that govern their interactions. They therefore expect that the corporation, as a corporate citizen, will comply with the society's set norms and expectations to produce social value. Partnership with NPOs aids the corporation to understand society's expectations thus enabling it to respond appropriately to those expectations.

Society therefore assumes that by setting business in a community, the corporation fully understands the existing societal norms (authentic norms). If this is not so, a CST ensues. If this CST is not addressed, there is potential that society's agitation for social value will escalate. For example, the latest Arab spring in Sudan was about the price of bread. Georgy and Amara (2019), writing in Reuters report that 'this was not exactly a second Arab Spring because the present protests were more about economic hardships than politics'. Society are concerned about their welfare and they see the government as protecting the corporation. Coleman (2005), sums it up this way '… that statement captures the diminishing role of the state in protecting citizens from corporations, it ignores the expanding role of the state in protecting corporations from citizens'. Corporations can become larger-than-life entities when they are subsumed in self-interest and society can see them as part of the problem to their misery.

When corporations focus only on efficiency, it could be referred to as rent seeking – where you create personal benefit with no value to society (Boldrin and Levine, 2004). In cases like that, the innovations from the corporation are exploitative. They target only existing customers, are complex and expensive, they crowd out low-income groups. Bower and Christensen (1995) refers to them as sustaining innovations. Corporations with such innovations follow the agency theory (Friedman, 1970) persuasion and tend to address social problems through charity, which Kanter (1999) refers to as 'spare change'. Operating in this way is not sustainable. The returns to society are lowest and a time comes when through improved transparencies, society could revolt against the corporation because they feel they are being exploited. It then becomes an efficiency versus resilience tension for the corporation in the long-term. Since they are driven by profits, it is rational to stick with sustaining innovations though not sustainable. For corporations to move to sustainable business they need to adopt social innovations that benefit both business and society.

6.3.4 CSR as an enabler of social innovation

CSR is important for innovation because CSR programs enable a firm to build broader and deeper relationships with stakeholders leading to the exchange and sharing of external knowledge (Luo and Du, 2015). Luo and Du (2015), in an empirical study found that firms with greater CSR activities display higher innovativeness. They concluded that CSR is an antecedent to innovation. CSR facilitates acquisition of external knowledge and triggers innovation. Other views suggest that CSR is not only an antecedent but also a contributor to the innovation process (Hielscher and Vannemann, 2013). According to Hielscher and Vannemann (2013), innovation is an interaction process where the firm needs to cooperate with other stakeholders in order to achieve corporate innovation. CSR can be harnessed to foster that process. Therefore, whereas Luo and Du (2015) view CSR as capital investment and a driver of innovation, Hielscher and Vannemann (2013) view CSR as playing the role of identifying and reducing business risk.

In order to enhance resilience, societal input is necessary throughout the entire innovation process. Treating CSR as an antecedent only limits CSR to the ideation stage of the innovation process. This cannot help manage efficiency versus resilience CST. In fact, it makes CSR become a means to an end. However, if CSR is seen as a contributor to innovation, it becomes a channel of knowledge exchange between the firm and its stakeholders throughout the innovation process. Indeed some firms embed CSR within the core business activities of the firm, whereas others allocate CSR programs to corporate foundations. It was claimed from the corporations' side that CSR does not play a role in the innovation process. Most corporations intimated that the process of engaging with the stakeholders and consumers during innovation is undertaken by their own staff. They insisted that they do not get feedback from the foundations during the innovation process. This implies a separation strategy similar to structural ambidexterity (Altuna *et al.*, 2015). The aim of the separation strategy is to address both efficiency and resilience at different levels of decision making independently.

It is also suggested by Hielscher and Vannemann (2013) that CSR is not embraced by corporations due to various obstacles. First, due to lack of knowledge, corporations believe that CSR is ever morphing and will be replaced by something new very soon; thus, it does not require much investment. Secondly that the costs of running CSR activities far outweigh the benefits and that there are no adequate metrics to measure and show the value of various aspects of CSR to the corporation. Thirdly, due to work pressures, people have divided attention and are rather back in their comfort zones of focusing on financial goals at the expense of social goals. Introducing CSR in a corporation essentially on commercial terms is not rational. Therefore, to incentivise corporations to embrace social goals, requires moral commitments.

According to Hielscher and Vannemann (2013), moral commitments are a factor of production in that they signal that the firm is reliable and interested in others. When a firm gets involved in CSR programs it is because of its moral commitments. In most SSA countries, there is no law that compels corporations to engage in CSR activities. However, once a corporation has made a moral self-commitment, it introduces constraints that bind it to create social value. In other words, CSR activities are moral activities that require moral commitment for a corporation to engage in.

For example Hielscher and Vannemann (2013) analysed a water project by Grundfos in Kenya. Grundfos, a leading world pump manufacturer, through a CSR initiative launched a project known as LIFELINK to provide water to poor rural communities in Kenya. Grundfos took advantage of a third party service, *M-pesa* provided by Safaricom, to adapt its business model to emerging and developing markets. Through the *M-pesa* cash-free payment via mobile phones, the community are able to pay for the water and Grundfos are able to provide clean water at an affordable rate in a sustainable manner. In a way, Grundfos and the community entered a social contract, which compels Grundfos to provide a valuable service to the community at an affordable rate. Due to the success of the project, the concept has been expanded to other developing countries and Grundfos is collecting revenue, whereas the communities have clean water and are free from waterborne diseases. Therefore, CSR activities can help corporations solve social problems at the same time meet commercial obligations.

6.4 Institutional arrangement as a coalition of firms

The previous section discussed efficiency versus resilience CST. We now turn to isomorphism versus institutional change CST. In discussing this tension, we answer the third research question: **How do the macro-environmental conditions, influence financial institutions' management of CSTs?** What isomorphism means to a corporation is that its survival is depended on adherence to institutionally defined rules and norms. Therefore organisations conform to institutional norms to gain legitimacy (DiMaggio and Powell, 1983). But conformity to institutional norms might stifle innovation especially SOI. Hence, corporations face the challenge of breaking away from institutional norms in order to take on fundamentally changed products and business models at the same time maintaining their legitimacy. This creates a tension. This CST manifests in form of demands for fundamentally changed products and business models versus well-established and institutionalised practices. Institutional isomorphism is where firms face pressures from industry players to comply with existing norms for legitimacy. This expectation stabilises structures but at the same time stagnates technological innovation. Firms face isomorphic pressures that motivate them to undertake various sustainability initiatives within certain cultural settings (Horak, Arya and Ismail, 2018). For example, the desire for legitimacy can drive sustainability initiatives for firms who seek to be perceived appropriately in society. Adherence to institutionalised rules to gain legitimacy may cause organisations to be isomorphic. However, firms that employ moderate levels of differentiation and similarity achieve optimal efficiency. Therefore, other than organisations obeying institutionalised taken-for-granted behaviours in order to gain legitimacy, they could also break out from this enclave and launch fundamentally changed products and business models. The challenge is how to manage a fundamentally changed business model and products while at the same time maintaining institutionalised practices that guarantee institutional approval and legitimacy.

Hahn *et al.* (2015) proposes three strategies for managing CSTs and are here now applied to isomorphism versus institutional change. First is acceptance strategy where the purpose is to safeguard loss of legitimacy. In this strategy, traditional products continue to be offered on the market whilst the company experiments with alternative innovations in the same market with a view to abandoning the one that meets disapproval. This approach is meant to help the firm maintain its legitimacy in the existing market while seeking approval for its new offering. This approach is not sustainable since it has potential of creating confusion and overburdening the firm with two parallel business models.

The second strategy is known as separation strategy. Separation strategy is where new products are designed for a totally different market while the traditional product continues to be sold on the traditional market. This approach does not offer a solution to managing the CSTs; rather it allows tensions to widen.

The third approach is the synthesis strategy. Synthesis strategy recommends that in order to manage institutional isomorphism versus institutional change CST, the corporation could engage in institutional change activities to help shape institutional expectations in favour of disruptive innovations and more sustainable business in the long-run (Hahn *et al.*, 2015). It targets to sustain the corporation's legitimacy and at the same time introduce a new disruptive product or service on the market. In order to achieve this, the new offering is supported with media advertisements and use of celebrities to push uptake. For example the B Corps companies have a certification process for their products and brand name and at the same time have established themselves as reputable organisations with legitimacy in society (Kim *et al.*, 2016). B Corps 'utilise a commercial business model – they sell their products in the commercial market and/or charge fees for their services to generate profits – that is driven by a social purpose and is underpinned by a sustainability-focused mind-set, philosophy or values' (Stubbs, 2017, p. 305). This points to two important issues that underpin isomorphism: commercial value and cultural values. Culture plays a significant role in moderating the extent to which isomorphic pressures may influence sustainability initiatives (Horak, Arya and Ismail, 2018). Horak, Arya and Ismail (2018), categorised institutional isomorphism into three categories: coercive isomorphism, mimetic isomorphism and normative isomorphism. They then concluded that normative isomorphism pressures, influence sustainability initiatives in individualistic societies i.e Western cultures, whereas coercive and mimetic isomorphism pressures generally influence sustainability initiatives in collectivist cultures i.e African and Asian cultures.

Since SSA is a collectivist society, the extant institutional isomorphism are coercive and mimetic isomorphism as suggested by Horak, Arya and Ismail (2018). Coercive isomorphism is a result of formal or informal pressures from the government, society or industry. Whereas mimetic isomorphism is imitation of leading firms in the industry. Horak, Arya and Ismail (2018), suggest that coercive isomorphism could encourage sustainability through lobbying since 'more government regulations may be fruitful in encouraging sustainability in collectivistic cultures' (p.15). However, it should also be noted that SSA countries have weak laws that are hardly enforced. The bureaucracies involved are so discouraging that one participant referred to it as 'hell on earth'. Again, the corporation is so powerful that adherence to government regulations is not guaranteed. An example is the Kenyan government regulation that required banks to cap their interest rates at 4% above the central bank rate. This was resisted by the banks until it was repealed (Vollgraaff, 2019). Therefore, coercive isomorphism alone may not bring about sustainability initiatives to SSA at the present time.

What seems plausible is mimetic isomorphism. Mimetic isomorphism is where other firms imitate lead companies in the industry (Horak, Arya and Ismail, 2018). This is descriptive of mimetic isomorphism. It is therefore incumbent on leading local institutions to coalesce around a voluntary regulatory institution similar to B Corps in order to exert isomorphic pressure on other corporations to undertake sustainability initiatives. This is a synthesis strategy because it enforces self-regulation whilst encouraging voluntary membership. It is a management strategy that does not uphold institutional isomorphism at the expense of institutional change. For example, B Corps seek to prove to customers as well as shareholders that they are committed to social and environmental causes and that they are genuine, authentic advocates of stakeholder benefits at the same time generating profits (Hiller, 2013). Indeed research has shown that the emergence of generic CSR efforts in an industry positively predicts the growth of B Corps in that industry (Kim *et al.*, 2016). In other words, as B Corps grow in an industry, they pull along other players in the industry by embracing more of social responsibility through CSR activities. Therefore, formation of coalitions that champion sustainability initiatives will most likely encourage corporate sustainability in an industry.

Firms belief that belonging to an alliance of partners such as B Corps 'can create a new economy with new sets of rules that redefine not only the way people perceive success but also the way firms can approach innovations' (Kim *et al.*, 2016, p. 7). Success in business has been defined as maximising profitability and increasing market share, despite the prevalent problems in society. A coalition of partners intent on sustainable business can challenge this view and set new standards, for example reduction of high-income inequalities between executives and average workers and layoffs during hard times. In a study by Jackson, Amaeshi and Yavuz (2008) in Kenya, it was found that in an African collectivist society an organisation is deemed successful 'because of taking care of staff, never having to retrench and having a focus on customers' (p.12). These are issues that cannot be implemented without moral commitment of the directors and officers of a corporation. And moral commitment is a function of a values-based governance of a firm.

Corporations view government regulation as simply for compliance. It cannot motivate a genuine response to social needs. This is supported by Graham and Woods (2006) who state that governments and regulatory bodies in developing countries lack capacity to enforce regulatory schemes. They add that market pressures (i.e self-regulation) can provide the right incentives for firms to implement codes of ethics and standards. Therefore, self-regulation seems to work better because it imposes market pressures on the corporations, which incentivises firms to implement codes of ethics and standards. Violations of environmental or human rights exposes the corporation not only to criminal charges but loss of corporate reputation. Given that SSA is a collectivist society, reputation is viewed in a collective sense. Loss of reputation for one corporation means it has let down the entire group hence loyalty to the group is paramount (Hofstede, 2020). Therefore, regulations set up by the group are more important than government regulations.

In the face of uncertainty, organisations may model themselves alongside other organisations (DiMaggio and Powell, 1983). Advantages of mimetic isomorphism is that when an organisation is looking for something with unclear solution, imitation may yield a viable solution with little effort. Leading organisations can model practices (including innovation) that others can borrow. When imitation is modelled on moral principles it eliminates competition and serves to enhance legitimacy and increase impact to a wider coverage in line with *Ubuntu* (U6), which encourages actions that produce harmony and reduces discord in society (Metz, 2007). Such actions bring about sustainable development in the community.

This new crop of ethical business faces a challenge in terms of competing with traditional amoral businesses. Thus, the need for re-imagining fundamental building blocks of a business model where local and democratic forms of organisation are incorporated in corporate governance. This requires belonging to a partner's alliance or a coalition, where member corporations can be able to undertake institutional change (i.e disruptive innovation) while at the same time feeling secure within a coalition of members. This is so because certain programmes or coalitions also establish codes of ethics, and conforming to a particular coalition's code of ethics is a prerequisite to using a particular label or mark of accreditation (Crane and Matten, 2016). These codes are enforced through incentives for compliance and punishment for non-compliance. Based on the social contract theory, rational organisations elect to submit to a higher co-coordinating body to ensure compliance. This may be seen as coercive isomorphism but in actual sense it is mimetic isomorphism because compliance is through voluntary membership. As organisations increasingly seek to impact more of social good, they are increasingly becoming homogeneous and organised around rituals of conformity to wider institutions (DiMaggio and Powell, 1983). These institutions impose standard procedures and legitimate rules and structures, which require strict adherence that works well with subsidiaries or in an oligopolistic market. Formation of such high-level coalitions to coordinate others may introduce hierarchy and be an obstacle to an egalitarian society.

However, follow through is more important than simply having codes of ethics. Therefore, senior managers must themselves be ethical to enforce coalitions and firm level codes of ethics. Ethical leadership will respect context specific ethical considerations. In this case, ethical leadership will be guided by *Ubuntu* principles. *Ubuntu* is an egalitarian philosophy that supports equal distribution of power and resources (Sarra and Berman, 2017). In addition, *Ubuntu* (U1) is about respecting human dignity. As a relativist, probably one would suggest that different ethical codes should be developed for different contexts. Although ethical standards are contextual but bounced on sustainability standards they become universal. And this is important so that corporations do not make societies regress due to adhering to non-progressive moral principles. Still, ethical codes should respect core human values, which determine an absolute moral threshold. Therefore, sustainability-oriented business coalitions based on context specific cultural ethics, represent a global outlook in terms of rethinking globally business contribution to individual and community financial security and well-being.

In conclusion, isomorphism has an inverse U-shaped relationship with innovation, which means that innovation is only positively related to isomorphism up to a certain level then it starts to decline (Zhang and Hu, 2017). Due to herd mentality and fear groups evolve to be unresponsive to changes in the environment. Therefore, if we apply instrumental logic, which emphasises isomorphism over institutional change, the result is organisational inertia and routines, and firms fail to see opportunities for radical innovation. As a result, managers tend to see institutional change (radical innovation) as a matter of cost and benefit, which based on instrumental logic are not cost effective. However, integrative logic manifests itself in simultaneous decision-making. Thus highlighting the pursuit of both isomorphism and institutional change as two elements that are assumed to be incompatible (Gao and Bansal, 2013). Integrative reasoning applies an ethic of care. According to the stakeholder theory 'those in poverty are not considered stakeholders and thus caring for them cannot be justified' (Gao and Bansal, 2013, p. 247). Conversely, the basis for the integrative approach is an ethic of care that intimately ties together the opposing poles of a tension and deepens their strategic integration in decision-making. Thus, where instrumental logic would have ignored the plight of the vulnerable leading to a decline in innovation, integrative logic intervenes with an ethic of care to restore innovation through institutional change and by expanding the market to include the BoP market. Application of compassion and care achieves integrative problem solving with an ethic of care. Managers in a caring organisation will empathise with consumers by active engagement rather than pure cost-benefit analysis. As such, belonging to a coalition or institutional arrangement creates corporate responsibility and compliance, which allows the firm to integrate isomorphism and institutional change and show care rather than being defensive by sticking to routine. Ultimately, institutional arrangement aids CST management by imposing collectivist values on the firm.

6.5 Integrated corporate social innovation framework

In the previous three sections (sections 6.2, 6.3, & 6.4), we looked at the three emerging themes from the findings and discussed the justification for a values-based governance, transactional B2N partnerships and mimetic isomorphism as the building blocks of an ICSI framework for the management of CSTs in SSA. In this section, we discuss the practicality of the ICSI framework and its application in managing tensions. CSTs are resolved through offering mediating logics at the three levels of conflict. After these links have been created, the company is more sustainable/competitive, i.e by producing sustainable goods and services that have both commercial and social value. In this study, the proposed tool for sustainable business is the Integrated Corporate Social Innovation (ICSI) framework. The framework was originally mooted by Kanter (1999) as corporate social innovation (CSI) and has been improved upon by various scholars. According to Mirvis and Googins (2017), CSI is "a strategy that combines a unique set of corporate assets (innovation capacities, marketing skills, managerial acumen, employee engagement, and scale) in collaboration with other sectors and firms to co-create breakthrough solutions to complex economic, social, and environmental issues that bear on the sustainability of both business and society" (p.2)

Building on the CSI definition, ICSI is seen as a dynamic framework that proposes simultaneous application of cultural values at various levels of CSTs to co-create solutions to issues that impede sustainability of both business and society. This is in recognition that CSTs are never eliminated only embraced (Hahn *et al.*, 2015) and by acknowledging them, managers can deal with them on a continuous basis. Whereas CSI emphasises combination of assets, ICSI proposes that values are deeper than assets. When management is based on values, the combination of assets will easily fall in place. ICSI can be introduced to any organisation at any time. Instead of it being an add-on activity, it becomes infused as part of the core business of the organisation.

The ICSI framework was developed for BoP markets specifically in SSA. The SSA context has two characteristics firstly, it is a collectivist culture and secondly it has weak intermediary institutions (Onsongo, 2019). Based on these factors, the ICSI framework emerged as a combination of principles meant to address the realities that corporations face in SSA. The first component of the ICSI framework is the values-based governance, which incorporates the *Ubuntu* principles (Lutz, 2009; Mabovula, 2011). The second component is B2N partnerships, which combines the collaborative continuum, CSR and the four stage-gate innovation process (Austin and Seitanidi, 2012a; Stefan and Till, 2013). The third component is the institutional arrangements component, which is premised on the business groups' principles (Khanna and Palepu, 2000). That is why the framework is an 'integrated' model in that it is a mix of various related concepts.

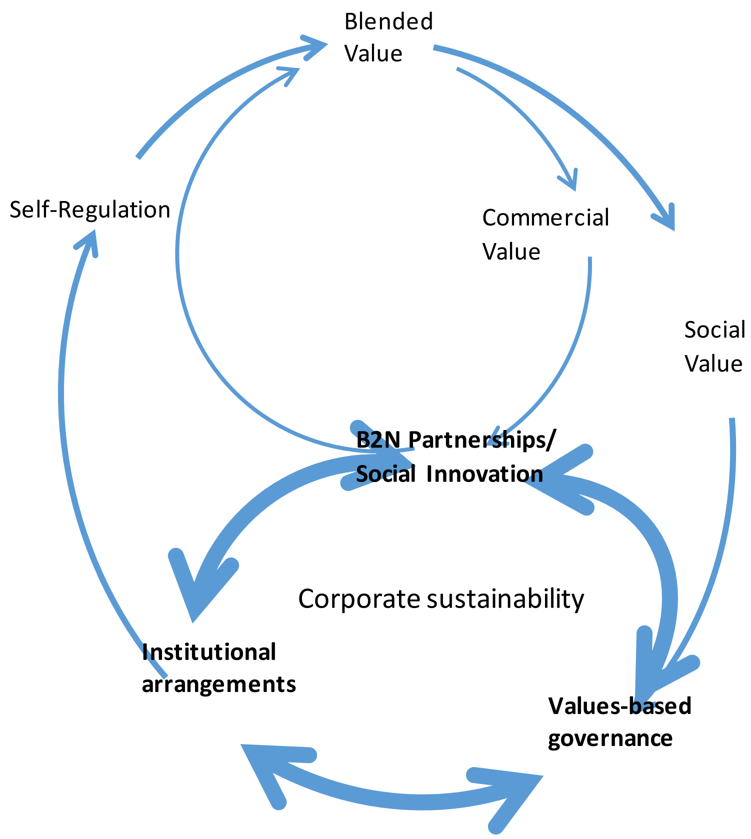
The ICSI framework facilitates an open innovation process that enables firms to shift their business philosophy to a values-based corporate sustainability systems thinking that encompasses new markets especially the base-of-pyramid markets and achieves systemic change in society. As such, corporate sustainability is seen as part of a large ecosystem of sustainability. Also by applying CSR as an contributor to corporate sustainability, CSR can be integrated in the corporations' core business as a business ethics strategy with moral commitments resulting in a CSR-driven innovation (Hielscher and Till 2013; Pies 2017). Table 21 shows the three distinctive components of ICSI framework: values-based governance, B2N partnerships and institutional arrangements. These components have been aligned with the analytical framework (refer to Chapter 2) to show how they were derived.

Table 21: Comparison of the ICSI model with the analytical framework

Integrated corporate social innovation	Analytical framework
Values-based governance It makes intentional changes to philosophy and values thus leading to a values-driven governance	• Respect for persons' dignity • Promote well-being of all
B2N Partnership Through business to non-profit collaboration, it co-creates solutions to complex economic, social and environmental challenges	• Other-regarding (collectivism) • Preservation of the vulnerable
Institutional arrangements It balances mimetic isomorphism with radical innovation to realise blended value or returns for both business and society	• Global acceptance • Produce harmony

(Source: Author)

ICSI framework can be illustrated graphically as shown below (Fig. 16):



Values-based governance

Ethical leadership

- Vision & mission
- Employee motivation

Solidarity with the vulnerable

Mainstreaming value co-creation

Community empowerment

B2N partnerships

Social innovation

- Product development process
- CSR contribution

Blended value

- Commercial
- Social value

Collaboration (transactional)

- Trust
- Pooling resources

Institutional arrangements

Reputation

- Mimetic isomorphism
- Self-regulation

Differentiation

- Disruptive innovation
- Systemic change

Figure 16: Integrated CSI framework for sustainable business

Source: Author

6.6.1 Values-based governance

The values-based governance strategy is motivated by *Ubuntu* and is meant to develop an emotional and passionate relationship between shareholders and managers on one hand and employees, suppliers, clients, society and nature on the other. It is both a top-down and bottom-up approach where top management is expected to provide an aesthetic experience where workers and clients are free to work as they choose, play and express themselves as they want to be recognised (Jones, 2016). In addition, management should create a context where confrontation of divergent ideas is tolerated and personal agenda integrated into the strategy making process.

This component of the ICSI framework reflects how senior management (this includes top managers and directors) can address both their interests and those of their employees and by extension societal issues through a sort of contract based on values. Ethical leadership enables the integration of an inclusive stakeholder perspective in the strategic business planning. This component is culture specific and may vary with geographic location or industry. For example, in SSA, *Ubuntu* is the predominant cultural system hence *Ubuntu* values underpins any values governance system. It may also change over time with changing cultures and advancements in technology. Corporate governance is related to organisational behaviour. It is important in crafting a firm's vision, building leadership and culture, connecting to stakeholders and creating a decision-making structure. Ultimately, ideal behaviour depends on the decisions and actions of a firm's management (Jansson *et al.*, 2015).

Values-based governance depicts how ethical leadership influences decisions that promote mainstreaming of value co-creation (Brown, Treviño and Harrison, 2005; Pies, Beckmann and Hielscher, 2010), solidarity and community empowerment (Prahalad, 2012). However, the global nature of the finance industry means that political, legal, economic and cultural dimensions in the operating environment further influence these factors. In the case of SSA the legal and economic dimensions are weak, leading to institutional voids. As such, a values-based governance has to be interconnected with an institutional arrangement to bridge the institutional voids in the macro-environment.

Business decision makers focus exclusively at measuring business using agency and transactional cost theories (Eisenhardt, 1989). This overlooks the fact that individual self-interest is intractably linked to societal interests. Which means that decision makers must understand that the resources they invest in their businesses can bring both business return and social benefits (Porter and Kramer, 2011; O'Riordan and Fairbrass, 2014). For a business to develop ethically it must first of all secure its survival through economic performance and competitive advantage. Therefore, any framework proposed should offer these two factors of business sustainability. On the other hand, to be economically viable and competitive without being ethical is not sustainable. The challenge now is how to use CSR to provide innovation opportunity, which leverages on ethical practice to become part of business or self-interest of the firm. Hence, the need for a linkage between values governance and B2N partnership. One of the outputs of a values-based governance system is pro-poor innovations. Yet the corporation on its own lacks the capabilities and resources to innovate for the poor. This necessitates a partnership with NPOs to leverage each other's resources.

6.6.2 B2N partnership

Collaboration between business and NPOs is viewed by both scholars and managers as an important vehicle to co-create social and business value (Austin and Seitanidi, 2012b), which leads to fair distribution or social justice. Collaboration leads to resource complementarity i.e obtaining access to resources different from those you possess. Similarly, B2N partnerships facilitate knowledge exchange, which is important in building innovation capacities. Since B2N partnership is a vehicle for corporate sustainability, it can cushion the firm in the short-term during the launch of social innovations given that they have a long break-even point. The firm can also use B2N partnerships to launch cause-related marketing campaigns.

B2N partnerships are essential for social innovation. It is through B2N partnerships that a firm increases its absorptive capacity through explicit and tacit knowledge sharing in order for radical innovation to take place. According to Austin and Seitanidi (2012a), B2N partnership happens along a continuum between philanthropic and transformational collaboration. They argue that transformational collaboration is the ultimate form of partnership and that partnership can fall anywhere along this continuum and oscillate on the continuum depending on the relationship between the parties involved. The relationship does not pass from one stage to another, rather there is movement in either direction as the relationship evolves. The prevailing partnership type is dependent on the managers or decision makers' actions or inaction. Austin and Seitanidi (2012a) have not given an account of how this continuum might behave in different macro-environments. For example, would B2N partnerships evolve in a similar manner in a developed economy as in developing economies; and would a partnership in a collectivist society be different from a partnership in an individualistic society? Moreover, what would be the influence of time on the growth of the relationship? Gray and Stites (2013) have argued that the partnership is dependent on time. They maintain that any partnership will always start at a point of suspicion and grow with time, as the parties open up to each other, to a transformational relationship.

Dahan *et al.* (2010), on the other hand have looked at B2N relationships in developing countries and proposed three archetypes. Case one, the corporation and the NPO have each a complete model that they can carry out independently but choose to partner. In case two, both parties have pre-existing models that are incomplete (in terms of resources and capabilities) and need each other for complementarity to implement their agendas. In case three, there is no prior business model on either side. The parties contribute resources and develop a joint business model to implement their common agenda with understanding that each side will benefit leading to financial gain for the firm and social value for the NPO. A B2N partnership in SSA can take any of the three forms.

Although, literature has discussed B2N partnership variable as dependent on time, market growth and decision-makers discretion, they have not shown how it brings about social innovation. This still presents a formidable challenge to corporations entering and operating in the SSA context. First, we cannot simply import existing business models from elsewhere and expect them to work in the SSA context (Khanna and Palepu, 2000). Business models for SSA shall need to be redesigned as delivery systems that involve developing supply chains that offer prices much lower than developed countries and meet the aspirations of the consumers. Secondly, B2N partnerships need not involve just two partners, it could involve multiple parties for example civil society organisations (CSOs), government agencies, local suppliers, community-based organisations (CBOs) etc. Multi-variant partnership serves to strengthen the partnership by bringing on board resources, capabilities and other assets that the other parties cannot attain alone. However, the inherent difficulties in mission, governance, strategy and structure between corporations and NPOs mean that business models between them cannot represent deep and transformational change at the corporate level (Dahan *et al.*, 2010). Hence, Dahan *et al.* (2010) proposes project based partnership leading to long-term collaboration that may result in strategic changes in both firm and NPO. However, project-based partnership amounts to structural ambidexterity and does not resolve CSTs.

ICSI framework follows the view that B2N partnership does not just affect social, economic and political systems but it changes the organisations people in profound, structural and irreversible ways (Austin and Seitanidi, 2012b). Therefore, B2N partnership is not meant to address external systems only but internal organisational tensions too. As such, B2N partnership that is founded on a values system will transform the mission, governance and strategy of the corporation to be more interactive. B2N partnership enables corporations to access external knowledge held by NPOs since firms cannot generate such knowledge. NPOs have a deeper understanding of social problems, which companies do not have.

Overall, a social innovation business model cannot be complete if it does not address constraints of the local context, yet both firm nor NPO posses' capability and resources to achieve this. Firms will possess innovation capacity, brand name etc, whereas NPOs bring competencies such as market knowledge, needs identification capacity, trust of consumers, legitimacy and distribution systems. Whereas other social innovation models combine these strengths outside the firm, ICSI framework explicitly explains how these strengths can be merged at firm level by effectively mainstreaming CSR into core business processes.

Corporate sustainability requires corporations to be innovative and responsible. B2N partnership component of the ICSI framework enables firms to mainstream CSR in their innovation processes in order to achieve both innovation and responsibility to society. Firms enter a contract with NPOs to enhance their CSR programs. As such, NPOs enable firms to address local context constraints by bringing on board capabilities like needs identification, community mobilisation, conduct test marketing in new markets, and diversified distribution channels. Thus, firm-NPO partnership when facilitated by CSR results in social innovation. Ultimately, the B2N partnership functions as a bi-directional model in which the innovation realised by the firm is a function of CSR and CSR practices are a function of innovation. Therefore, CSR drives innovation as much as innovation drives CSR in a continuous virtuous cycle, which is the essence of social innovation or blended value. In the end, social innovation is about doing the right things in the right way, hence linking B2N partnership with values-based governance at the same time connecting with institutional arrangements, which is based on preserving corporate reputation in society.

6.6.3 Institutional arrangements as a component of ICSI

BoP markets are characterised by weak intermediary institutions, which makes it costly for firms in developing countries to acquire necessary production inputs (Onsongo, 2019). These market imperfections also make it costly to establish quality brand image. Therefore, it is advantageous for an enterprise to be part of a larger diversified business group (not as a franchise but an affiliate) that can act as an intermediary between the enterprise and the imperfect market. Established business groups can use their track record and reputation to gain credibility among suppliers and customers. Further, a business group could be allowed to undertake internal functions that are undertaken by intermediaries. For example, a banking association can facilitate inter-bank transfers, a role typically played by a government institution in developed countries (Onsongo, 2019) but which is weak or nonexistent in SSA. Firms affiliated to a business group can benefit from this internal institutional functions to mitigate institutional voids and external market failures.

Institutional voids in developing nations make it costly for individual firms to deal with product, labour and capital markets because of lack of information exchange, inability to enforce property rights, flawed regulatory laws, and contract enforcing mechanisms (Onsongo, 2019). These voids result in an increase in transaction costs. While on the one hand this might be an impediment to entrepreneurship, it could also be an opportunity for social innovation. Therefore, for entrepreneurs engaging in social innovation these institutional voids are a reason for building legitimacy for innovation. Bridging those institutional voids is key in deploying social innovations in BoP markets.

The institutional arrangements component of the ICSI framework acts as a unifying pillar for both values-based governance and B2N partnerships. It binds industries, companies, and economic systems into communities. Whereas values-based governance and B2N partnerships are based on micro-level contracts, institutional arrangements provides a macro-level focus that checks the other components. Other contracts at corporate level must conform to these institutional arrangements that lays down moral boundaries for any social contracting (Donaldson and Dunfee, 2000). Institutional arrangements also provide a platform where individual contractors can seek justice or the option to join or exit these social contract economic communities. Institutional arrangements ensures that contracts entered by firms and/or NPOs do not flaunt fundamental principles of fairness.

Institutional arrangements is a coalition of like-minded organisations with a purpose of bridging the institutional voids prevalent in SSA that impede corporate sustainability. These coalitions could be organised around an industry, sector or around a common social theme. For example, banks in most SSA countries have banking associations, which champion their interests but provide ethical and moral oversight. Similar to B Corps, which is a coalition of like-minded institutions that gives certification to firms committed to social and environmental sustainability. The concept of institutional arrangements likewise is modelled along the B Corps concept where like-minded institutions form a coalition committed to corporate sustainability with powers of certification. Third party certification is important in SSA because it gives the member agencies legitimacy, preserves the reputation of member firms and it challenges member organisations to high standards of delivery.

For example, global and regional institutions have been set up as accountability bodies to ensure sustainable practices. These include the World Business Council for Sustainable Development (WBCSD), the Global Reporting Initiative (GRI), the United Nations Global Compact Initiative (UNGCI), international environmental and social standards for business, e.g. the ISO 14000 and 26000 series; and various sustainable business think-tanks, strategy and consultancy groups, and B corp. As much as these are voluntary membership bodies, they establish norms that are hard to violate and remain legitimate.

The practical functions of a third party institutional arrangement would be as follows::

- Form a voluntary association of like-minded organisations based on industry, objectives or geographical region.
- Offer third party certification to member organisations.
- Monitor delivery of socially responsive goods and services.
- Evaluate social impact of member organisations.

6.7 Chapter Summary

This chapter has presented a discussion of the interpretation of the key findings. The analysis highlighted the interconnectedness of values-based governance, B2N partnerships/social innovation and institutional arrangements. These three pillars form the foundation of an integrated corporate social innovation framework. Values-based governance has a significant bearing on B2N partnerships and institutional arrangements components of the framework, which shape the innovation process of a firm.

First, values-based governance consists of four interrelated and interdependent dimensions i.e ethical leadership, solidarity, mainstreaming value co-creation and community empowerment. These four dimensions are supported in the current literature. Indeed, a balance between the four is needed in order to achieve corporate sustainability. But this balance has been elusive leading to undesirable outcomes. For example scholars using instrumental logic have mostly studied the impact of social value on the firm's financial success (Van der Byl and Slawinski, 2015). Which implies that firms' financial success is a prerequisite for social action. However, ICSI is a model that proposes that rather than make financial gain from people and then give it back in a paternalistic way, businesses should seek to develop products and services that create blended value for both business and society. This study finds that anchoring the four dimensions of values-based governance that are derived from *Ubuntu* principles, is the tie that binds opposing paradoxical CSTs to achieve blended value.

Second, B2N partnership is an intervening factor between values-based governance and social innovation. Whereas the findings showed no relationship between CSR departments and product development unit, it was found that CSR provides an ideal entry for NPOs' influence on social innovation. NPOs bring the much-needed expertise in community mobilisation and engagement leading to meaningful feedback to the product development unit. Therefore, the B2N pillar is an integration of partnerships with NPOs, which is an extension of CSR activities, and product innovation process based on the four stage-gate innovation model. The four stage-gate model was found to be universal among most corporations. However, it lacks a feedback loop. Therefore, linking the innovation process to the CSR programs and NPO partnership brings in the much needed feedback from consumers. The CSR programs provide the resources and the NPOs reach out to the consumers to get 'immersed in the consumer lifestyle' in order to find the actual consumer aspirations necessary for social innovation (Prahalad, 2012).

Third, we looked at isomorphism and institutional change. These phenomena have a precedent in the literature. Studies on isomorphism claim that isomorphism is an antecedent to sustainability and corporations should uphold its application (Horak, Arya and Ismail, 2018). However, from this research it was found that isomorphism alone is not sufficient for sustainability because it stifles radical innovation. In order to inspire corporations towards radical innovation, which targets BoP markets, there should be another arrangement that encourages both isomorphism and institutional change. This institutional arrangement is feasible in a collectivist society and has several benefits because it offers 'protection', legitimacy and certification to the member institutions. Hence, they can still branch off to radical innovation and still maintain their legitimacy in the industry and society.

Therefore, the ICSI framework developed in this research can be viewed as the missing link that connects CSTs in all three sustainability spheres leading to corporate sustainability. Moreover, corporations with strong values-based governance systems underpinned by *Ubuntu* philosophy are likely to demonstrate sustainability initiatives. In this respect, this analysis confirms that economic systems are influenced by cultural values of a given region. It is therefore imperative that corporations understand the underlying cultural values of a place they operate and embrace them. Values governed institutions are likely to create value for society and business.

Chapter 7: Conclusions and recommendations

7.1 Introduction

The aim of this chapter is to discuss the conclusions of this research, which has explored the existing knowledge gap in addressing the failure of corporations to resolve multiple CSTs with attendant impact on the rising poverty and inequalities in SSA. This research focused specifically on the role of cultural ecosystems in enabling corporations to manage CSTs. Using an analytical framework derived from social contract theory and *Ubuntu* philosophy, the research concludes by theorising that cultural values act as a mediating logic for CST management and influence corporate sustainability by impacting the governance system, innovation process and institutional arrangements of a corporation. This theory is the basis for the ICSI framework for the assessment of multiple CSTs management leading to corporate sustainability.

This research highlights a gap in the literature concerning the essential elements involved in managing CSTs particularly from a practitioner's perspective, and in relation to an under-researched scholarly area of CSTs. The research offers a framework, which is designed as a practical tool to help managers and third parties in SSA assess corporate sustainability at firm level. The empirical data and the findings have confirmed the need to manage CSTs in order to improve business credibility in society. More importantly given the current economic turmoil as a result of the Coronavirus disease (COVID-19)[5] pandemic, this work provides a timely contribution to the debate on finding a balance between business and societal concerns (Margolis and Walsh, 2003), which if attained would have lessened the uneven impact of COVID-19 on vulnerable populations. The framework offers a normative approach to resolving age-old CSTs issues. Taking the firm as a moral agent, the three pillars of the ICSI framework were subjected to a test to determine that they are the right decisions that firms could take. The test was based on the three ethical tests proposed by Hooker (2014) that a logical and rational decision must satisfy, as below:

1. Generalisability test – if a reason justifies an action for me, it should justify for everyone else for whom the reason applies.
2. Utilitarian test – an action when done should add a positive marginal utility to the firm.

[5] COVID-19 is an acronym for a corona virus disease that erupted in china in 2019 and became a global pandemic [https://www.who.int/emergencies/diseases/novel-coronavirus-2019/coronavirus-disease-answers?query=What+is+COVID19%3F]

3. Virtue ethics test – the action should be consistent with the purpose (what you are uniquely qualified to do) of the firm.

The three ethical tests shall be discussed for each research question in the section below. This could help improve financial services reputation in society by integrating social concerns in business strategy.

This chapter is arranged as follows:

- It begins with a review of the research aim and objectives.
- The major findings of the study are then discussed in relation to the research aims and questions in order to fill the knowledge gap identified in the literature.
- Contributions and implications of the research on corporate sustainability in SSA and implications to scholarship are also examined.
- The chapter concludes with limitations of the study and suggestions for future research.

7.2 Revisiting the aims, objectives and research questions of the study

The overall research aim of this study was as follows:

To explore, analyse and theorise an evaluation framework for the management of CSTs in financial institutions in SSA.

In order to address this overall aim, three objectives and three research questions were formulated. The following sections present key findings addressing each objective and drawing conclusions from the findings guided by the six principles of the analytical framework from chapter three and the ethics test.

7.2.1 Objective one

Objective: To investigate the factors that motivate the emergence of social innovations as a way of resolving CSTs in financial institutions in SSA.

The associated research question one was:

RQ1: How does a values-based governance system support CST management?

This question was intended to fill a gap in the literature following a review that showed that CSTs are paradoxical in nature and can best be managed through a synthesis strategy. Previous studies have not sufficiently dealt with CSTs as a paradox, only treating them as a dilemma. Consequently, researchers have used instrumental logic to solve the dilemma. However, this research using an integrative approach *found that values-based governance can influence a firm's responsibility to society and is the bedrock of sustainable business in SSA.* This finding describes a governance system for the management of CSTs at firm level as stated in research question one. It has four dimensions: ethical leadership, mainstreaming value co-creation, solidarity and community empowerment. These characteristics firstly enhance accountability between employees and the leadership through open communication, hence creating willingness among employees to exchange both internal and external knowledge, which is a factor of a company's absorptive capacity that is a basis for improved social innovation performance. Further, values-based governance enables employees to make a contribution to society through their organisation. As shown in the literature review (Chapter 2), CST is a barrier to employees' contribution to society. However, if employees perceive their leaders to be ethical, which is a dimension of values-based governance, there could be a higher level of dedication and greater work satisfaction, hence increased performance. Indeed, employee perception is important. Perception is seen in the minute-to-minute interaction of employees with their superiors, at the same time, attitudes and values of managers determine organisational behaviour (Jansson *et al.*, 2015). More so, in a collectivist society like SSA, the perception that the leader is mindful of others is a motivator of work performance, which ultimately leads to social innovation. We can therefore conclude that ethical leadership has a positive impact on social innovation and social innovation is a result of effective management of CSTs.

Secondly, values-based governance aims at meeting the aspirations of the BoP consumers through innovations that satisfy societal needs. Whilst this may be looked at as paternalism, values-based governance is informed by a social contract where consenting parties agree on terms via a B2N partnership approach based on *Ubuntu* (U1), which upholds the dignity of the other person contrary to paternalism.

Thirdly, by corporations integrating social responsibility in the core business, there are shared perceptions and interdependencies that result in value co-creation between society and the corporation. What this means is that a values-based governance system facilitates the social agenda to be mainstreamed in the business agenda leading to the co-creation of value through social innovation. In a competitive market system, corporations are constantly focused on the short-term profit maximisation. Therefore, to shift their attention and embrace value co-creation, which involves integrating social and financial goals, requires a values-based governance to make such decisions.

Fourthly, a values-based governance system entrenches firmly the responsibility of 'do no harm' to the corporation. Based on the social contract theory, society cedes authority or gives a 'license-to-operate' (through a negotiated agreement) to the corporation and expects that all the company's outputs will be in the best interest of the society. Therefore, the expectation of society is that the corporation will innovate products and services that meet the common good of society and business.

Subjecting all these evidence to the ethics test, we find that if all firms were responsible to society, this would result in social innovation, fulfilment of the aspirations of the BoP consumers, co-creation of value and enhanced benefit for the common good effectively meeting the generalisability test. Secondly, the marginal utility of being responsible to society will be higher because the valuation of the marginal utility would include both commercial and social value. The combined value of both social and commercial value is greater than commercial value alone. Thirdly, in a collectivist society, the purpose of the firm is to create common good and that is what a responsible firm achieves. Therefore, values-based governance satisfies the ethical test and is a right ethical decision for the firm.

7.2.2 Objective two

Objective: To examine CSR practices and activities in financial institutions and the role-played by CSR and B2N partnerships in influencing social innovation at firm level

RQ2: How does the nature of B2N relationships influence management of CSTs?

Building on from mainstreaming value co-creation in research question one, the purpose of research question two was to examine how B2N partnerships influences the management of CSTs with a view to co-creating blended value. Partnerships open up communication, which allows for negotiation and consent as well as a holistic view of the long-term goal, which is a principle of sustainability. For two parties to collaborate the fundamental justification for the partnership is value co-creation. B2N partnership is therefore a mediator of value co-creation for both society and business. Therefore, we can conclude that *transactional B2N partnership is responsible for social innovation at firm level in SSA*. These partnerships help academics and practitioners to analyse systematically the internal and external value co-creation mechanisms. The value co-creation mechanisms are based on the nature of the B2N partnership as described by the practitioners and based on where it is placed on the collaboration continuum (Austin and Seitanidi, 2012a).

The transactional B2N partnership is important because it determines how CSR can be utilised as an agent of social innovation. The B2N partnership is a collaboration between the social responsibility arm of the business and the NPOs. This then facilitates knowledge exchange that is crucial for social innovation. For that matter, to convert the innovation capacity of a capitalist firm into social innovation, it requires the integration of CSR in the innovation process. In this study, it was found that financial institutions rely on a four stage-gate innovation process. The findings remarkably showed that there is no interface between the product innovation unit and the CSR unit. Although some CSR workers claimed that they give feedback to the product development unit, this could not be corroborated. Therefore, financial institutions in SSA are weak in social innovation due to a lack of assimilation of CSR in the innovation process leading to transactional collaboration. The ICSI framework provides a pathway as to how CSR understood as a strategy of moral commitment can be integrated to restore social innovation in financial institutions in SSA. CSR is important in the innovation process because it could help reduce opportunism (which occurs when a transaction is shrouded in uncertainty) and improve knowledge transfer through enhanced transparency and mutual indebtedness between a corporation and the NPO and other community partners. It is therefore desirable that B2N partnership evolves from transactional through integrative to transformational collaboration.

Subjecting this evidence to the ethical test, we conclude that B2N partnership is generalisable. If all firms engaged in social innovation mediated by B2N partnerships, then they would be able to increase the volume of their sales and BoP populations would find goods and services that are affordable and meet their aspirations. Secondly, social innovation has a positive marginal utility to the firm in the long-run. Although social innovations have a long breakeven point but due to high volumes of sales, they are profitable in the long-run and sustainable. Lastly, the purpose of a firm in the SSA culture is to produce goods and services that are genuinely good for consumers not just what they can sell. Therefore, B2N partnership achieves this by facilitating a feedback mechanism between firm and society through NPOs in order to provide the firm with external tacit and explicit knowledge that is crucial for social innovation. This enables the firm to innovate for the common good, which is consistent with the purpose of the firm. In conclusion, the B2N partnership satisfies the ethical test and is thus a right decision for the firm.

7.2.3 Objective three

Objective: To explore the role of macro-environmental factors in enabling or constraining the management of CSTs in financial institutions in SSA.

RQ3: How do macro-environmental conditions influence financial institutions' management of corporate sustainability tensions?

Findings for research question three show that institutional arrangements/alliances, like other pillars is a mediating factor of CSTs. Institutional arrangements require a shift in strategic thinking beyond the firm and reframing the purpose of business in society (Adams *et al.*, 2016). Sustainability cannot be thought of as a single firm's endeavour. It is created collectively within an ecosystem. Hence, once institutional arrangements are established, based on similar interests for example social concerns, firms influence each other, in the way they interconnect with other actors and institutions. The idea of institutional arrangements thus represents an unconventional economic paradigm that deviates from neoclassical economics that emphasises shareholder value to emphasising creation of blended value. *Institutional arrangement ensures firm legitimacy.* Since the ultimate goal of sustainability lies beyond the capacity of individual firms to achieve, institutional arrangements become the place where mobilising, inspiring and leading change happens. The emergence of 'B Corps' coalition is an example of institutional arrangement. The B Corps has created a new legal form allowing firms to go beyond benefitting shareholders to benefitting society thus restoring business to its proper role in society to create shared value and make decisions that have a positive impact on society. B Corps is a coalition of corporations morally committed to creating social value and creating sustainability in the society and for the corporation. Whereas traditionally corporations are prone to isomorphism especially in regard to innovation, institutional arrangements like B Corps enables corporations to imitate leading corporations at the same time innovate radically without being bound to convention (Hiller, 2013). Member corporations are free to develop new ways of doing things and still retain their legitimacy in the industry as well as in the society, through third party certification. Therefore, institutional arrangement is a response to the CST brought about by institutional isomorphism.

Subjecting this evidence to the ethics test, we find that institutional arrangement applies to those firms that are looking for legitimacy. This is important for firms in emerging markets in a competitive market situation. Hence, if the reason for a firm in an emerging market to belong to an institutional coalition is legitimacy, the same reason should apply to other firms seeking a coalition. Indeed, Khanna and Palepu (2000) in a research in India found that firms that belonged to an affiliation performed better than firms that did not. This is consistent with the generalisation test, in that, if all firms belonged to an affiliation, then their performance would be better. Secondly, legitimacy results in more sales, which increases the marginal utility of the firm through higher returns. Lastly, legitimacy is consistent with the purpose of social firms, which is to create common good. Legitimacy is attained through third party certification, which enhances inter-firm trust and enables firm-to-firm collaboration, thus minimising transactional costs, at the same time increasing sales volume due to the trust of the society. Therefore, institutional arrangement pillar satisfies the ethical test and it ought to be a rational decision for firms in SSA.

7.3 Contributions

Theoretical level. This research has firstly drawn from the paradox theory and the integrative view as the main theories of tensions management in corporate sustainability. The paradox theory presumes that sustainability depends on attending to tensions simultaneously. Integrative view on the other hand presupposes counterbalancing tensions (I.e finding an equilibrium) to attain sustainability. Failure of firms to attend to tensions simultaneously while counterbalancing them has led to firms falling back to instrumental logic in addressing tensions. This research introduces mediating factors as additional linkages that can enable the firm to keep the tensions together while attending to them simultaneously. These additional constructs or mediating factors are a theoretical contribution to knowledge specifically the paradox and integrative view theories. These factors are premised on a values system (i.e organisational culture). Values are among the most critical drivers of successful management of tensions that managers face when they try to simultaneously manage social and business goals (Epstein, Buhovac and Yuthas, 2015). Therefore, sustainability depends on attending to tensions simultaneously while counterbalancing them but also keeping the opposing poles together through a values system. The mediating factors identified in this research are values-based governance, B2N partnerships and institutional arrangements. These factors are based on values. Thus, the contribution to theory is that although managing tensions requires attending to opposing elements simultaneously and counterbalancing them, for managers to make sense of two opposing elements, a values system is essential to achieve this.

Secondly, according to Donaldson and Dunfee (2000) a social contract is established if you have authentic norms and hypernorms. The ICSI framework provides authentic norms in form of *Ubuntu* values in the spatial, temporal and contextual dimensions. The values governance pillar establishes authentic norms between the leadership and employees, the B2N partnership pillar establishes authentic norms between the corporation and society and institutional arrangements pillar creates a norm between the corporation and other players in the industry. Hypernorms on the other hand are created by the institutional arrangements pillar. Therefore, the ICSI framework makes a contribution to the social contract theory by outlining the areas where a contract is feasible to achieve sustainability. A contract is feasible between business and society by setting authentic norms and hypernorms. This strengthens the social contract theory as a deontological theory that supports corporate sustainability. Setting authentic and hypernorms is not a means to corporate sustainability but the right thing to do resulting in corporate sustainability.

Contextual level. Given the scarcity of literature on CST in SSA, this study provides the much-needed clarification and empirical conceptualisation of CST management. Undertaking this research in SSA is novel and represents the understanding of the phenomenon from a SSA perspective, which differs from other contexts. SSA business environment is characterised by poor infrastructure, bureaucracy, corruption, institutional voids, weak government regulations, unreliable data, lack of marketing information, high unemployment, high inequalities and diverse ethnic groups. Understanding these problems can enhance relationships and lead to successful business engagement in the continent. The research reveals that indeed CST phenomenon is context sensitive and its management is shaped by recognising the cultural values of a region, forging partnerships with local institutions to address some of the obstacles to doing business. This study contributes to scholarly knowledge by underlining the context sensitivity of CST management. By proposing a three-pronged ICSI framework, this study addresses the key obstacles to business sustainability in SSA namely: cultural sensitivity, strenuous operating costs and weak economic policies. Basing the governance system on *Ubuntu* values shows that organisational cultures are the sum total of the values employees bring into the organisation (Jansson *et al.*, 2015). The results agree with studies which suggest that economic systems reflect the values system of a society (West, 2014). Secondly, partnerships with local institutions has the potential to lower the corporation's operating costs and help accelerate market coverage. Lastly, institutional arrangements can fill in institutional voids created by weak laws. By providing empirically grounded theory of managing CSTs, this normative theorisation paves way for further development of this research field in SSA and the pursuit of equity and poverty elimination.

Practical and policy. On the policy level, the findings show that effective management of CSTs can provide a way out of poverty, unemployment and economic stagnation. In order to effectively operationalise CSTs management in SSA an understanding of the role of cultural values in business endeavours is essential. This has been partly achieved through this research by highlighting how the *Ubuntu* cultural values underpin the management and social innovation aspects of business. The *Ubuntu* values represent an important collective influence that if harnessed can lead to a socially responsible environment for sustainable business. The policy focus should therefore turn to the provision of a conducive environment by advancing *Ubuntu* as an integral part of corporate policy and a standard for success, thus unmasking values governance. For a culture of corporate sustainability to take root, social innovation must be promoted as a national obligation. Therefore, policy-makers have an opportunity, to incentivise corporations, to mainstream social innovation, through tax relaxation on socially responsible businesses and to advance *Ubuntu* as a national culture for sustainable businesses.

7.4 Limitations and further research

Methodological: Due to time limitation and limited access to longitudinal data, the study employed a cross-sectional design for data gathering. Smith and Lewis (2011) contend that tensions in corporate sustainability are hardly salient. Tensions only become salient during times of scarcity and change. Implying that a longitudinal study would better unearth inherent tensions in corporations. Thus, the cross-sectional data collection design presented a limitation to the depth of information analysed and could affect the conclusions drawn from this study. Future research could look at carrying out a longitudinal study in order to identify corporate tensions and circumstances in which they manifest.

Sample size: The small sample size cannot adequately support claims of having achieved valid conclusions or significant relationships. However, given that this was an exploratory study its intention was to lay groundwork in this under searched area and make recommendations for future research. Therefore, further research in this area could broaden the scope to include surveys and interviews with lower level employees to develop a descriptive framework that describes a practical step-by-step process for tension management. Further, testing the concepts developed in this study and practical application of the ICSI framework in practice is an area of further research using quantitative methods.

Time and resources: First, due to limited time and resource constraints, cross-sectoral comparison and company size dimensions were not investigated. Yet, tension management might manifest differently in different sectors. Similarly, company size could influence the ability of a corporation towards sustainability, because, it is claimed that, corporations probably invest in sustainability out of their excess capital (McGoey, 2012). In other words, the bigger the company the higher the excess capital and the greater the investment in sustainability. Therefore, it would be worthwhile to investigate how CSTs are managed in varying sectors and among small and large companies. Secondly, due to limited resources and time constraint, this study was carried out in a single country of SSA. Therefore, the findings may not reflect the opinion of the rest of SSA and further studies should be expanded into other SSA countries. However, given that SSA is a collectivist society (Hofstede, 2020), this study generates useful insights that are transferable to the rest of SSA countries.

Context: This study has focused on micro-level behaviour of the firm, yet to achieve systemic sustainability the macro-level environment needs to be conducive. Therefore, it is important for future research to investigate macro-level drivers of tension management.

7.5 Implications

Given the small sample size, the findings of this study cannot be generalised to population, nevertheless they are transferable based on 'analytical generalisability' (Yin, 2014). In this sense, the current study allows the reader to recognise essential similarities with other settings and to transfer the findings to those contexts. Through rich textual description, this research has provided delimitations in a normative sense, of the CST management practices, hence, the findings and recommendations can be transferred to other contexts that share the same characteristics (i.e poverty, social inequality, corruption etc).

The three pillars identified in this study are significant in achieving corporate sustainability. This view is supported by the 2019 British Academy report (British-Academy, 2019). It acknowledges that incorporating ethical cultures (i.e values-based governance) in the management of corporations is a prerequisite for a future 21st century business. The report also highlights the need for greater reliance on partnerships to secure adequate investment in people and communities. Scholars also agree that institutional arrangements like B Corps provide the possibility for a unique kind of socially responsible business with great potential for sustainable practices (Stubbs, 2017, 2019). Therefore, in conclusion, the framework developed in this research, can bring about corporate sustainability if company directors embrace values governance; businesses pursue B2N partnerships and institutionalise theme-based alliances.

This research opens up the fact that there exists multiple CSTs. By acknowledging the existence of multiple CSTs, scholars have an opportunity to study CSTs holistically, thus progress towards corporate sustainability where past efforts have failed. The study also provides a framework that helps manage the dispute between competing social and commercial demands that firms constantly face. However, the study helps explicate the conditions under which corporate efforts benefit society. These may include institutional arrangements and B2N partnerships.

Moreover, the study contributes to the construction, reform and assessment of organisations that play an essential role in poverty alleviation. Hence, organisations desirous to introduce CST management or simply assess compliance to corporate sustainability can use ICSI framework as an analytical tool.

This research makes a contribution to theory in that the ICSI framework based on *Ubuntu* principles has hitherto not been explained. The framework shows some useful ways of understanding CSTs in corporations and gives practitioners a framework for evaluating corporate sustainability. The findings have demonstrated that values-based governance can deliver social innovation by sensitising managers to the dynamics of CSTs and how to manage them productively. A common argument, however, is that shareholders and investors must be willing to accept lower financial returns for the corporation to engage in greater societal impact. To the contrary, if the company's purpose is values-driven and it furthers the interests of its customers, workforce, suppliers and communities, then the stakeholders will be pleased to do business with the firm more, thus realise greater returns in the long-run. In fact, ICSI is an important sustainability dimension that guarantees accountability, compliance, and transparency, and implies a reduction in agency costs for financial stakeholders.

This study has looked at managing CSTs using a values-based governance, B2N partnerships and institutional arrangements all underpinned by *Ubuntu*. Indeed, this study is not about *Ubuntu*. However, *Ubuntu* literature supports the notion that values system can find application in organisational settings. Moreover, *Ubuntu* represents pre-industrial SSA values and so as expected may be prevalent in rural populations. Therefore, rather than *Ubuntu* being a term for all SSA societies it could perhaps be an African term for a values system of rural societies similar to Confucianism. In that case we can conclude that values-based governance is a governance system expected of corporations operating in all rural settings globally.

7.6 CSTs and corporate sustainability

With these CSTs as constraints to sustainability, the challenge that is presented is whether a company should engage in corporate sustainability at all. Haffar and Searcy (2017), claim that in the absence of any kind of resource or environmental constraints, a company undertaking corporate sustainability can ideally create both private and shared value. However, they propose a trade-off resolution to CSTs, which is a zero-sum situation. Zero-sum resource constraint posits that each participant's gain or loss of utility in a situation is exactly balanced by the losses or gains of the utility of the other participants. It is like sharing a cake, where taking a larger piece reduces the amount available for others to share. It is the basis of today's competitive market, where performance is fixed on profitability at the expense of social value, thus, stifling value co-creation, transparency and synergy. It promotes resource manipulation (including human resource) in order to generate superior performance. Models like corporate shared value, structural ambidexterity and inclusive business assume a zero-sum resource constraint. In the new global economy, it is possible to change the rules and have a non-zero sum resource certainty. Through partnerships, corporations can expand their resources beyond the actual constraints. In a non-zero sum resource certainty situation, companies can optimise self-interest as well as meet the common good, which are necessities of sustainability.

When looking at CSTs, it is erroneously implied that business profitability is pitted against business sustainability. This is the view of a trade-off hypothesis, which infers that corporate sustainability increases costs on the firm thus deterring it from pursuing its fiduciary obligation to the shareholders (Haffar and Searcy, 2017). This perception is shaped by a wide array of factors at macro and micro-levels spanning social and economic dimensions. For example, in SSA tough economic conditions may trigger social response, but the harsh economic climate, weak institutions and corruption oftentimes yield unexpected results in which it is impractical to pursue both social and economic goals. However, the ICSI framework invokes the principles of *Ubuntu* 'I am because we are' and establishes a values system within the organisation which commits to address social concerns alongside business goals regardless of the prevailing economic conditions. Compliance (albeit voluntarily) to this moral commitment is monitored through an institutional arrangement (similar to B Corps), based on globally acceptable norms.

An example of a B Corps company is Patagonia. Patagonia is a US based clothes company that is B Corps certified. Patagonia endeavours to convey a message that they are not driven by profits. For example, their advert that 'do not buy this jacket' symbolised that they are not driven by profit maximisation but a concern for those who really need the jacket (Matthyssens, no date, p. 10). This approach to marketing reveals a values-based system ingrained in the operations of Patagonia. As stated by the founder, 'we need to look at what we are making. Are we just blindly making clothing without knowing what we are doing? We need to ask questions' (Chouinard, 2016). Patagonia has gone through the process of asking questions that has led them to design clothes that are durable. It is more expensive to do this, but 'our customers really appreciate that' (Chouinard, 2016). Patagonia's approach to innovation is based on an industrial design model. In an industrial design model, the start is to identify a functional need through consumer feedback from which a product is designed and developed to meet that need, unlike the fashion design, where designers research on trends and interpret them for their audience (Conscious-company-media, 2017).

When companies involve consumers in the process of innovation, the consumers understand the extend the company went to bring them a desirable product. Such transparency increases customer loyalty and consumers see buying as investing in a member of the society who is tasked to build the best products and have a systemic impact on society. Thus, consumers get loyal not to the product but to the company. Therefore, the company's brand name is associated with quality, resulting in more sales and more revenue, and increasing the company's footprint among those who need the product more, not just those who have extra money to buy. This aspect of social innovation is exemplified by GE's example in Box 3. GE were able to expand their footprint in India by first understanding the aspirations of the consumer by forging partnerships with NPOs and community groups.

GE's approach to social innovation appears binary which is almost similar to structural ambidexterity but lacking a company spin-off. However, Patagonia's approach transcends the binary approach. Instead of producing parallel products one with an appeal to the BoP market and the other to ToP market, Patagonia has mainstreamed mass-market needs in its innovation processes and products. The principles of social innovation are bounded in the governance, innovation and marketing of their products. This has been made possible by their membership in the B Corps alliance (Weismann, 2017). Membership of a company to a coalition does not bind them to a specific way of doing things rather to principles of transparency, do no harm, respect for others' rights and protecting the vulnerable. For example, certification by B Corps simply means that the company is honouring social innovation universal principles (hypernorms), which gives it legitimacy in society and a license to operate. In other words, institutional arrangements delineate characteristics of the base of the pyramid parameters for effective social innovation. Such delimitations cannot be legislated because they are voluntary and based on values system. Therefore, they are best constituted as self-regulations, an aspect articulated in the ICSI framework.

Rather than the sporadic manner in which social concerns are handled by corporations, ICSI is a restoration of a moral commitment to corporate sustainability by building capacity, meeting needs and aspirations of BoP populations in a strategic and sustainable manner. This moral commitment is an authentic norm. Hitherto, there has not been a clear link between authentic norms and hypernorms as far as corporate sustainability is concerned. For that matter, corporations have been biased that their moral obligation is between transacting parties and not the wider community. And so moral expectations are largely relegated to informal relations between the company and its stakeholders (Ibrahim, 2014), reflecting the transactional collaboration reported in the findings of this research. However, the link between authentic norms and hypernorms cannot be overemphasised. Authentic norms are a form of social capital that is a productive asset. By strengthening ties with all affected parties, corporations can reinforce their trustworthiness and legitimacy in society. This is clearly demonstrated in the findings, which show a strong sense of consultation between corporations and consumers, thus strengthening trust and durable relationships that facilitate sustainable business. However, an authentic norm cannot be legitimate (i.e binding for all affected parties) unless it is compatible with some macrosocial contract or hypernorms (Donaldson and Dunfee, 2000). Hypernorms in this case would call for actors to respect the rights of all by promoting a transparent process that can be evaluated to ascertain the benefits accruing to the consumers because of their involvement in consultations for the firm's needs assessment. For the consultations to be legitimate, they should provide for a window of scrutiny. The ICSI framework provides this window or link by way of an institutional arrangement that acts as an 'internal' third party compliance agency thus unmasking the indigenous African corporation that is viewed as a community (Lutz, 2009). This link is missing among indigenous SSA corporations and it explains the rising poverty and inequalities witnessed in SSA despite positive gains in other regions globally (World-Bank-Group, 2018a).

Although SSA is a collectivist society, collective norms have deteriorated due to neoclassical economic theories that have degraded institutions to self-interest entities. This incongruence is notable in government institutions where corruption is prevalent. The output of such an environment is self-isolation, creating unethical practices, lack of accountability and transparency. The need for a strategic business framework that can restore the African tenets of corporate community is more appropriate now than ever. Therefore, the starting point to restoring corporate sustainability is creating awareness on the value of the fundamental principles of sustainability (which can be equated to *Ubuntu*).

7.7 Postscript

ICSI framework rejects binary choices where charities are made to focus solely on society's needs, and corporations focus exclusively on maximising profits; or where investors are focused on maximising their returns and philanthropists on making donations. There should be an alternative way. The alternative way embraces the financial disciplines of market capitalism but also provides opportunity and support for the vulnerable, the dispossessed and the downright unfortunate. The successful example of B Corps provides evidence that a balance between social mission and financial viability are viable options that can be undertaken simultaneously in developed as well as developing countries. The challenge is getting the model right, in different cultural settings. Once we get this right, future generations will look at it and be grateful that we took necessary risks to turn the tide and create a world that benefits many and not just a few.

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Appendices

Appendix 1: Consent form

To be adapted as appropriate to the specific research project

Title of project:	Firm innovation in Sub-Sahara Africa: Towards an expanded corporate social innovation framework
Name & address of investigator:	John Makokha, **e-mail: jwm24@kent.ac.uk** **23 Headcorn Drive, CT2 7TR, Canterbury, Kent. UK. Tel. +44(0)7597243100 or +254(0)726256711**

Participant Identification Number for this project:

1. I confirm I have read and understand the information sheet dated **15th Nov 2018** for the above study. I have had the opportunity to consider the information, ask questions and have had these answered satisfactorily.

2. I understand that my participation is voluntary and that I am free to withdraw at any time without giving any reason.
(You may contact John on +254726256711 in case you wish to withdraw)

3. I understand that my responses will be anonymised before analysis. I give permission for members of the research team to have access to my anonymised responses. (*You will not be identified in any publication from this study or in any data files shared with other researchers. **Direct quotes from this interview will be used in the final report and other publications, in which case your identity will be anonymised by use of pseudonyms)***.

4. I agree to take part in the above research project.

5. I agree to have my interview recorded.

Name of participant	Date	Signature
Name of person taking consent	Date	Signature
(if different from lead researcher)		
To be signed and dated in presence of the participant		
Lead researcher	Date	Signature

Appendix 2: Semi-structured Interview guide

Semi-structured Interview guide

Introduction:

Hi XXX, thanks for accepting to participate in this research. My name is John, and I will be conducting the interview today. I am doing a research in an area you are knowledgeable about and so I will be asking you a few questions. However, if you feel uncomfortable answering any of the questions, just let me know and we can skip it. I cannot tell you much about what the research is about, because it might affect the way you answer the questions. Nevertheless, I can definitely tell you more after the interview is over.

Do you have any questions so far?

[Pause for respondent's reply]

If you don't mind, I would like to record the audio for this interview; it will only be used internally, for the purposes of this research."

Corporate Social Responsibility (CSR) has traditionally been seen as reactive, as a public relations (PR) exercise that comes to pacify society after the damage has been done. This research is trying to change that narrative by finding out how corporations use CSR proactively in what is called corporate social innovation (CSI) to guide innovation and thus achieve both business and social value.

Definition of social innovation

Explain to the respondent what you think social innovation is. It is an improved product or service, new product or service, new or improved production process that is aimed at solving a social problem like unemployment or low incomes for populations at the bottom of the pyramid at the same time bring revenue for the organisation.

Main body

Theme 1: Process

Objectives

- Establish the key elements of social innovation process
- Establish the drivers of social innovation

Q1: How is social responsibility integrated in your mission and vision?

Q2: If you recall your involvement in a social innovation, what steps did you go through from conception to disposal?

Theme 2: Power relations/fairness/ethics

Objectives:

- Establish the basis for CSR involvement in social innovation

Q3: In the social innovation(s) you have mentioned, what role did CSR play in each phase of the innovation process?

Q4: Based on the social innovation programs you have mentioned, how did you identify the social needs you responded to in that program?

Q5: What are some examples of partnership with external actors (NPOs, CBOs, suppliers, Cofek) that are important for social innovation? (ask for MoU if possible)

Q6: Has there ever been conflict with your partners and if so how was this resolved?

Theme 3: Blended value

Objectives:

- Establish that social innovation integrates both business and societal concerns
- Establish that social innovation results in business and social benefits
- Establish that the benefits are blended not disjointed

Q7: From the social innovation project you mentioned, what economic and social benefits can you say your organisation achieved for itself and for society respectively.

Q8: How would you describe the change in society resulting from the social innovations mentioned?

Theme 4: CSR-driven innovation

Objectives:

- Establish that corporate innovation is CSR driven
- Show that CSR driven innovation produces blended value

Q9: Are there any global, regional or industry ethical standards that you are required to observe? How have you integrated them in your innovation processes?

Q10: What circumstances do you think would make a community to deny you a ‘license to operate’?

Theme: Environmental conditions

Q11: What are the social, political and economic factors that have supported or hindered the success of your innovations?

Wrap up

Is there anything else you would like to add?

Thank you very much for participating in this interview. I will definitely get in touch in case I need further clarification on the things we have discussed.

Appendix 3: Field visit official introduction letter

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14th December, 2018

To whom it may concern

This is to confirm that John Wangwe Makokha is a PhD registered student at Kent Business School of the University of Kent. John is conducting a research on corporate social innovation and its applicability among corporations in sub-Sahara Africa. For the purpose of his fieldwork, he has sampled a few individuals from certain organisations in Kenya to be interviewed. It is therefore my humble request that should you be approached for an interview, please give John all the support and information he may need.

The University of Kent in the UK will act as the data controller for this study. This means that the University is responsible for looking after your information and using it properly. The information gathered during this study will remain confidential in secure premises during this project. Only the researchers will have access to the study data and information. Names and any other identifying details will be anonymised in any publication of the results of this study.

This project has undergone full ethical scrutiny and all procedures have been risk assessed and approved by the University of Kent Research Ethics Advisory Group. However, should you have any questions or concerns, please contact the undersigned for their attention.

Sincerely,

Prof. Martin Meyer
Director, Kent Business School

Appendix 4: Research authorisation from NACOSTI

NATIONAL COMMISSION FOR SCIENCE, TECHNOLOGY AND INNOVATION

Telephone:+254-20-2213471, 2241349,3310571,2219420
Fax:+254-20-318245,318249
Email: dg@nacosti.go.ke
Website : www.nacosti.go.ke
When replying please quote

NACOSTI, Upper Kabete
Off Waiyaki Way
P.O. Box 30623-00100
NAIROBI-KENYA

Ref. No. **NACOSTI/P/19/43931/27635**

Date: **15th January, 2019**

John Wangwe Makokha
University of Kent
UNITED KINGDOM.

RE: RESEARCH AUTHORIZATION

Following your application for authority to carry out research on ***"Firm innovation in Sub-Sahara Africa: Towards an expanded corporate social innovation framework"*** I am pleased to inform you that you have been authorized to undertake research in **Nairobi County** for the period ending **15th January, 2020.**

You are advised to report to **the County Commissioner and the County Director of Education, Nairobi County** before embarking on the research project.

Kindly note that, as an applicant who has been licensed under the Science, Technology and Innovation Act, 2013 to conduct research in Kenya, you shall deposit **a copy** of the final research report to the Commission within **one year** of completion. The soft copy of the same should be submitted through the Online Research Information System.

GKalerwa

GODFREY P. KALERWA MSc., MBA, MKIM
FOR: DIRECTOR-GENERAL/CEO

Copy to:

The County Commissioner
Nairobi County.

21/1/2019

COUNTY COMMISSIONER
NAIROBI COUNTY
P. O. Box 30124-00100, NBI
TEL: 341666

The County Director of Education
Nairobi County.

Appendix 5: Example template for document summary

Name and type of document: Integrated Report and Financial Statements

Document no: 1

Date received: 19.02.2019

Date of document: 2017

Contact document is associated: BK001

Keywords/concepts: sustainability

Comments: relationships to research questions

This document elucidates on the institutions governance and how the governance structure helps to manage tensions between employees and directors. This is directly related to research question one. It also provides information on how the firm creates value to society through sustainable banking practices, financial inclusion (i.e agent banking, loans via mobile phones) and product development and digital innovation (mobile banking, mobile money transfer & mobile payments) as alternative banking channels. This relates to research question two.

Brief summary of contents

The document comprehensively outlines the banks vision, mission and values and its strategic direction. It has also summarized the role of the board of directors, senior management and the bank's financial performance. Further, the document gives the bank's sustainability review and explains how the institution creates value for other primary stakeholders such as customers, employees, suppliers, communities, media and civil society.

Significance or purpose of document

The document is important in understanding how financial performance influences strategic initiatives such as social innovation.

Additional comments/reflections/issues

The Integrated Report and Financial Statements is a very useful document in showing integration of sustainability initiatives within the core business. Combining the report in this manner encourages all parties concerned to consume the whole document as an item. However, questions are raised regarding who the consumers of the report are. Traditionally, most institutions prepare such reports for public consumption and miss out on very crucial actors. First, it is imperative that staff and directors read and internalize the report. Secondly, staff and directors should also play a big role in generating the report. If these two issues are well handled, they can contribute to tension management and increased co-creation of blended value.

Appendix 6: First cycle data coding

Nodes	Description	Sources	References
Accountability	Accountability to stakeholders	4	11
Business case	Involves getting the necessary approvals from senior management	5	9
Business to non-profit	Partnership with development agencies or with community based organisations	2	16
Capacity building	Partnerships should build capacities especially of the weaker partner	4	17
Commercial launch & marketing	Activities that happen when a product is being released to the market	6	20
Commercial Value	How the bank earns revenue from its innovations/products and any other commercial value like increased market share etc	18	55
Community motivation & behaviour change	What is pushing the community to take up a service? Do they find value in it? Is it likely to change their behaviour?	11	22
Community needs & participation	How do firms/foundations identify community needs and how do they ensure the community is participating in the product development process	14	48
Community presence	Since NPOs have a greater presence in the community they are better placed to represent the community	1	4
Community strengthening	What are acts of the corporation that strengthen community resilience	9	28
Competitive	does social innovation increase the competitiveness of the corporation	5	6
Consumer retention	What value does the product provide to its consumer to make them buy it again	3	5
Contribution of CSR	Includes the contribution the CSR arm makes to the parent organisation during the innovation process and beyond	8	19
CSR delegated functions	Should CSR function reside in the main organisation or there is a need for a separate foundation	7	14

Nodes	Description	Sources	References
Customer needs	The need/ways to check and ensure that the innovation meets customer needs	7	56
Customer segmentation	Customer segmentation based on their preferences	5	10
Dependable customers	Activities or programs that lock in customers to be loyal to the institution.	7	16
Diversity	How is the organisation promoting diversity especially in the mix of its products	7	8
Employee participation	encouraging employees to participate in developing the organisational agenda	5	18
Environmental protection	How are corporations protecting the environment through their innovation activities	6	15
Ethical dilemma	How can products for the BoP market be same quality as the rest at a lower price	2	5
Financial inclusion	The banks efforts to include those at the BoP in the banking system	12	55
Financial literacy	Training that targets BoP and is focused on financial literacy	10	34
Foundation to drive CSR	The CSR work done by the foundation ought to impact the innovation process	5	17
Founder's vision	How the corporation started and the initial objectives of the company or the founders	10	33
funding provision	This describes a philanthropic relationship where the corporation just gives money and they have no further engagement with the NPO thereafter	11	24
Giving back to society	Aspects of data where it implies that the corporation is giving back to society	14	30
Government failure	Because of weak government institutions, it creates a none conducive environment for corporations to engage in social innovation	7	26
Green elements	Data that appreciates the environmental benefits through provision of open grounds or green areas for relaxation	2	6
Growth	How innovation contributes to economic growth	6	9

Nodes	Description	Sources	References
Idea development	Developing prototypes and piloting the idea	9	41
Ideation	The thinking and process of coming up with an innovation idea. The searching process for new innovation ideas	13	39
Impact reporting	How are corporations reporting on the impact they are creating in the society	4	26
Inappropriate problem solving models	Existing sustainability models are not all encompassing	5	22
Inclusive value chain	Efforts of corporations to create grassroots value chain	12	37
Internal conflict	Misunderstanding between departments or the 3 levels of tension	8	38
Legislation and regulatory services	How legislation affects product innovation for the BoP markets	20	84
Long-term participation	What are the characteristics of a long-term partnership viewed from Austin's continuum	14	29
Management information reporting	Feedback loop after launch to monitor the commercial and social value of the product	21	88
Mass market	Consumers with amorphous consumer characteristics.	10	35
Mobilise other corporations	To achieve a sustainable environment where sustainable business can thrive, we need to mobilise others to join in.	10	26
Outreach to mass markets	what are the strategies of reaching mass markets by the banks.	12	26
Ownership of social innovation	Who owns the innovation. And in case where there was a partnership between corporation and NPO, should ownership be joint or not?	5	6
Partnerships	The value that partnership brings to the innovation process	14	88
Political support	The need for political class to support social innovation and create a conducive environment	12	40
Positive outlook to life	the role of CSR/foundation is to empower and equip but not to create dependency	5	6

Nodes	Description	Sources	References
Product development process	description of the 4 innovation stages	2	15
regulatory requirements	The regulatory policies governing social innovation and whether it should be government enacted or self-regulation	6	25
Research	Research is conducted to understand consumer needs	5	7
Risk assessment & management	What risks does a certain innovation pose to the company and how can they be minimised. How do they cover risks in order to serve the BoP population	11	49
safeguarding reputation	Organisations tend to stick to old ways to safeguard their reputation i.e do not want to upset the system	16	35
safeguarding the vulnerable	Are the innovation aimed at making the vulnerable better	13	49
Show that you care	The organisation can show care to society either through staff activity or the entire organisation as a whole	14	40
Skills training	As a way of enabling the poor to be empowered to uptake financial services	1	11
Social innovation	Description of BoP innovations	5	7
Social value	A product that does not simply benefit the recipient but the entire community	16	53
Structural similarity	How are corporations similar in safeguarding their reputation	2	5
Sustainable business	Business that focuses on financial, social and environmental aspects	5	20
Systemic change	Is the value created in society changed the way people do things e.g introduction of pit latrine changed the way people handle their sanitation issues.	13	15
Technology in financial services	Online apps are threatening to replace BoP banking innovations like agency banking. How are banks leveraging on that?	5	18

Nodes	Description	Sources	References
Terms and conditions of signing	Do the consumers know what they are signing into. show evidence	4	5
Top-down	Innovations that are designed are pushed to consumers	6	18
Transaction costs	Does service to the BoP markets entail reduced transaction costs	8	11
Understanding culture	Are corporations in good position to understand people's cultures especially among BoP markets	3	8
Un-urbanized	description of the initial clients of most banks	3	4
Values-based governance	Values and principles that guide work and work relations in the company	3	4
Viable idea	an idea that has been tested against a given criteria and found valuable i.e benefits are greater than costs	3	8
Vision & mission	Is the current vision of the institution today still reflecting the founders' intentions	4	14
Voluntary activity	Staff put in a contributory amount and its matched by the organisation or voluntary work at a children's home etc	4	14
Voluntary membership	Sustainability innovation cannot be forced on corporations. They have to offer it voluntarily through an umbrella membership	2	18