DISSERTATION

THE INTEGRATION OF BUSINESS ETHICS AND ORGANISATIONAL STRATEGY: A QUALITATIVE STUDY OF COMMERCIAL BANKS IN SOUTH AFRICA

By

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Abstract

Within the South African economy, financial institutions have a particular responsibility to act ethically because of their responsibility to safeguard economic and financial stability. This study, using a strategy-as-practice perspective, investigates how South African commercial banks integrate organisational strategy and business ethics within regulatory and governance requirements set for public companies. A qualitative research approach was applied based on interviews with company secretaries and ethics officers from commercial banks as well as a review of integrated annual reports. A narrative thematic analysis of the reviewed content of integrated annual reports as well as semi-structured interviews were conducted, and analyses compared. The results of the study show that regulatory compliance with Corporate Governance guidelines contained in the King IV reports is a priority for financial institutions and that different levels of the modes of ethics management are evident in the integration of organisational strategy and business ethics in practice. This research contributes to the body of knowledge by developing and testing a comprehensive theoretical framework that integrates ethics and strategy. It furthermore contributes by describing if and how strategy and ethics are integrated in the specific context of commercial banks.

Keywords: organisational strategy, business ethics, strategy-as-practice, King IV

Acknowledgements

Thank you!

The integration of business ethics and organisational strategy: A qualitative study of commercial banks in South Africa

Below is an overview of the composition of this dissertation's chapter outline.

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3   LITERATURE REVIEW ON BUSINESS ETHICS

4   PROPOSED FRAMEWORK FOR INTEGRATION OF ORGANISATIONAL STRATEGY AND BUSINESS ETHICS

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1. CHAPTER 1: ORGANISATIONAL STRATEGY AND BUSINESS ETHICS

Figure 1.1. below provides an overview of the key concepts of the research to be discussed in Chapter 1, demonstrating how the concepts flow, and fit together.

Figure 1.1: Overview of content of Chapter 1

CHAPTER 1: INTRODUCTION	
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1.1 OVERVIEW

This chapter delivers an overview of the background of the study, a problem and purpose statement, and reflects upon the research process, its objective, and methodology. In addition, the chapter also outlines the value and academic contribution to the body of knowledge pertaining to organisational strategy from a strategy-as-practice perspective, and the integration of business ethics. The chapter concludes with the definitions of key terms and an overview of the chapters presented within this dissertation.

1.2 BACKGROUND

Corporate scandals continue to make media headlines. Van Wyk and Badenhorst-Weiss (2017:331) state that the presence of unethical behaviour contributes to systemic challenges to the economy and market environments. According to Argandoña (2012:5) the international economic crisis of 2007 - 2009 was described as an 'ethical crisis'.

Argandoña (2012:5) organised these ethical failures into three levels. The first level reflects individuals' behaviours and failures in personal values. Following this, the second level, is the organisational level that includes organisational strategies and cultural shortcomings related to ethical standards. The third level according to Argandoña (2012:5) is societal and theoretical ethical failures, not manifested by remedial mechanisms, which resulted in negative influences on decisions made by organisations or individuals. The importance of considering the three levels of ethical failures for the purpose of this dissertation is twofold: firstly, reflecting a strategy-as-practice perspective and secondly, a value-based approach in business.

Reflecting on a strategy-as-practice perspective, three defined elements are considered: the practitioners (individual values and norms), the practices (organisational activities), and praxis (interconnectedness of relevant individual actions and activities within society) (Jarzabkowski, Balogun, & Seidl, 2007:11). A strategy-as-practice perspective is thus aligned to the three levels as proposed by Argandoña (Argandoña, 2012:5). Furthermore, the relevance of value-based practices, the ethical values of individuals (employees), organisational standards (shared corporate values) and delivering economic value (internal and external to the organisation) is critical (Evans, Vladimirova, Holgado, Van Fossen, Yang, Silva, & Barlow, 2017:599). Value-

based business inculcates a culmination of individual, organisational and societal behaviour, and standards within a business ecosystem (Schwartz, 2012:3). Achieving and managing an ethical equilibrium within organisations is reflected by three dimensions: the self, the other and society (Argandoña, 2012:12).

In the pursuit of organisational success, a critical connection between organisational strategy and business ethics exists (Van Vuuren, 2002:21). Van Vuuren (2002:21) states that the protection of company assets against fraudulent and corrupt activities results in investor confidence and good business, whereby the "institutionalisation of business ethics has become a strategic imperative". It is important to note that the impact and role of a business leader is not purely based on the organisational performance, but also a reflection of a leader's ambitions, responsibilities and values (Elms, Brammer, Harris, & Phillips, 2010:402; Maritz, Pretorius, & Plant, 2012:102) highlight the importance of aligned strategy and organisational purpose by leadership and foundational values of organisations. Smith (2018:604), explains that a collective purpose, integrity, and ethics underlines the organisations' values.

Van Wyk and Badenhorst-Weiss (2017:331) highlight the importance of a study by Arjoon (2005:345) relating to the construct of ethics that states that corruption is a consequence of the lack of ethical behaviour which is in turn composed of accountability, responsibility, transparency, and fairness. A recent example of the reputational and economic impact on the institution involved in wrongdoing, is KPMG SA where audit engagements with politically driven individuals made headlines. The involvement of KPMG SA in these scandals resulted in major reputational damage. It is estimated that at least eight financial institutions terminated their agreement for auditing services with KPMG SA (Chauke, 2019:606; Holtzblatt, Foltin & Tschakert, 2020:45; Young, 2019:111). Not only is the path to reinstate trust one of many challenges, but moreover it may also ultimately result in the closure of the organisation. A recent example within the South African financial industry is the Venda Building Society (VBS) Mutual Bank (Chauke, 2019:606; Holtzblatt *et al.*, 2020:48; Nevhutanda & Mamaile, 2020:76). The consequences of the closure of VBS Bank due to unethical practices were not limited to the financial institution's customers, but also impacted the South African economy in a negative manner (Holtzblatt *et al.*, 2020:48).

The above transgressions pertaining to KPMG SA and VBS Bank in the South African

financial sector are not isolated incidences and were predated by the failures of Saambou, Fedsure, Fidentia and Regal Bank (Barac & Moloi, 2009:49; Ngulube & Ngoepe, 2013:2) believe that these failures happened because of a lack of effective oversight and management. Furthermore, board ineffectiveness and incompetent management shifted the focus to the relevance of, and critical need for, good corporate governance (Barac & Moloi, 2009:49). Improving corporate governance is now receiving significant attention from every sector of society (Rezaee, 2010:48). Many private and public-sector organisations worldwide view corporate governance as a business imperative (Truter, 2007:1), and judging by the above-mentioned examples, even more so in the financial services sector.

Within the South African economy, financial institutions have a particular responsibility to act ethically because of confidence and trust by organisations and society alike to safeguard economic and financial stability (Van Wyk & Badenhorst-Weiss, 2017:332). According to Van Wyk and Badenhorst-Weiss, (2017:332) ethics and values are declining among business leaders, especially in the financial sector, providing the example of irresponsible corporate behaviour by African Bank Limited. African Bank had to be placed under curatorship in 2014 and financially assisted by the Reserve Bank of South Africa (Van Wyk & Badenhorst-Weiss, 2017:332; Young, 2019). As a result of recurring ethical failures, additional regulatory requirements, consumer protection guidelines, and corporate governance guidelines were introduced (Van Wyk & Badenhorst-Weiss, 2017:332). The regulatory requirements focused specifically on the financial sector, with a particular focus on commercial banks (Gilbert, Calitz, & Du Plessis., 2009:44; Kock, Veldsman & Roodt, 2002:83). Considering the scope of this dissertation, the particular focus considers several factors contributing to governance failures within the financial sector. The reasons for the failure of the South African based financial institutions mentioned above are linked to a lack of a value-based system of conducting business. An apparent lack to instil ethical management and good corporate governance is also evident (Ngulube & Ngoepe, 2013:2; Van Wyk & Badenhorst-Weiss, 2017:332). Moreover, the recent failures of KPMG SA, African Bank and VBS Mutual Bank, provide an opportunity to question the consideration and integration of business ethics within organisational strategy. This dissertation will investigate the existing integration, if any, of organisational strategy and business ethics within the financial sector of South African commercial banks.

1.3   PROBLEM STATEMENT

The integration of value-driven governance and administration of ethics is essential in transforming ethical organisational behaviour, potentially resulting in enhanced financial performance (Van Vuuren, 2002:21). Furthermore, Van Vuuren (2002:21) also states that "business ethics is not a nice-to-have but rather a strategic imperative." The corporate failures, because of unethical behaviour and ineffective oversight, provided an opportunity to investigate the integration of organisational strategy and business ethics within the financial sector in South Africa. The research problem was therefore to determine the level, if at all, at which business ethics is considered an integrated part of organisational strategy in commercial banks in South Africa.

During the past two decades, scholars have broadly studied the topic of strategy and its relationship with business ethics. (Robertson, 2008:745) confirms the need for further exploration to better understand the link between business ethics and organisational strategy. According to (Singer, 2010:479) the relationship between organisational strategy and business ethics remains incomplete, crucial for businesses since strategic decisions by leaders have moral consequences that should be guided by business ethics. Yet, business ethics is often considered an add-on to organisational strategy rather than an integral part thereof (Van Vuuren, 2002:21; Goosen & Van Vuuren, 2005:61; Tsoukas, 2018:325). Respectively, Maritz, Pretorius, and Plant (2011:101) and Smith, (2018:603) posit that organisational leaders ought to consider business ethics as a guiding principle in the creation of a strategy aligned with organisational purpose and values. This reflection serves as the motivation and the gap in literature the study aims to address.

1.4   PURPOSE STATEMENT

This research dissertation addresses the gap identified in the problem declaration about the integration of organisational strategy and business ethics. Furthermore, the research process was guided by the following purpose statement:

The purpose of the research focusses on the development of a theoretical framework whereby organisational strategy and business ethics can be integrated based on literature. This framework served as measurement to determine if organisational strategy and business ethics are in fact integrated in practice, considering a strategy--

as-practice perspective. The next phase entails a literature review focussed on creating an understanding of the level of integration of business ethics within organisational strategy within commercial banks in South Africa. The commercial banks are JSE listed companies, whereby specific regulatory and good governance requirements prescribe ethical conduct and compliance principles to be followed. To test and measure the theoretical framework against the integration level of business ethics and organisational strategy in practice, a narrative analysis of integrated reporting (compliance requirement) was conducted. The purpose was to determine to what extent organisational strategy and business ethics are integrated in strategy and reflected in the communication with stakeholders by commercial banks. The extent of integration of organisational strategy and business ethics allowed for adaptation of a proposed integration framework. This framework therefore addressed the gap to integrate organisational strategy and business ethics. The proposed framework provided a practical solution and emphasised the critical importance of business ethics as part of organisational strategy.

1.5   RESEARCH PROCESS

The research commenced with a literature review considering organisational strategy from a strategy-as-practice perspective. This second area of focus was the importance of business ethics as part of the strategy-ethics dyad. The conclusion of the literature reviews in chapter two and three resulted in a proposed schematic framework. A qualitative research approach was applied, included content analysis based on the review of secondary data and interviews with pre-selected representatives of commercial banks. Integrated reports of commercial banks were used as a data source and analysed. A thematic analysis of the content was conducted. Virtual interviews served as a secondary source of data.

Figure 1.2. reflects an overview of the research process followed by a brief discussion of each of the phases followed within this dissertations' research.

Figure 1.2: Proposed methodology to develop a foundational framework.
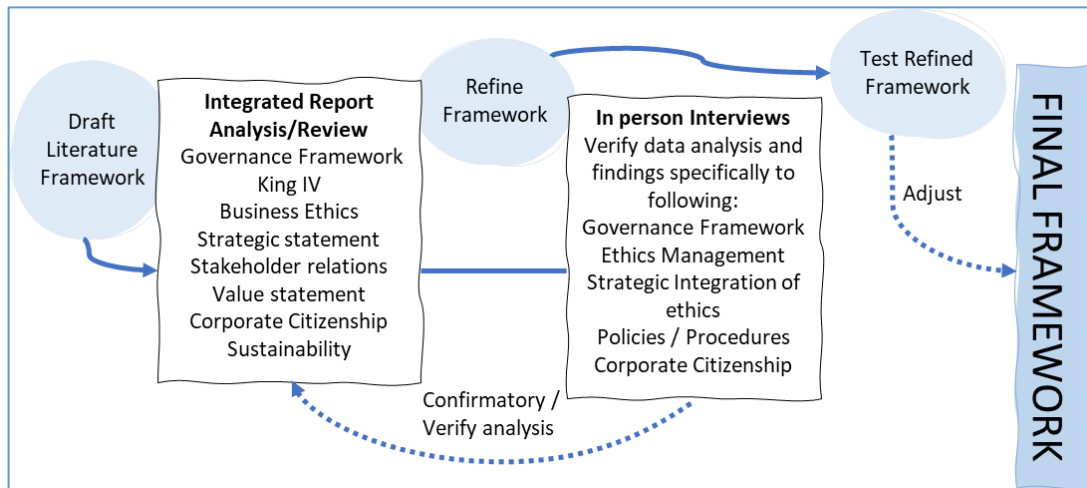
Source: Own compilation

The process to collect and confirm the findings from the analysed theory during the literature review were conducted by means of:

1.5.1 Document analysis: Integrated report analysis

An in-depth comparative review of Integrated Reports (IR) was conducted by a representative sample of South African controlled commercial banks.

Integrated reports published in 2015/16 served as baseline for the research study. The 2018/19 integrated reports were used as the comparative dataset. The aim of the content and narrative research was to:

i)   Analyse the comparative dataset through application of discursive practices to determine what terminology and words form part of business ethics.

ii)   Analyse the comparative dataset through application of discourse analysis to understand if integration between organisational strategy and business ethics is documented.

iii)   Determine if the relevant ethics narrative has changed since the introduction of additional corporate governance principles published in 2016.

1.5.2 Interviews

Following the document review and analysis, individual interviews (conducted virtually

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due to the Covid pandemic lockdown) with representatives of the commercial banks were conducted with a combination of both open ended and closed questions, guided by content analysis of the integrated reports to confirm the drafted framework and outcomes:

i)   Company secretary function: the role of a company secretary is critical in organisational strategy. This position is essential to gain insights as to the perspectives of the board on the considerations given to business ethics within organisational strategy.

ii)   The Ethics Officer role: The ethics officer fulfils the mandate of ethics management within the organisation and enables a verification of the commitment to ethics management as part of organisational strategy.

The reason for selecting the qualitative study approach, is founded on the opportunity it provides to analyse the most recent ways in which organisations communicate their strategic intent to stakeholders in the form of their integrated reports. In addition, it was necessary to verify the interpretation of the data acquired from employees involved in the effective day-to-day ethics management and strategic processes of the organisation. Based on the analysis of the data and insights gained, the interrelationship of ethics related considerations within organisational strategy were documented and the proposed framework affirmed or adapted.

1.6   RESEARCH OBJECTIVE AND METHODOLOGY

The specific research objectives to be accomplished during this study are as follows:

i)   Research objective 1: Developing a theoretical framework for the integration of organisational strategy and business ethics.

ii)   Research objective 2: Determining if organisational strategy integrates business ethics in commercial banks in South Africa.

iii)   Research objective 3: Determining how organisations within the commercial banks integrate business ethics and organisational strategy.

The outcomes of this dissertation included a proposed framework for the integration of

organisational strategy and business ethics. Additionally, this dissertation served as opportunity to explore existing strategy ethics relationships and analyse this within commercial banks. A content analysis of integrated report narrative and analysis of interview data was conducted. The integration of organisational strategy and business ethics framework therefore aimed to propose a value-based approach to organisational strategy.

1.7   VALUE AND POTENTIAL CONTRIBUTION OF THE RESEARCH

The scope and context of organisational integrated reports as published on company websites include available strategic communication messages related to the consideration of corporate governance and organisational strategy. One outcome resulted in a proposed framework for the integration of business ethics and organisational strategy, reviewed for usefulness. The inclusion of, and consideration given to value-based practices as part of organisational strategy were examined, discussed, and verified as part of this dissertation.

1.7.1 Theoretical Contribution

The importance of theory considered as part of this dissertation, is based on the foundation of theory, emphasising the significance of integrating business ethics and organisational strategy, resulting in longevity and financial gains for the organisation. Within any organisational ecosystem, competitive advantage creation and elevated performance are critically important to stakeholders. The organisational ecosystem, defined as the extended network of organisations "that influences how a focal firm creates and captures value" (Kamargianni & Matyas, 2017:6). Considering a strategy-as-practice perspective, the interrelatedness of the role of individuals, organisational values and organisational strategy strengthens the motivation for the integration of organisational strategy and business ethics. Furthermore, the strategy-as-practice lens offered the dimension of a value-based approach within strategy, on an individual, organisational, and societal level (Fontrodona, Ricart, & Berrone, 2018:891). As a result, value-based business practices are not limited only to responsible leadership, employees, organisational ethical values, and the alignment thereof (Fontrodona *et al.,* 2018:891).

The theoretical significance of the dissertation is the relevance and importance of

strategy-as-practice as a foundation for a value-based approach to organisational strategy. An accentuated focus on the role and influence of practitioners in strategy (Fenton & Langley, 2011:1174) articulates the application of how strategy is applied and implemented within an organisation.

1.7.2 Practical Contribution

The interface of organisational strategy and flexibility to adapt to a fast-changing environment results in either organisation success or failure (Anning-Dorson, Hinson & Amidu, 2018:74). Baumgartner and Mangematin, (2019:23), postulate that strategic ambidexterity, serves as a combination of mechanisms which needs to consider new ways to monitor the environment.

Various strategic management tools have been researched and developed to offer organisational leadership a means to perform strategy activities such as environmental scanning and strategy analysis. Studies on organisational value creation adds another dimension to value-based business practices (Agarwal & Bhal, 2020:2; De Villiers & Sharma, 2017:3; Fontrodona *et al.,* 2018:891). As a result, value-based business practices are not limited only to responsible leadership, employees, organisational ethical values, and the alignment thereof (Fontrodona *et al.*, 2018:891).

1.8 DELINEATIONS AND ASSUMPTIONS

1.8.1 Delineations

Several delimitations related to the context, constructs and theoretical perceptions have been identified and are presented below:

The research considered Johannesburg Stock Exchange (JSE) listed South African controlled banks. The selection was based on an online listing by the South African Reserve Bank Prudential Authority (retrieved on 5 October 2019). The October 2019 listing reflected a total of sixteen locally controlled banks. The focus remained on South African controlled commercial banks, studying relevant integrated reports and other applicable published documentation, as it pertains to the King IV Report on Good Governance and the Companies Act of South Africa. The theoretical platform for this study were based on descriptive narrative.

The literature analysis of this research study was mostly limited to academic literature published on databases such as, but not limited to, Sabinet, Pro-Quest and Emerald with consideration given to publications post-1990.

1.8.2 Assumptions

A key assumption made in this study relates to the availability of information on the organisational strategy and commitment to business ethics. The communication modes of a company to its stakeholders, shareholders and the public domain may be seen as an authentic tool of sharing the commitment, actions, and approaches of the organisation's strategy.

The information interpreted in this dissertation will serve as a reflection on the commitment and actions of the relevant company as part of the research sample to good corporate governance. Furthermore, it may be assumed that representatives of the organisation are informed as to the organisational strategy followed. In addition, it allows a reflection related to the implementation of governance principles as documented in statements within integrated reports used as a communication tool. The assumption is that the published integrated reports is a very relevant source of information.

1.9   DEFINITIONS OF KEY TERMS

This dissertation considers several key concepts, namely: ethics, business ethics, organisational strategy, integrated reporting, multi-level ethics strategy, sustainability, as well as corporate governance. The way in which these key concepts were defined specifically related to this study is explained below and will be expanded in the literature chapters:

1.9.1 Business Ethics

Ethics can be summarised as the balanced actions of individuals, organisations, and society (Argandoña, 2012:12; Rossouw, 2004:3). People ought to be ethical, organisations are obligated to act in harmony with ethics, and society should behave ethically. Ethics forms an integral part of an individual's personal value system, norms, and beliefs. Ethical behaviour manifests when a person does not only consider oneself, but also considers what is good for the other (Rossouw & Van Vuuren, 2017:5).

Business ethics is a study of business activities, decisions, and situations where the right and wrongs of businesses are addressed (Abdullah & Valentine, 2009:88). Business ethics theory is based on the principle of 'right and wrong' in three dimensions, being the individual (self/person), the organisation, and society (Argandoña, 2012:12). Business ethics is defined by Rossouw and Van Vuuren (2013:5) as "what is good that guide the business and its interaction with others."

The **cornerstones of business ethics** relate to several important principles: trust; business reputation; investor confidence; expectations of ethically discerning consumers and investors; and ethics as a premise for unlocking human potential in business (Van Vuuren, 2002:21). "An acknowledgement of the importance of business ethics is, however, more than a mere commitment to be ethical – it requires the establishment of corporate ethical capacity in a concerted and structured way" (Van Vuuren 2002:21).

Value-based approach: Rossouw and Van Vuuren (2017:62) describe a value-based approach as the incorporation of ethical values and standards within the organisation, whereby organisational employees embrace shared corporate values.

Modes of managing ethics model: Rossouw and Van Vuuren (2003:391) propose certain strategies as being modes of ethics management, defining a mode as 'the preferred strategy of an organisation to manage its ethics'. The mode serves as a direct reflection of organisational leaders' decisions to actively manage ethics, or alternatively to disregard ethics and behave unethically (Rossouw & Van Vuuren, 2003:391).

Corporate governance: Gottschalk (2011:80) defines corporate governance as organisational systems and structures which guides and directs organisational operations. Governance as a concept includes prescriptive principles such as accountability, transparency, fairness, the rule of law, participation, and responsiveness (Gottschalk, 2011:80). Corporate governance within the South African context, are guided by the adoption of the King Report on Corporate Governance, published as King I in 1994; King II in 2002; King III in 2009 followed by updated framework in King IV in 2016 (Rossouw, 2020:187).

Good or effective corporate governance: The King IV Report (IODSA, 2016:24

Natesan, 2020:159) defines good corporate governance within the South African context as the "ethical and effective leadership by a corporate body towards the achievement of governance outcomes." In addition, King IV stresses the importance of ethical and effective leadership as a part of corporate governance as they should strengthen each other.

Governance outcomes is the result of good governance and includes ethical culture, good performance, effective control, and the legitimacy of the organisation (IODSA, 2016:24).

King IV[TM]: Within the South African context, the King Report on good corporate governance serves as best practices principles for corporate governance within public and private sector organisations. The King Report on Corporate Governance released its fourth edition in 2016, with prominent guidelines related to the governance of ethics, rather than a mere compliance-based approach to organisational governance (Natesan, 2020:155).

The institutionalisation of business ethics refers to the systematic inclusion of ethical standards as part of the enterprise's purpose, values, and strategic development. Institutionalisation of business ethics thus translates as the development of corporate ethical capacity in a rigorous and organised manner (Van Vuuren, 2002:22).

Values: Schwartz (2012:3) states that values serve as a way in which social groups, organisations and individuals are portrayed. Moreover, values provide a premise to understand underlying reasons for attitudes and behaviour of corporate ethical conduct (Van Vuuren, 2002:22).

Agency Theory: The agency theory proposes that enterprises are scaled by two key contributors, being executives (agents) and shareholders (owners), given their distinct and dependable interests. As a second main element, the agency theory also considers the self-interest and reluctance of persons to sacrifice individual interest to the advantage of others (Dzingai & Fakoya, 2017:2; Eisenhardt, 1989:58; Keay, 2017:1295).

1.9.2 Organisational Strategy

Organisational strategy is defined as developing a plan to successfully compete in business to gain an advantage over competitors. A definition of strategy offered by Chandler (1962:13) states that strategy is: "… the determination of the long-run goals and objectives of an enterprise, and the adoption of a course of action and the allocation of the resources necessary for carrying out these goals."

Strategy-as-practice (SaP): Jarzabkowski *et al.* (2007:8), defines strategy-as-practice as a positioned, socially adept activity, whilst strategising includes the actions, collaboration, and negotiation of various actors. Furthermore, the actors draw upon specific practices to accomplish intended activities (Jarzabkowski *et al.,* 2007:8). As a result, from a strategy-as-practice perspective, these elements, and actors (namely practitioners, practices, and praxis) represent strategic actions that constitute strategy making (Costa, António & Dos Santos, 2019:45). A strategy-as-practice lens is the approach which was applied to consider the practices of organisational strategy relevant to this dissertation.

A multi-level ethics strategy refers to a three-tier approach to be considered being strategic, systems, and operational level strategies as part of organisational strategy (Van Vuuren, 2002:23).

1.9.3 Integrated Reporting

Integrated Report (IR) is described as the process an organisation follows to reflect on the outcomes and achievements of the business over time, including the communications of the value creation of the organisation. According to the IIRC (2013:7) definition: "An Integrated Report is a concise communication about how an organisation's strategy, governance, performance and prospects in the context of its external environment led to the creation of value of the short, medium and long term."

Integrated reporting is a valuable mechanism for organisational strategy: An integrated report provides an opportunity to better understand the existing interrelationships between the financial, environmental, social and governance performance of an organisation (Eccles, Krzus, & Ribot, 2015:8; Le Roux & Pretorius, 2019:16).

1.10   CHAPTER OVERVIEW

Chapter one provides and overview of the various chapters of this dissertation and how the chapters systematically flow into one another. Figure 1.3. provides an overview of the various chapters of this research paper and the way in which each of the chapters informs one another.

Figure 1.3: The flow between the chapters of this dissertation
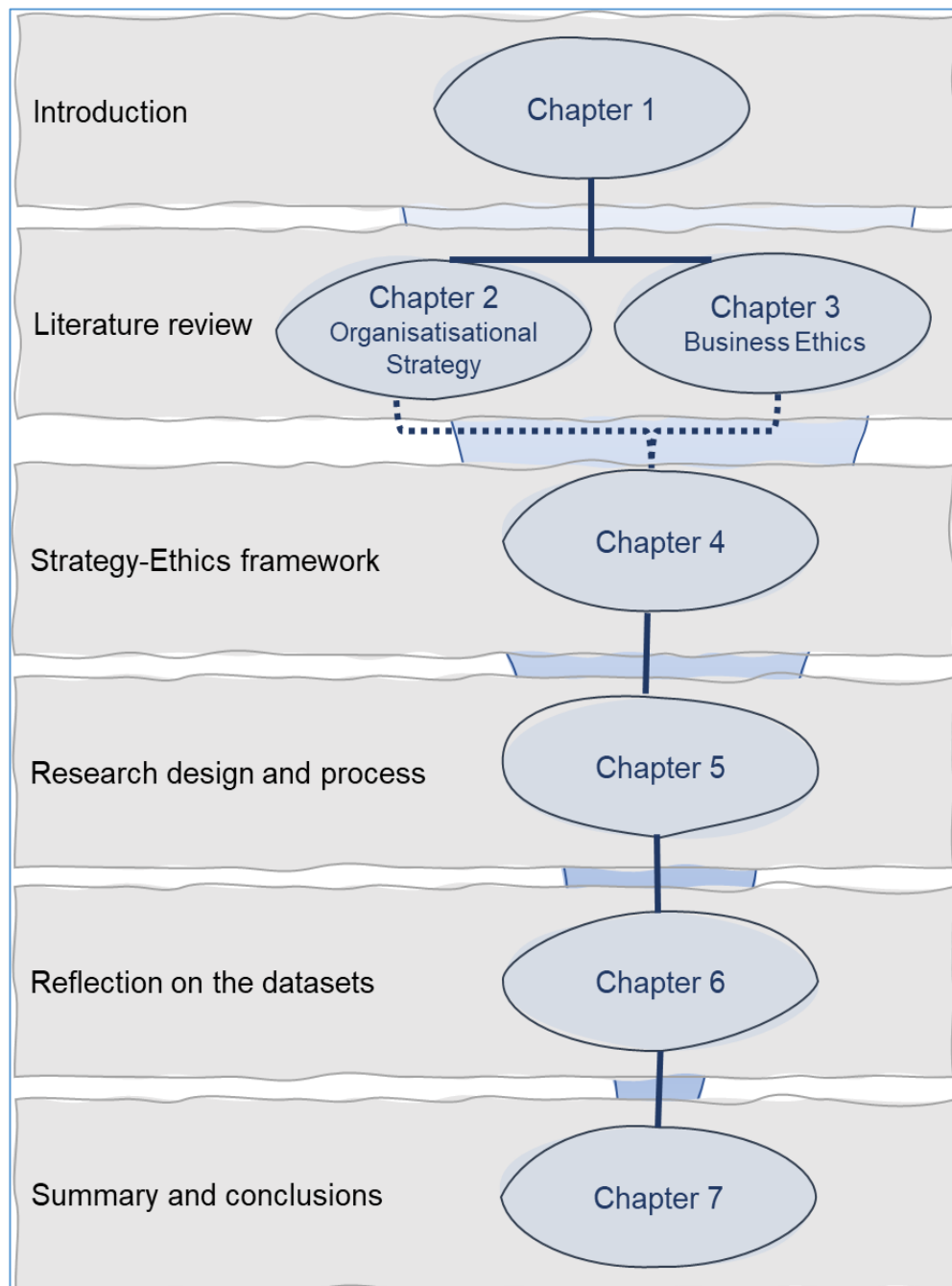
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2. CHAPTER 2: LITERATURE REVIEW ON ORGANISATIONAL STRATEGY

Figure 2.1 indicates the constructs of this study as considered and graphically demonstrates the integration of topics within this chapter.

Figure 2.1: Topics and discussion points that constitute Chapter 2 of this study.

CHAPTER 2: LITERATURE REVIEW ON ORGANISATIONAL STRATEGY	
2.1	**EXPLORING STRATEGY**
2.2	**THE IMPERIOUS NATURE AND PURPOSE OF STRATEGY** 2.2.1 A guiding hierarchy of statements 2.2.2 A "Strategic Sweet Spot" - the ideal competitive advantage 2.2.3 Types of strategies to consider 2.2.4 Tools applied within organisational ecosystem 2.2.5 Strategy-making considerations 2.2.6 Strategic drivers for organisational sustainability 2.2.7 Organisational strategists
2.3	**STRATEGY IN ACTION: STRATEGY-AS-PRACTICE** 2.3.1 Practitioners 2.3.2 Praxis 2.3.3 Practices 2.3.4 Strategy-as-practice: "Real actions and real people"
2.4	**CONNECTION BETWEEN STRATEGY AND VALUES** 2.4.1 Values and the workplace
2.5	**THE STRATEGY-ETHICS DYAD** 2.5.1 The importance of strategy and ethics
2.6	**STRATEGY AND CORPORATE GOVERNANCE** 2.6.1 Ethics of governance 2.6.2 Governance of ethics 2.6.3 Strategic importance of governance 2.6.4 Banking sector governance in South Africa
2.7	**STRATEGIC REPORTING** 2.7.1 Integrated reporting: a valuable mechanism for organisational strategy 2.7.2 Reporting requirements within the South African context
2.8	**CONCLUSION**

Source: Own compilation

2.1 EXPLORING STRATEGY

Strategy related concepts are ubiquitous within organisations and the organisational sphere (Carter, Clegg & Kornberger, 2010:573). Strategy is widely acknowledged as having a critical role in the survival and sustained operations of an organisation, irrespective of the sector and industry type. Furthermore, organisational strategy articulates how an organisation uniquely differentiates itself in terms of capabilities and resources (Baumgartner & Mangematin, 2019:23; Carter *et al.*, 2010:574; Feniṣer & Sadeh, 2017:2; Wurthmann, 2019:22). Wurthmann (2019:22) defines strategy as "a comprehensive, cohesive, externally and internally oriented plan that provides a coordinated means for achieving the organisation's vision, mission, and objectives while upholding its core values." The complex and ever-changing competitive landscape necessitates the consideration of the constant evolution of organisational strategy. Strategy links an organisation's goals, values, resources, capabilities, systems, and structures. It connects the external environment with consideration to competitors, customers, and the supply chain (Grant, 2016:9; Wurthmann, 2019:23). Organisations will be able to effectively respond to the external and internal environmental influences when considering the integration of a combination of theoretical fundamentals in strategy-making (Kopmann, Kock & Killen, 2017:564; Wurthmann, 2019:24).

2.2 THE IMPERIOUS NATURE AND PURPOSE OF STRATEGY

Mintzberg, Ahlstrand and Lampel (2020:15) claim that a definition of strategy is not straightforward, and as such suggest four key outcomes of organisational strategy. In addition to the suggested outcomes to summarise strategy, Mintzberg *et al.,* (2020:15) furthermore provides advantages, and inevitably, also present associated downsides of strategy (Mintzberg *et al.,* 2020:15). Consequently, the first outcome is the directional purpose of strategy. i) "Strategy sets direction." The core purpose and advantage of organisational strategy is to coherently guide the organisation through its environment. Considering the disadvantages, a predetermined direction may cause a blind spot, whereby it is important to be cautious with long-term planning, staying vigilant to adapt strategy is needed. ii) "Strategy focuses effort." Strategy serves as an arranger of organisational activity and prevents individuals from focusing on various directions. iii) "Strategy defines the organization." Organisational strategy serves as a differentiating

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identifier, provides meaning and a collective way to understand what the organisation does. In contrast with the preceding advantage, defining the organisation to rigidly may lead to stereotyping whereby the intricacy of the systems is lost. iv) "Strategy provides consistency." Strategy furthermore reduces uncertainty and provides structure. The disadvantage of strategic consistency is the limitation placed upon creativity, which typically prospers in inconsistency (Mintzberg *et al.,* 2020:17).

Figure 2.2. reflects a summarised overview of the outcomes of strategy as proposed by Mintzberg *et al.,* (2020:15).

Figure 2.2: The outcomes of strategy

Source adapted from Mintzberg, Ahlstrand and Lampel, 2020:15

The diagrammatic reflection derived from the scholarly works by Mintzberg *et al.,* (2020:15) clearly outline four key functions of strategy within an organisation. In the preceding section the advantages and disadvantages of organisational strategy was outlined. The outcome of strategy, therefore, results in organisational direction, defines the organisation, provides organisational consistency, and focusses the effort of the organisation in pursuit of its competitive advantage (Mintzberg *et al.,* 2020:15). Furthermore, Mintzberg *et al.,* (2020:16) aligns the outcomes of strategy with key areas of agreement.

Table 2.1. provides an overview of the common denominators proposed by Mintzberg *et al.,* (2020:16) when considering the nature of strategy.

Table 2.1: Key areas of agreement in organisational strategy

Common denominator	Nature of strategy
Strategy considers both organisation and environment.	The organisation cannot be separated from its environment and needs a strategy to navigate changing environments.
The substance of strategy is complex.	The substance of strategy stays unstructured, unprogrammed, non-routine and non-monotonous, resulting from changing environments and circumstances.
Strategy impacts the overall wellbeing of the organisation.	Strategic choices impact the general wellbeing of the organisation.
Strategy encompasses matters of both content and process.	Activities, strategy content, and the processes for decision making and implementation are included in strategy. Strategies differentiate albeit intended, purely deliberate, emergent, or realised.
Strategies exist on various levels.	Strategy determines the type (what business to operate in) and the way the organisational will compete.
Strategy includes several thought processes.	Strategy includes analytical and theoretical tasks. Key to strategy making is conceptual activities fulfilled by organisational leaders.

Source: Adapted from Mintzberg, Ahlstrand, & Lampel, 2020:16

Strategy therefore keeps the organisation aligned and focused, and is vital to the organisations' existence, albeit functioning with or without strategy (Mintzberg *et al.,* 2020:16). To fulfil the purpose of strategy a set of elements and tools are used to provide structure to the process (Džupina, 2017:75). Subsequently, as part of the tools and elements which provides direction to organisations, foundational statements will be discussed.

2.2.1 A guiding hierarchy of statements

The direction of an organisation comprises foundational statements such as a vision, mission, and value statement (Collis & Rukstad, 2008:84). Considering organisational strategy as proposed by Collis and Rukstad (2008:84), a schematic summary is proposed.

Figure 2.2.1 presents the foundational statements supporting organisational strategy as proposed by Collis and Rukstad (2008:84).

Figure 2.2.1: Organisational strategy and the guiding hierarchy of statements

Source: Adapted from Collis and Rukstad, 2008:84

Figure 2.2.1. provides the overview of the key statements which is considered by Collis and Rukstad (2008:84) as fundamental to organisational strategy. The mission statement serves as the scope to answer why the organisation exists (Collis & Rukstad, 2008:84; Džupina, 2017:75; Louw & Venter; 2013:105). The mission statement has a distinct element which provides the sense and purpose of the organisation and articulates the way in which the organisation wants to realise its vision (Džupina, 2017:76). The vision statement reflects what the organisation wants to be within its environment (Collis & Rukstad, 2008:84). The value statement reflects a set of values, the purpose of the organisation, its beliefs, and how it will behave (Džupina, 2017:76; Louw & Venter, 2013:105). Elements to consider fulfilling the organisation's directional

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statements relate to the organisation's objective, the scope, and its competitive advantage (Collis, 2019:3).

2.2.2 A "Strategic Sweet Spot" - the ideal competitive advantage

A clearly defined directional statement is guided towards a market advantage articulated as, what Collis and Rukstad, (2008:88) refers to as a "Strategic Sweet Spot". The notion of a competitive advantage stemming from a superlative position, or alternatively a "strategic sweet spot", is when an ideal competitive advantage is achieved (Gnjidić, 2018:105). The "strategic sweet spot" indicates the advantage of customers preferring the offering of a specific organisation above a competitor product or service (Collis, 2019:7; Collis & Rukstad, 2008:88). Muriithi (2021:70) refers to the ideal competitive position as a sustainable competitive advantage and defines it as a gained advantage with the ability to withstand the attrition of competitors.

Furthermore, Collis and Rukstad (2008:88) describe a sustainable competitive advantage as the essence of organisational strategy. Agility is vital for strategists given the constantly changing and multifaceted organisational realm. It requires the ability to address changes by means of strategic re-alignment (Bornman 2017:1; Maritz *et al.,* 2011:110). Muriithi (2021:70) postulates that a competitive advantage stems from well-established organisational capabilities and a strong value proposition.

Moreover, Botha, Crompton, and Kim (1999:341), support the notion that a competitive position is formed by key distinguishing characteristics, albethey tangible or intangible and proposes that additionally, these characteristics serve as a confirmation of organisational strengths. Barney (1991:101) echoes the statement that organisations gain an advantage over competitors when implementing a value creating strategy which differentiates the organisation. The ability to sustain such an advantageous position is one of continuous superior performance when value-based principles are instilled (Barney, 1995:101; Barney & Hansen, 1994:179).

Figure 2.2.2. reflects the competitive advantage referred to by Collis and Rukstad (2008:88) as the sweet spot.

Figure 2.2.2: Competitive advantage 'Sweet Spot'
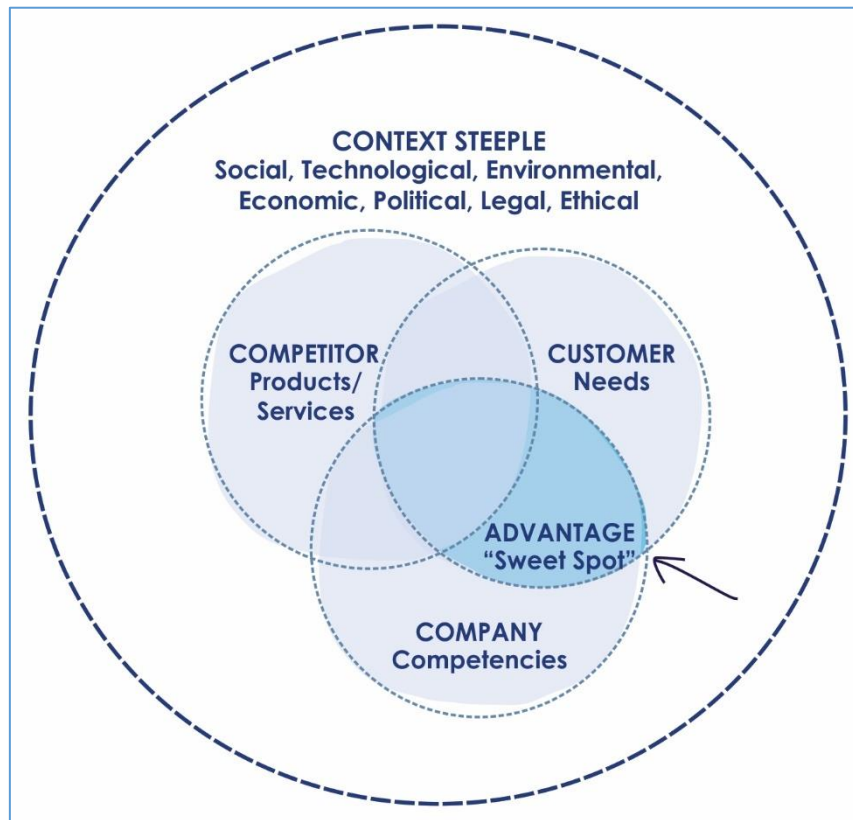
Source: Collis and Rukstad 2008:88 & Collis, 2019:7

Figure 2.2.2. reflects the ideal position for an organisation in its environment, whereby consumers prefer the unique offering over that of potential alternative offerings within the market (Collis & Rukstad, 2008:88). An ideal position as reflected is interpreted twofold for the purpose of this dissertation. The first interpretation is the ideal position as a value principle, whereby both the organisation and its employees are aligned in values (Schuh, Van Quaquebeke, Göritz, De Cremer & Xi, 2018:987). The second interpretation considers the market advantage, whereby the organisation's distinct capabilities and resources place them in an ideal position to outperform the competition (Powell, 2001:874).

Considering the value principle as outlined by Schuh *et al.,* (2018:987) this distinguishes organisational strengths within organisational resources. Furthermore, the efforts of an organisation include the exploiting opportunities and mitigating competitive threats, providing clear benefits to the company over its competitors (Agung & Darma, 2019:745). Considering the financial services industry, an effective alignment of internal capacities and careful configuration of the external prospects provide a

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unique awareness of existing and uncertain future market conditions whereby the financial institution gains a competitive advantage over its rivals, (Anning-Dorson *et al.,* 2018:73). Securing an ideal competitive advantage within the banking sector requires the application of innovative solutions, and the implementation of corporate social responsibility initiatives and quality control measures as key factors for competitive advantage (Kasasbeh, Harada & Noor, 2017:69).

Whether strategies are formulated deliberately or evolve as a result of operational decisions by lower-level managers (so-called emergent strategies), the aim of strategy-making will always be to propel the organisation towards its vision and to gain a competitive advantage over competitors. The subsequent section considers strategic choices, whereby the types of strategy will be discussed.

The ongoing evolution of an organisation's commitment to navigate external and internal stakeholders demands, challenges an organisation to consequently adapt strategies and its value creation. Oertwig, Geitzke, Schmieg, Kohl, Jochem, Orth, and Knothe, (2017:179) state that strategy serves as the premise of organisational sustainability. To strengthen the selected strategy, it should be adaptable and able to consider the inclusion of an explicit sustainability strategy (Oertwig *et al.*, 2017:183). A strategically focused organisation will see results in sustained competitiveness (Lloret, 2016:418).

2.2.3   Types of strategies to consider.

Collis (2016:6) defines deliberate strategy as the process to "identify the broad market position where the organisation can use its unique capabilities to satisfy customer needs in a way that no competitor can." Maritz and du Toit (2018:4) describe a deliberate approach as a rational process of strategy creation, the execution and assessment aligned with the design of the strategy, its placement and evaluation. The deliberate strategy approach is deemed to be sequential and entails two separate phases of strategy where a deliberate planning phase is followed by an implementation phase whereby the strategic intent is translated into actionable initiatives (Kopmann, Kock, Killen, & Gemünden *et al.,* 2017:562; Kopmann, *et al.,* 2017:93).

In the emergent approach to strategising, the strategy process is intertwined, and creation and implementation are assumed to happen simultaneously (Maritz & du Toit,

2018:4; Pretorius & Maritz, 2011:25). When intended strategies do not materialise, it is unrealised strategies that do. Emergent strategies originate from an adaptation process, resulting in unplanned activities which emerge and evolve organically (Kopmann *et al.,* 2017:562; Kopmann *et al.,* 2017:93; Maritz *et al.*, 2011:104; Mirabeau & Maguire, 2014:1204; Mintzberg & Waters, 1985:258). Maritz and du Toit (2018:4) echo the sentiment that the organic development of emergent strategies during organisation activities allows for a more adaptive approach. As a result, the organisation remains agile and able to respond to fluctuations within its market environment.

Figure 2.2.3. provides a diagrammatic depiction of the type of strategies.

Figure 2.2.3: Types of strategy
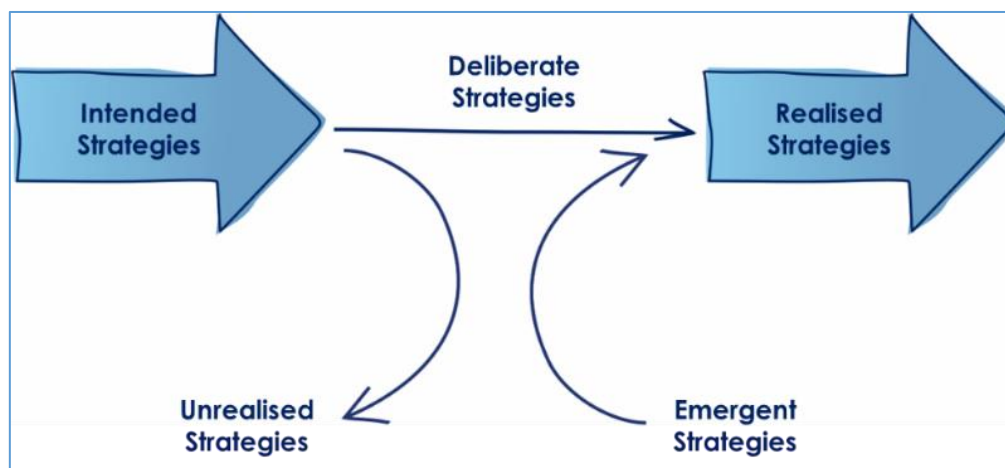
Source: Mintzberg and Waters, 1985:258

The dynamic complexities within the organisational environment continue to organically advance emergent strategies. Emergent strategies play a vital role in the flexibility and adaptability required to compete in current dynamic markets, in contrast to the exclusive use of a deliberate strategy approach (Bornman, 2017:3; Kopmann *et al.,* 2017:563; Maritz *et al.*, 2011:104; Mirabeau & Maguire, 2014:1204; Mintzberg, 1987:14). Emergent and deliberate strategies could be co-formulated, whereby intentional (deliberate) strategies need to remain agile and adjust as and when needed (Maritz *et al.*, 2011:105). The deliberate strategy approach focuses on added value as well as deliberately and pro-actively enabling the entity's corporate social responsibility within its community (Kopmann *et al.,* 2017:563; Maritz *et al.*, 2011:104; Pretorius & Maritz, 2011:25).

2.2.4 Tools applied within the organisational ecosystem.

The interface of organisational strategy and flexibility to adapt to this fast-changing organisational environment results in either organisation success or failure (Anning-Dorson *et al.,* 2018:74). Baumgartner and Mangematin (2019:23), postulate that strategic ambidexterity, serves as a combination of mechanisms which needs to consider new ways to monitor the environment. Within any organisational ecosystem, competitive advantage creation and elevated performance is critically important to all stakeholders. The organisational ecosystem is defined by Kamargianni and Matyas (2017:6), as the extended network of organisations "that influences how a focal firm creates and captures value".

Various strategic management tools have been researched and developed to offer organisational leadership a means to perform strategy activities such as environmental scanning and strategy analysis. Some of these tools include SWOT analysis for analysing strengths, weaknesses, opportunities, and threats in the environment; Porter's Five Forces for industry analysis; The Balanced Scorecard for strategy implementation (Kaplan & Norton, 2004:9), and - resource based theory to analyse the internal organisational environment's performance (Baumgartner & Mangematin, 2019:23; Carter & Whittle, 2018:2; Connelly, Ketchen & Slater, 2010:92; Wurthmann, 2019:23). Collis, (2019:4) states that the external environment is known as "volatile, uncertain, complex and ambiguous" (also referred to as the VUCA-world). It is critical that the organisation remains nimble and adaptable without compromising its existing strategic position (Collis, 2019:4).

Strategy-making requires the careful composition and contemplation of stakeholders as part of the process. Consequences and outcomes of decisions to pursue strategies directly impact its stakeholders whether favourably or unfavourably (Anning-Dorson *et al.,* 2018:74; Carter & Whittle, 2018:2).

2.2.5 Strategy-making considerations

The process of strategy-making involves bottom-up and top-down movement of information and ideas by individuals in diverse positions throughout the organisation (Wurthmann, 2019:22).

Figure 2.2.5 offers an explanatory overview given the variations of the PESTLE model studied and presented by various scholars.

Figure 2.2.5: Overview of models of external macro environmental factors
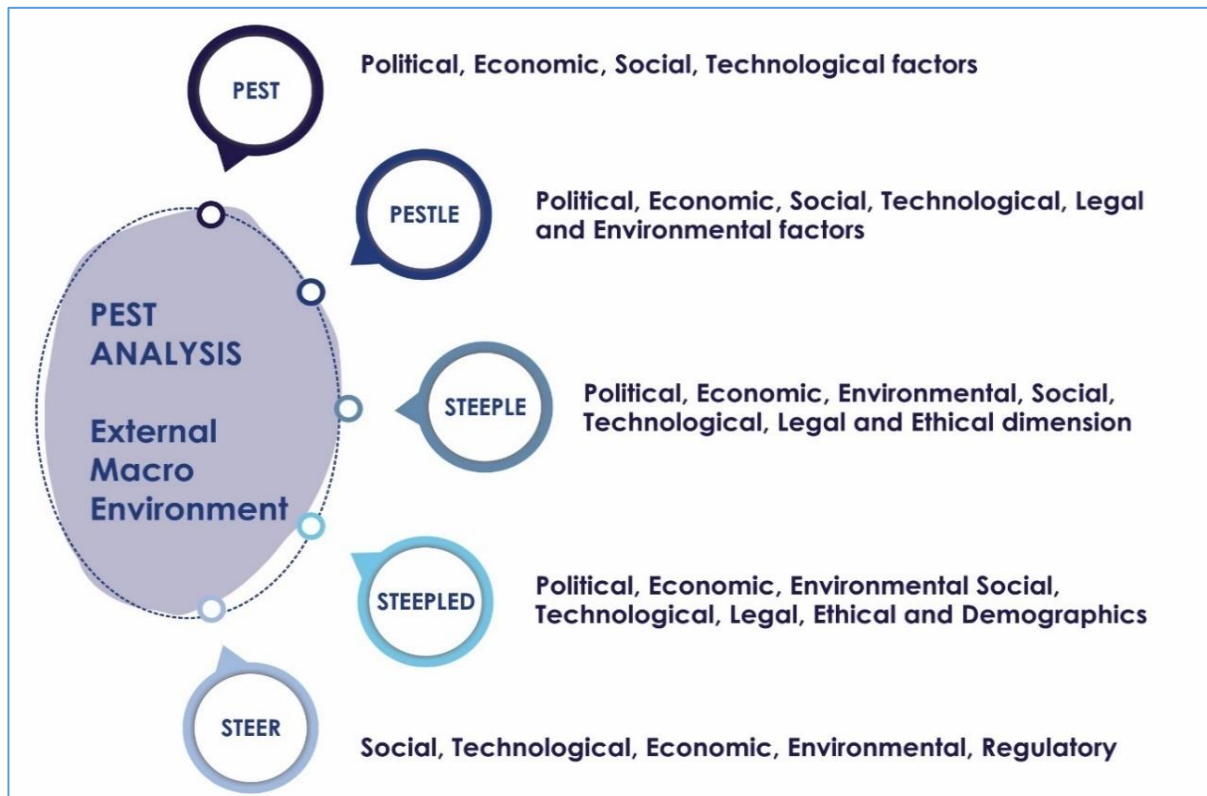
Of particular interest for this dissertation is the inclusion of an ethical dimension within the environmental analysis. A contemporary framework for contextual consideration of the macro environment includes social, technological, economic, ethical, political, legal, and environmental elements, articulates as STEEPLE (More, Probert & Phaal, 2015:387; Sammut-Bonnici & Galea, 2015:3). The STEEPLE framework offers decision makers the opportunity to integrate personal values, incorporating ethics and individual experiences as part of strategy-making (Summut-Bonnici & Galea, 2015:3; More, *et al.*, 2015:387). Abels (2002:16), states that any organisation needs to consider what occurs within their environments to allow the manipulation of strengths and weaknesses to effectively respond to its environment. Environmental knowledge, however, is dependent upon the reliance of the organisation on the environment within which it operates (Abels, 2002:16). The mitigation of the impact of the external environment, is known to strategists as the political (P), economic (E), social (S), technological (T), environmental (E) factors. Summut-Bonnici and Galea (2015:4) provide an overview of

a variation of the analysis tools used when strategising.

A study conducted by More *et al.*, (2015:387) found that ethical factors are not typically considered as part of the strategy (development process) but reported on under three dominant themes – corporate social responsibility, the natural environment and resource exploitation. Arnaud and Sekerka (2010:125), postulate that an organisation focused on long term organisation success and prioritising the importance of organisational and individual values as part of their ethical core is likely to attain maximisation of profits. In order to attain maximised profit status, an organisation's leadership must demonstrate ethical leadership which is formed from perspectives based in ethics, corporate governance, and organisational conduct (Jaffer, Odendaal & Theron, 2019:101). Jaffer *et al.*, (2019:101) elaborate on the societal role within which organisations operate, and the interdependent relationships which need to be considered.

2.2.6 Strategic drivers for organisational sustainability

The sustainability of organisations is changing the focus from lessening the organisation's harmful impact on the environment to a more holistic consideration (Oertwig *et al.*, 2017:178). The emphasis is shifting to operational changes whereby both the environment and society benefits from innovative solutions (Juntunen, Halme, Korsunova & Rajala, 2019:331).

Oertwig *et al.,* (2017:178) postulate that a holistic sustainability strategy will result in proactive management to attain the sustainability aims of the organisation. In pursuit of above average profits in a competitive market environment, implementing a differentiating strategy requires creativity and a specific focus within an organisation's strategy (Oertwig *et al.,* 2017:178). The ability to deliver unique and inventive strategies underscored by provision of value and quality, will result in a sustainable competitive advantage (Mukhezakule & Tefera, 2019:3). The effective integration of environmental, social and governance priorities in organisational strategy and in reporting of related performance, increases investors' perception of organisational relevance and reliability (Espahbodi, Espahbodi, Juma & Westbrook, 2019:155). Thakhathi, Le Roux and Davis (2019:261), suggest that during the pursuit of corporate sustainability, considerations be given to ethics, values, and sustainable development in order to secure meaningful

transformation within an organisation. Organisational sustainability strategies focus on achieving a balance of the social, environmental, and economic requirements instilled by both the organisation and society.

The selection of a suitable sustainability strategy, however, is influenced by type of industry, stakeholder expectations, policies, processes, and the like (Engert & Baumgartner, 2016:823). Engert and Baumgartner (2016:823) postulate that it is imperative to carefully consider the customisation of corporate sustainability strategies in practice. Effective strategy implementation leading to organisational sustainability is realised when stakeholder needs and expectations are incorporated in strategy implementation (Engert & Baumgartner, 2016:823; Stead & Stead, 2013:16).

Leadership guides the organisational culture, reward schemes, governance, best practices, ethics, and organisational policies serve as a solution to connect organisational sustainability and strategy-making. These elements provide the opportunity to explore complexities involved in navigating strategy, and the consideration given to issues such as organisational culture, governance, and business ethics (Engert & Baumgartner, 2016:823; Goebel, Reuter, Pibernik & Sichtmann, 2012:7; Stead & Stead, 2013:27). It is increasingly important to integrate visible, ethical decision making in organisational actions, albeit in the delivery of products, services, or organisational innovation (Adams, Jeanrenaud, Bessant, Denyer & Overy, 2016:191; Jaffer *et al.*, 2019:100).

In pursuit of organisational sustainability, the result of strategies and decisions made by the top management team may fail to meet stakeholder expectations (Feldman, 2020:180). Using the example of strategy making within the organisation, the right way for customers and communities in which it operates, it is anticipated that the outcome will reflect by means of community support, whereby sustainable growth in shareholder value will be gained (Adams *et al.,* 2016:199). Sustainability and ethics are intertwined and the implementation of true sustainable practices, requires ethical behaviour (Goebel *et al.,* 2012:8), which flows into the discussion on organisational strategists and individual influences impacting strategy.

2.2.7 Organisational Strategists

Organisation leaders, whether top or functional management, guide the anchoring

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values of an organisation and serve as organisational strategists (Rave, Álvarez & Morales, 2022:30). A key contribution on organisational strategists by Hambrick and Mason (1984:194), explains an upper echelon theory, being the role and effect of top management on organisational performance. More importantly, Hambrick and Mason (1984:194), argue that: i) The top management team responds based on individual interpretation of strategic circumstances; and ii) Individual understanding serves as a reflection of experience, values, and personality traits (Kokot, Tipurić, & Čalopa, 2021:123). Increasingly relevant to the focus of this dissertation is the upper echelon theory's contention that individual interpretation of a circumstance by executive management directly impacts their conduct and strategic choices (Kokot *et al.,* 2021:123). Furthermore, considering a strategy-as-practice perspective, the organisational strategists are not limited to top management, but includes middle managers of the organisation (Rave *et al.,* 2022:30; Rouleau, 2013:549). Wooldridge and Floyd (1990:240) postulate that middle managers should be involved in strategy making to elevate the quality of the strategy rather than just the functional implementation thereof. Considering the perspective of Wooldridge and Floyd (1990:240), the strategy-as-practice approach aligns well with the approach to include middle managers as part of the organisational strategists. Strategy-as-practice considers organisational strategists as strategic actors, what these actors do and the actions they apply when strategising (Burgelman, Floyd, Laamanen, Mantere, Vaara & Whittington, 2018:12).

Consequently, considering organisational strategists from a strategy-as-practice perspective, strategy is fulfilled by practitioners. (Hautz, Seidl, & Whittington, 2017:2; Jarzabkowski & Spee, 2009:71; Jarzabkowski & Whittington, 2008:282). Strategists include middle or top management within the strategy-as-practice framework, as the practitioners of strategy (Rouleau, 2013:548). Practitioners are actively engaged in strategy-making, the monitoring and evaluation of the implementation of strategy. To ensure that organisational strategy is successful, the practitioners' strategic vision, their capacity and aptitude to effectively share the organisational vision remains a key element of success (Mayfield, Mayfield & Sharbrough, 2015:103).

Within the organisational hierarchy, it is expected that practitioners have a strong appreciation of the norms, values and conventions which underscore a performance culture. An organisation with an open communication culture is one whereby the

employee is empowered during the decision-making processes, which enhances a favourable working atmosphere ultimately resulting in elevated productivity (Mayfield *et al.,* 2015:103; Pitelis & Wagner, 2019:233; Rahman, Dey & Al-Amin, 2019:17; Trevino & Brown, 2004:80; Wong, Ramalu & Chuah, 2019:32). The strategy-as-practice field mostly considers social elements and does not merely focus on the pure economic benefit (Carter & Whittle, 2018:2). Kearny, Harrington and Kelliher, (2019:7) explain that strategy-as-practice empowers interactions with strategy as a pragmatic and entrenched manner of human action.

2.3   STRATEGY IN ACTION: STRATEGY-AS-PRACTICE

Strategy-as-practice considers several elements of strategy as applied and found in the organisational environment including social norms, values, rules, identities, beliefs, symbols, discourses, roles, principles, and morals (Carter & Whittle, 2018:2). Jarzabkowski *et al.*, (2007:8) defines strategy-as-practice as a positioned, socially adept activity, whilst strategising includes the actions, collaboration, and negotiation of various actors. Furthermore, the actors draw upon specific practices to accomplish intended activities (Jarzabkowski *et al.*, 2007:8). As a result, from a strategy-as-practice perspective, these elements, and actors (namely practitioners, practices, and praxis) represent strategic actions that constitute strategy making (Costa *et al.,* 2019:45; Dahl, Kock Sören & Lundgren-Henriksson, 2016:95).

Figure 2.3 illustrates a multilateral conceptual framework as a starting point for discourse on the role of various environments and the interrelationship with strategy as-practice, reflected by the triangular focal points being the praxis, practitioners, and practice. Figure 2.3. is a depiction of strategy-as-practice, connecting praxis, practitioners, and practices in the macro, meso and micro-environment within which an organisation exists.

Ensuring that practitioners deliver a strategy that maintains or enhances legitimacy requires a linkage to social principles. Furthermore, the social environment also considers who is responsible for what deliverables, beliefs, and systems among others, thereby providing an overview of its complexity (Carter & Whittle, 2018:2; Husted & Allen, 2000:3; Jarzabkowski & Spee, 2009:71).

Figure 2.3: A conceptual framework for the positioning of strategy as practice within its complex environment
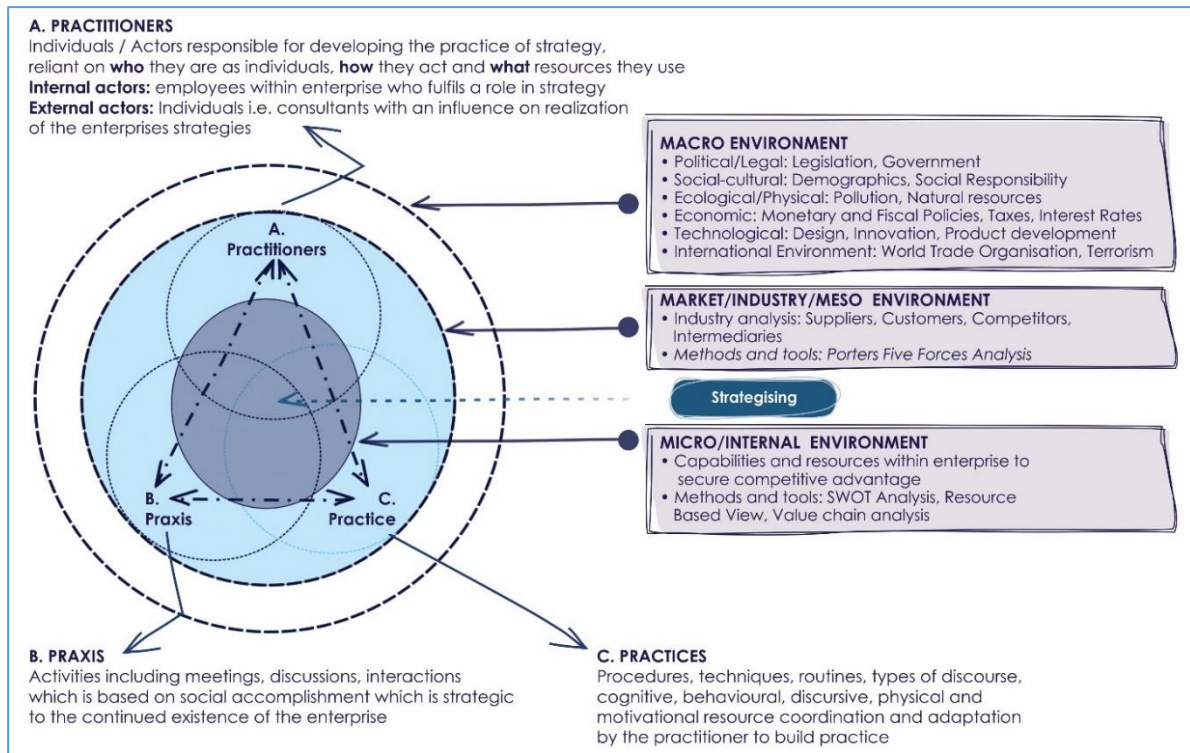
Source: Figure adapted from Jarzabkowski, Belogun and Seidl, 2007:11

The macro, meso and micro-environments and the interrelationships of three strategy-as-practice domains include praxis, practices, and practitioners (Carrington, Zwick & Neville, 2019:978; Jarzabkowski *et al.,* 2007:15; Jarzabkowski & Spee, 2009: 71; Jarzabkowski & Whittington, 2008:101). The macro environment relates to the external factors which need to be considered, as well as the fit of the organisation to its environment. The influence of the external environment on performance or output capabilities of an organisation, albeit political, technological, economic, social, ecological, or legal factors should form part of strategic considerations (Costa *et al.,* 2019:45; Jarzabkowski, *et al.,* 2007:18; Otieno, Ogutu & Pokhariyal*,* 2019:122). Standard practices based on specific organisational sectors may influence industry behaviour and actions founded on a set of relevant principles or guidelines (Jarzabkowski & Whittington, 2008:283), which will be of relevance to this dissertation considering regulatory requirements within the South African Financial Sector. As presented in Figure 2.3, strategy-as-practice theory accentuates the role of actors. To

enable actors to institutionalise strategy, it is necessary to consider the practices applied to fulfil the mandate of strategy (Rouleau, 2013:575).

2.3.1 Practitioners

Actors are all individuals within the organisation accountable for the design, development, action, and implementation of strategy. Moreover, actors act as the 'doers' of strategy whereby they fulfil the responsibility of the implementation of the strategy and execute their engagement from a similar frame of reference, based on shared comparable knowledge and emotive states in comparable circumstances (Jarzabkowski & Spee, 2009:70; Jarzabkowski, Spee & Smets, 2013:43; Rouleau, 2013:575; Whittington, 2018:344). Considering the strategy-as-practice perspective, practitioners are responsible to achieve the strategy-making as a united group, whereby Burgelman *et al.,* (2017:534) identifies practitioners as actors involved in strategic decision-making and processes including organisational chief executive officers, members of the Board of Directors, middle management, venture managers, team leaders and other employees. Strategy is the responsibility of a range of role-players, including senior- and middle management levels within the enterprise hierarchy (Burgelman *et al.*, 2017:3; Dahl *et al.,* 2016:98; Jarzabkowski *et al.*, 2007:9; Netz, Svensson & Brundin, 2019:2).

Burgelman *et al.,* (2017:533) asserts that within strategy-as-practice analysis for practitioners exploring the micro-level actions within the organisation's process. In addition, there is an increase in focus on the macro-level occurrences toward the outward looking of actions by practitioners (Burgelman *et al.,* 2018:10; Costa *et al.,* 2019:45). Rouleau (2013:575), proposes that practice as a managerial action reflects the roles, skills, and capabilities towards strategy.

2.3.2 Praxis

Strategy praxis reflects the integral flow and connectedness of actors and the application and use of resources by practitioners, the organisational representatives, and the sphere of the organisation in which these actors and groups play a role (Costa *et al.,* 2019:41; Jarzabkowski *et al.,* 2007:10; Jarzabkowski & Spee, 2009:70). Considering a definition by Maritz and Du Toit (2018:4) "Praxis refers to the sheer labour of strategy, the flow of activities such as meeting, calculating, investigating, and

presenting through which strategy is made". Furthermore, Jarzabkowski *et al.* (2007:11), explain that praxis reflects the totality of human action within all spheres of society. Hence praxis reflects the interconnectedness between actions of individuals and any relevant occurrences within society (Jarzabkowski *et al.,* 2007:11). Thus, praxis is the culmination of interconnected actions and activities whereby strategy emerges from the core, with practice and process sequentially overlapping (Jarzabkowski *et al.,* 2007:11; Tsoukas, 2018:324). Worth noting, is the fact that the flow of activity is non-restricted in directional movement and can occur at various levels within society or an organisation. Actions are also not singular, as they may have various deviances, run in parallel, be interconnected, collide, or even be reliant upon one another. The interconnectedness of actions is complex in nature, whereby the movement of actions connect independent items, whilst generating action response loops (Costa *et al.,* 2019:41; Jarzabkowski *et al.,* 2007:11; Jarzabkowski & Spee, 2009:73). Stander and Pretorius (2016:12) explain the action response loops as the interconnectedness of independent actions by practitioners which flows together, resulting in sequences which reoccur.

2.3.3 Practices

Strategy-as-practice refers to theoretical and practical developed models or tools which are integrated within the strategy discourse, for example Porter's strategy analysis tools and decision-making instruments (Burgelman *et al.*, 2017:7; Greckhamer & Gur, 2019:2). Maritz and Du Toit (2018:4) describe the nature of practices as different sequences, discussions, ideas, and technologies whereby strategy activities are achievable. Furthermore, practices apply consulting tools such as Porter's analysis, hypothesis testing, and software tools such as Microsoft PowerPoint and material products including flipcharts among others (Maritz & Du Toit, 2018:4). Practices constitute the shared, positioned, personified, and mediated procedures and actions to ignite and inform strategy (Whittington, 2006:614; Whittington, 2018:344). Practices may be within (internal) or sourced externally to the organisation. Furthermore, practices are factual and are characterised as 'socio material' (Costa *et al.,* 2019:41; Jarzabkowski & Spee, 2009:70). A skilled practitioner should have the ability to effectively apply needed practices within the strategy praxis (Jarzabkowski & Spee, 2009:72).

Moreover, strategy-making is influenced by numerous elements that vary from the impact of power and politics and interpretative methods to design strategy, among others. Once a strategy has been developed albeit a deliberate strategy or emergent strategy evolving from the inner workings of the organisation, it will then be implemented by management at various levels within the organisation in order to effectively deploy and institutionalise it (Carter & Whittle, 2018:2; Otieno *et al.*, 2019:123; Rouleau, 2013:560; Maria Stock, Zacharias, & Schnellbaecher, 2017:204; Whittington, 2018:344).

2.3.4   Strategy-as-Practice: "Real actions and real people"

Jarzabkowski and Whittington (2008:101) postulate that strategy is not merely a property of an organisation but a form of effort. Considering a strategy-as-practice perspective, the theory gained validity, linking an extensive spectrum of social literature (Carter & Whittle, 2018:3). Strategy-as-practice includes a sociological reflection as part of organisational strategy. Iasbech and Lavarda (2018:348) reflect on the outputs of strategy, where "real actions, by real people, in specific times and places" occur. The real acts and behaviours are a result of human agency and institutional influences. Iasbech and Lavarda (2018:348) state that individuals make strategic decisions. Furthermore, Iasbech and Lavarda (2018:348) elaborate on strategic decisions made by individuals and groups, rooted from social structures. Social structures are formed and recreated by responses and actions from individuals and groups over time and distance (Jarzabkowski & Whittington, 2008:101). The interaction between practitioners and individuals who deliver organisational micro-activities reflect a socially attained activity (Iasbech & Lavarda, 2018:348). Roe and Ester (1999:4) propose that the owner of value is not limited to an individual, and may belong to groups of individuals, a community, an organisation, or a subgroup among others. The explanation of how values are owned, serves as a link between a strategy-as-practice perspective and organisational values. The involvement of the individual and groups from a strategy-as-practice perspective therefore requires considerations of ethics (Tsoukas, 2018:325).

When ethics underscores strategy-as-practice it is likely that decision-making within the organisation will be strengthened and illuminated. There is a direct link between ethics related issues, including reputation, loyalty, and dilemmas as a result of the sociological elements that influence the decisions and actions by the practitioners of strategy

(Tsoukas, 2018:323; Whittington, 2018:345). The importance of strategy and values, followed by a reflection on the strategy-ethics dyad as an intricate relationship is subsequently discussed.

2.4 CONNECTION BETWEEN STRATEGY AND VALUES

Jaakson (2010:797), refers to basic values as a reflection of organisational direction and why the organisation exists. Furthermore, Jaakson (2010:798), proposes that core values imitate the collective and applied organisational values. Schwartz (2012:16), refers to values as underscored by attitudes. Values are considered at various levels of importance which serve as leading principles, goals, or behaviours to apply as an accepted norm of behaviour (Schwartz, 2012:16).

Although strategy-as-practice as a research paradigm brings the importance of sociological elements to the fore, it also emphasises a comprehensive outlook, focusing on the managerial agenda to strategy-making. The focus of strategy-as-practice addresses the success or failures as it relates to strategic practices (Carter & Whittle, 2018:2; Whittington, 2018:344). Kearney *et al.*, (2019:9) postulate that a strategy-as-practice approach reflects the actions of individuals who conduct strategy. Strategy-as-practice is the output of activities, whereby all stakeholders support the performance of strategy, thus practitioners actively contribute towards strategy development (Iasbech & Lavarda, 2018:350). The decisions and contributions in strategy reflect sociological elements as part of the individual, and surfaces as values and beliefs (Thome, 2015:47). Tsoukas (2018:324) refers to the focus on strategy-as-practice as "the embedded nature of human agency." Further to the embedded nature of human agency as proposed by Tsoukas (2018:324). Roe and Ester (1999:10) propose three general levels of values which reflects social interrelationships within the workplace. Thus, Roe and Ester (1999:2) propose elements which reflect general values, work values and work activities within three levels considering a country, group, or individual levels. In the consequent paragraph, these values and levels will be elaborated upon.

2.4.1 Values and the workplace

Schwartz (2012:3) state that values serve as a way in which social groups, organisations and individuals are portrayed. Moreover, values provide a premise to understand underlying reasons for attitudes and behaviour. A consideration to highlight

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relates to shared values, Roe, and Ester (1999:3) propose that it should not be assumed that a country, group, or individual shares the same value. Moreover, Roe and Ester (1999:10) suggest three levels of interrelationships with values: the individual, group, and country. The country level reflects the society at large or a larger social unit, group level represents an organisation, demographic classification or specific profession for example, and the individual level being a person.

Figure 2.4.1 presents the proposed generic model of general values and the workplace (Roe & Ester, 1999:13).

Figure 2.4.1: A generic model of general values
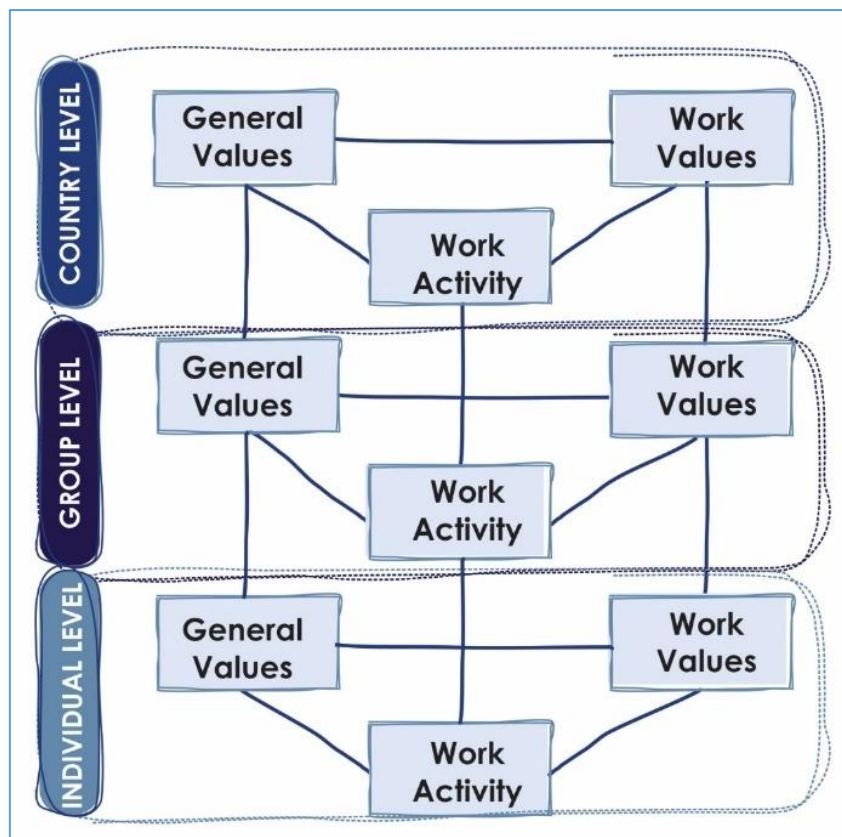
Source: Roe & Ester, 1999:13

Figure 2.4.1. provides insights as to the framework proposed by Roe and Ester (1999:10) outlining the social entities and the three levels, being the country, group and individual levels to deliver a work activity. The framework implies that interrelationships between general and work values within all three levels exists. Furthermore, a strong interrelationship is identified between cultural or personal values and work activity (Roe & Ester, 1999:13). The horizontal linkages reflect the general belief that work activities may be influenced and determined by work values, whilst work values originate from

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general values. Within this framework, Roe and Ester, (1999:11) consider the general values as a reflection of direct components of behaviour. Components of behaviour refers guidelines to select objectives and how to make decisions to achieve the objectives. Moreover, the reversed causal link implies that work activities may influence work values, which in turn may impact general values. The vertical association between the three levels reflects the hierarchy, individuals' functions within clusters and these groupings are found within society.

Furthermore, Roe and Ester (1999:12) propose that it is likely to assume given the framework that individual values have an impact on social values and individual actions influence collective activities.

2.5 THE STRATEGY-ETHICS DYAD

2.5.1 The importance of strategy and ethics

During the past two decades, scholars have extensively studied the topic of strategy related to business ethics. Literature focused on defining the relationship between business ethics and organisational strategy appears limited as to considerations of ethics (if any) within organisational strategy. Singer (2010:479) argues that "strategy-ethics relationship (SER) remains incomplete and controversial." Robertson (2008:746) contends that there is an opportunity for further exploration to better quantify the link between business ethics and strategy. The emphasis, however, is focused on the corporate governance perspective as the most important assignment of executive management to generate and retain a moral business entity. Given the complexity of the strategy dimension, consideration should be given by organisation leadership to underscore it by business ethics (Abdullah & Valentine, 2009:93; Chauke, 2018:258; Paine, 1994:106). Strategy embeds moral consequences and decisions by leaders. Although arguments have been made to include ethics as an integral part of strategy, business ethics is considered as an add-on rather than integrated as part of organisational strategy (Carrington *et al.,* 2019:977; Goosen & Van Vuuren, 2005:62; Tsoukas, 2018:324; Van Vuuren, 2002:21). Instead of applying business ethics as an add-on to strategy, it should be considered as a corporate polestar, whereby organisational strategy integrates business ethics as the key guiding principle (Tsoukas, 2018:324).

Van Vuuren (2002:21) states that organisations admit that there is a strong link between ethics and organisational success leading to sustainability. Responsible organisation leaders are confronted to govern organisations effectively, particularly as it relates to strategy-making. It is thus imperative that leaders ensure the alignment of strategies and organisational purpose and what values are part of the foundation of the organisation (Maritz *et al.*, 2011:102). The values and moral fibre of an organisation is emphasised by the collective purpose, integrity, and ethics, resulting in the manner in which organisation is governed (Smith, 2018:604). The explanation of moral fibre by Smith (2018:604) highlights a need to clarify the contextual relevance between strategy and governance.

2.6 STRATEGY AND CORPORATE GOVERNANCE

Gottschalk (2011:80), defines corporate governance as organisational systems and structures which guides and directs organisational operations. Governance as a concept includes prescriptive principles such as accountability, transparency, fairness, the rule of law, participation, and responsiveness (Gottschalk, 2011:80). Internationally, an economic crisis experienced from 2007 through 2009 inspired a reactive response to mitigate failures attributed to the lack of principled governance (Bhasin, 2016:25; Knights & O'Leary, 2005:359; Maritz *et al.,* 2011:102; Rashid, 2020:8). Global regulatory requirements were introduced, attempting to regain universal economic stability as well as mitigate ethics related risks. The imposed regulatory requirements specifically focused on reforms within the financial sector, with a particular focus on commercial banks (Cecchetti, 2018:8; Duffie, 2018:4838; Gilbert, Calitz & Du Plessis, 2009:47; Kock *et al.*, 2002:83). The lack of principled governance has an undesirable influence on overall financial growth and long-term organisational financial sustainability (Bhasin, 2016:25; Rashid, 2020:8). The nuanced influence is explained as a variance in factors such as failure of effective corporate governance, poor management, and unethical conduct. These factors resulted in reputational harm or closure of institutions globally. Specific examples include company failures such as Enron, WorldCom, Parmalat, and Lehman Brothers (Coffee, 2019:549). Within South Africa, examples include LeisureNet and Aveng, with the financial sector providing examples of similar occurrences including Fidentia, Masterbond, Saambou, Regal Bank, Cape Investment Bank (CIB), the Pretoria Bank and the VBS Bank (Chauke & Sebola, 2018:261; Coffee, 2019:549; Engelbrecht, Pieterse & Robinson, 2015:68).

Coffee (2019:549) states that VBS Bank was "corrupt and rotten to the core." These examples of organisations, particularly banks which failed as a result of unethical practices and poor governance had a negative ripple effect throughout the local and global economy. Furthermore, closure of financial service providers, particularly in the case of commercial banks, had a devastating impact on stakeholders and the economy at large (Argandoña, 2012:2; Azadinamin, 2013:3; Coffee, 2019:549; Duffie, 2018:4836).

The intricacies within the financial sector require the existence of vigorous and reliable regulatory structures to function competently and effectively (Banahene, 2018:1). Alignment to regulatory frameworks allows management the opportunity to use integrated reporting as a means to build stakeholder trust (Chaidali & Jones, 2017:7; Eccles *et al.,* 2015:8; Oertwig *et al.* 2017:192). Kablan (2010:28) proposes that the financial industry be a vibrant and competitive environment, whereby organisational strategy is a crucial driver of success. Furthermore, the strategic choices faced by a bank includes the mix of its products, client selection, geographic setting, supply channels and the structure of the organisation (Kablan, 2010:28).

Corporate governance within the South African context, is guided by the adoption of the King Report on Corporate Governance, published as King I in 1994; King II in 2002; King III in 2009 followed by updated framework in King IV in 2016 (Rossouw, 2020:187). Within the most recent version of the King Report (King IV), there is a dramatic increase in the focus on ethics compared to previous versions. Rossouw (2020:187) clearly outlines differences between the governance of ethics and the ethics of governance considering the King Report on Corporate Governance perspective.

2.6.1 Ethics of governance

Rossouw (2020:188) defines the ethics of governance as the consideration of "who" benefits from the governance of the organisation. Rossouw (2020:188) supports the work of scholars Donaldson and Walsh (2015:184) which suggests two theoretical considerations to governance. The first theory considers the organisation to be governed to the benefit of the owners, reflecting the agency theory approach. The agency theory influences the way in which strategic management and policies of the organisation are institutionalised (Donaldson & Davis,1991:50). The second theoretical

consideration is a stakeholder approach, whereby the organisation focuses on stakeholder interests, guiding and respecting stakeholder interests (Rossouw, 2020:188). Freeman, Phillips and Sisodia (2020:214) state that stakeholder theory aims to create meaningful, knowledgeable engagement, and value-creation for stakeholders. Furthermore Rossouw (2020:188) acknowledges that this dimension of ethics of governance is presumed, therefore may not be specifically expressed in requirements, principles, and practices of corporate governance tasks.

2.6.2 Governance of ethics

Unlike the ethics of governance, governance of ethics is explicit and clearly outlines the responsibilities, expectations, and the role of governing structures within organisations (Rossouw, 2020:188). The governance of ethics guides supervision of decision-making and ethical behaviour of both the governing body and the organisation it regulates (Rossouw, 2020:188). The notion of ethical behaviour and decision-making as foundational components of governance of an organisation is echoed by Jaffer *et al.,* (2019:101). Jaffer *et al.,* (2019:101) emphasises that values and guidance from organisational leadership sets the tone for the governance of ethics. Rossouw (2020:188), distinguishes between two considerations related to the governance of ethics, being an internal and external dimension whereby the internal dimension reflects the way individuals are to behave. The internal dimension includes associates and/or representatives of the governing structure, experts, agents, contractors, suppliers, or staff complement of the organisation (Rossouw, 2020:188). Rossouw (2020:188), explains that the external dimension on the organisational responsibility and role as it relates to social, economic, and natural environment within its sphere of operations. The external dimension incorporates social responsibility as part of the responsibility of an organisation within society (Rossouw, 2020:188).

Governance of ethics therefore includes an organisations' ethical standards reflected in documents such as codes or policies, deliberate direction to behave ethically and the organisational culture (Rossouw, 2020:188). Within the South African context, the King Report on Corporate Governance released its fourth edition in 2016, with prominent guidelines related to the governance of ethics, rather than a mere compliance-based approach to organisational governance (Natesan, 2020:155).

2.6.3 Strategic importance of governance

Gottschalk (2011:79) states that corporate governance forms a critical element of stakeholder trust and organisational reputation. The strength of an organisations' corporate governance is reflected in its stakeholder confidence levels (Gottschalk, 2011:79) and will be discussed in the subsequent chapter of this dissertation.

2.6.4 Banking sector governance in South Africa

Kasasbeh *et al.*, (2017:69) suggest that aligning a bank to regulatory structures and using integrated reporting as a conduit to build trusting relationships with stakeholders provides a competitive edge. A bank is further able to gain a competitive advantage by the inclusion of innovation, quality management, customer-oriented service, and corporate social responsibility as part of the organisational strategy. Banking sector strategy elements are underpinned by core competencies, efficiency of services, the value of product offerings, cost effectiveness, customer satisfaction ratings, quality of customer service, customisation of product and services and usability, among others (Kasasbeh *et al.,* 2017:69). To build stakeholder trust, organisations communicate organisational strategy, sustainability practices, corporate governance, and its competence, by means of an integrated report. The integrated report thus serves as a tool to convey an all-inclusive sustainability profile to its stakeholders (Barth, Cahan, Chen & Venter, 2017:45; De Villiers, & Sharma, 2017:10).

2.7 STRATEGIC REPORTING

2.7.1 Integrated Reporting: A valuable mechanism for organisational strategy

Following a global financial crisis, an International Integrated Reporting Council (IIRC) was formed to address concerns raised from financial reporting models (De Villiers, & Sharma, 2017:1). The approach to reporting on organisational performance changed drastically and as a result an International Integrated Reporting Council (IIRC) was established in 2010 to serve as a new reporting norm (De Villiers, & Sharma, 2017:2). The goal of the IIRC focuses on elevating the usage of integrated reporting by both the public and private sectors (Eccles *et al.,* 2015:8). Forming a supporting role to the IIRC, global reporting initiative guidelines were created and is known as G4 (Eccles *et al.,* 2015:8). Aiding the IIRC with setting global standards, the Global Reporting Initiative

(GRI) published procedures (also referred to as the fourth edition), G4 guidelines for organisations on how to prepare sustainability reflections with substance, and reporting on value creation and organisational strategy is integrated as part of the report (Chaidali & Jones, 2017:4; Eccles *et al.,* 2015:8; Oertwig *et al.,* 2017:193). The sustainability reflections with substance, refers to ethical accountability, and ethical duties concerning the economic, social, and environmental responsibility as part of organisational performance (Lodhia, 2015:585). The IIRC (2013:7) provides a definition as to the purpose of integrated reporting, which states that: "An Integrated Report is a concise communication about how an organisation's strategy, governance, performance and prospects in the context of its external environment led to the creation of value of the short, medium and long term."

The G4 guidelines serve as an authoritative management process underscoring an integrated approach to strategic planning and thinking. This approach allows an organisation to address ecological, social, and governance challenges whereby prosperity over an extended period results in advantages to shareholders and society at large. An Integrated Report (IR) serves as an opportunity to secure greater trust and accountability based on transparency and, additionally, the dissemination of interrelated data. The information includes specifics related to grouped assets of the organisation being fiscal, human resource, social and relationship, intellectual and natural capital. It communicates an overview of the company's fiscal and non-financial performance. The non-financial section of the report includes the governance, environmental and social performance of the company (Chaidali & Jones, 2017:4; Eccles *et al.,* 2015:9; Oertwig *et al.,* 2017:192).

Abeysekera (2013:227) states that the integrated report contributes to accountability and performance transparency of the organisation. The context and content factors bind accountability and performance within the organisation's operations. An integrated report provides an opportunity to better understand existing interrelationships of the financial, environmental, social and governance performance of an organisation (Eccles *et al.,* 2015:8; Le Roux & Pretorius, 2019:16). Withholding information should not be motivated to hide transgressions nor to deceive stakeholders (Abeysekera, 2013:227; Barth *et al.,* 2017:44). The King Report on Corporate Governance secured a position for South Africa as market leader in the field of integrated reporting due to the compliance requirements posted upon companies to comply with required

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standards (Barth *et al.,* 2017:44).

2.7.2 Reporting requirements within the South African context

The King Report (IODSA, 2016:20) states that the licence to operate remains exceptionally complex as it relates to local communities, nationally, and the impact of globalisation within a competitive global arena. In South Africa, The King Report on Corporate Governance, delivered by the Institute of Directors (IoD) South Africa, promotes accountability of companies and their directors (De Villiers, Unerman & Rinaldi, 2014:6). A requirement to list on the Johannesburg Stock Exchange (JSE) is that organisations integrate financial and sustainability performance as part of the reporting to stakeholders (Barth *et al*., 2017:43; De Villiers *et al*., 2014:6; Eccles *et al.,* 2015:8). A framework which serves as a holistic outline within the South African context was proposed by a multi-stakeholder group known as the Integrated Reporting Committee (IRC) of South Africa. The Integrated Report reflects the commitment to sustainability, broadly defined in financial, environmental, social and governance performance (De Villiers *et al.*, 2014:9; Eccles & Saltzman, 2011:58). Eccles and Saltzman (2011:58), consider an Integrated Report as the most effective communication tool to stakeholders and shareholders. Furthermore, an Integrated Report reflects the achievement of organisational objectives and ensures a sustainable organisational strategy is in place (Eccles & Saltzman, 2011:58).

Although directors need a reporting framework to share organisational performance with its stakeholders, it requires a governance mechanism to do so (Abeysekera, 2013:234). Three attributes of good governance mechanisms include transparency, accountability, and ethical leadership (Abeysekera, 2013:234). Translating the good governance mechanisms to reflect the strategy-as-practice perspective, ethical leadership serves as the practitioners (who are practicing strategy), accountability and transparency articulates as practices (focusing on the how things are done). For the purposes of this dissertation, integrated reports will be used to identify and analyse the interconnectedness of communicated strategic values, leadership commitment, and governance structures of commercial banks.

2.8 CONCLUSION

In this chapter of the dissertation, a systematic literature review on organisational

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strategy served as a foundation for understanding the imperious nature of strategy. The guiding hierarchy of statements was discussed, and included the mission, vision, and value statements. Furthermore, the discussion highlighted the importance of maintaining a competitive advantage. A visual representation of the contribution by Collis (2019:7) on a sustained competitive advantage namely the 'sweet spot' was detailed. Organisational strategy and types of strategy, being deliberate and emergent strategies were outlined, and included the description of strategy-as-practice. A definition of strategy-as-practice by Jarzabkowski and Whittington (2008:282) was used, "Strategy is what people do" and followed by an explanation and interpretation of praxis, practices, and practitioners. From the strategy-as-practice discourse, a case was made for focusing on the quantification of the link between organisational strategy and business ethics (Robertson, 2008:746).

The impact of global failures to achieve value-based business practices resulted in regulatory and governance reforms. The failures emanated from a lack of corporate governance, poor management, and unethical conduct. A study by Kablan (2010:28), stated that governance of an organisation is based on values and guidance from organisational leadership. A STEEPLE framework offered the integration of personal values and included ethics and individual experiences as part of strategy-making (More, *et al.*, 2015:387). The strategic drivers for organisational sustainability included considerations to ethics, values, and sustainable development secured meaningful transformation within an organisation (Thakhathi *et al.,* 2019:261).

Within the organisational hierarchy, the strategists were identified, and leaders are required to have a strong comprehension of the norms, values and conventions which underscored a performance culture in an organisation. The importance of the way an organisation considers its social and environmental impact, as well as the economic benefits for the organisation and society is noted, and the role of leadership mentioned. To communicate to stakeholders and shareholders, the integrated report as tool for connecting to audiences is outlined. The importance of accountability and performance transparency of an organisation through integrated reporting was outlined (Abeysekera, 2013:227). In conclusion, the relationship between organisational strategy and business ethics reflected opportunities for further exploration.

3. CHAPTER 3: LITERATURE REVIEW ON BUSINESS ETHICS

Figure 3.1 indicates the constructs of this study as considered and graphically demonstrates the integration of topics within this chapter.

Figure 3.1: Topics and discussion points that constitute Chapter 3 of this study.

CHAPTER 3
LITERATURE REVIEW ON BUSINESS ETHICS

3.1   **INTRODUCTION**

3.2   **REASONS FOR CORPORATE FAILURES**
3.2.1 Organisational ethical climate and managing misconduct
3.2.2 Tone at the top and executive leadership
3.2.3 Environmental factors including bubble economy and market pressure
3.2.4 Accountability, control mechanisms, auditing, and corporate governance
3.2.5 Executive personal interest, compensation package and bonus
3.2.6 Fraud, fraudulent financial reporting, and earnings management

3.3   **CONTEXTUALISING BUSINESS ETHICS**

3.4   **STRATEGIES TO MANAGE BUSINESS ETHICS**
3.4.1 An overview of the Modes of Ethics Management Model
3.4.1.1 Amoral mode
3.4.1.2 Survival mode
3.4.1.3 Reactive mode
3.4.1.4 Integrity mode
3.4.1.5 Totally aligned mode
3.4.1.6 Compliance mode
3.4.2 Conclusion on the Modes of Managing Ethics Model

3.5   **BUSINESS ETHICS AND LEADERSHIP**
3.5.1 The organisational purpose and leadership
3.5.2 Transactional leadership
3.5.3 Transformational leaders
3.5.4 Organisational culture
3.5.5 Building trusting relationships

3.6   **CORPORATE GOVERNANCE**
3.6.1 The agency theory
3.6.2 The stewardship theory
3.6.3 The stakeholder theory

3.7   **KING IV: GOOD CORPORATE GOVERNANCE**
3.7.1 Quality control measures
3.7.2 Governing body requirements
3.7.3 Corporate Social Responsibility

3.8   **A VALUABLE MECHANISM: INTEGRATED REPORTING**

3.9   **CONCLUSION**

Source: Own compilation

3.1 INTRODUCTION

Organisational strategy and ethics are inextricably linked (Fontrodona *et al.,* 2018:895). Echoing this perspective, Robertson, Blevins, and Duffy (2013:85) postulate that traditionally, the point of view of strategic management includes the notion of ethical values and integrity. Corporate scandals concerning ethics-related wrongdoings has a rippling effect throughout the economy, business, and society alike (Bhasin, 2016:25). Furthermore Soltani (2014:252) reflects on unethical behaviour which resulted in a financial crisis whereby the impact is experienced globally. Bhasin (2016:25) elaborates on the rippling effect caused by unethical behaviour. The impact of unethical behaviour is not limited to stakeholders and shareholders, but extends to competitors, employees losing positions, creditors not being reimbursed, and stockholders who are directly or indirectly impacted as a result of misconduct (Bhasin, 2016:25).

Corporate scandals and failures have been attributed to ineffective governance, fraud, unethical behaviour, a complete lack of accountability, trust sensitivities, misconduct of managers, the absence of independence of board members, and incompetence, among other reasons (Bhasin, 2016:44; Chauke & Sebola, 2018:261). Ethics related transgressions led to negative organisational reputation, damaging shareholder value and, in extreme cases, organisational failure. Scholars refer to the examples of Enron, Parmalat, and WorldCom as emblematic of ethical failures. Poor decisions and the leadership actions of Enron's management, for instance, dominated media headlines when the scandal came to light (Bhasin, 2016:44; Chauke, 2019:605; Chauke & Sebola, 2018:261; Gandolfi & Stone, 2018:262; Maritz *et al.,* 2011:102; Rossouw, 2009:37; Sims & Brinkmann, 2003:243; Van Wyk & Badenhorst-Weiss, 2017:330).

Considering the Enron example, devastating consequences were caused by the accounting team who manipulated the financial position of the company in its auditor reports. The accountants validated fraudulent activities and conduct of the organisation (Whittington, Jarzabkowski, Mayer, Mounoud, Nahapiet & Rouleau, 2003:406). The Enron case, well documented by scholars, is seen as a prime example of failure to instil effective ethics management, ethical leadership, and a corporate governance framework. Since the Enron scandal in 2001 a wave of companies with governance related failures came to the fore. Companies making headlines included Royal Ahold, Vivendi Universal, Parmalat, WorldCom, HealthSouth, Allied Irish, Bearings, Kidder

Peabody, and Satyam Computers – also referred to as India's Enron scandal. Enron and Parmalat were the first large organisations publicly held to account for their transgressions (Bhasin, 2016:29; Boddy, 2017:2; Connell, 2017:21; Da Silveira, 2013:3; Primbs & Wang, 2016:19; Rashid, 2020:3; Whittington *et al.,* 2003:397). Rashid (2020:3), postulates that the Enron scandal "triggered a fraud crisis", followed by global regulatory reforms within the financial sector. Whittington *et al.,* (2003:397) state that Enron, albeit an extreme example, clearly demonstrates the magnitude and extent of probable vulnerability within organisational strategy. Another instance of corporate failure namely the Parmalat case, is described as one of the largest and most audacious financial fraud cases in history (Ferrarini & Giudici, 2006:159). Bhasin (2016:27) suggest that these examples of globally publicised scandals were a direct result of immoral leadership and dishonesty.

The commitment to ethics should be inculcated by ethical values, virtues, and norms within the organisation, whereby a code of ethics alone is insufficient (Chauke, 2019:606). When ethics and organisational strategy is integrated it is likely to result in a financially sustainable organisation (Da Silveira, 2013:4; Rossouw, 2009:37; Singer, 2010:479). Whittington *et al.,* (2003:399) state that financial institutions' endorsement of strategies may result in a substantial influence on corporate behaviour, as they have difficulty in identifying appropriate conduct. Furthermore, Chauke (2019: 604) explains that corporate behaviour includes the ethics of an organisation, employee's honesty, the productivity of staff, leadership behaviour, and how employees act and function within the organisation. Organisational behaviour is representative of the actions of leadership and organisational culture which is vital to good governance (Chauke: 2019:601).

Soltani (2014:251) argues that ethics within organisations with specific relevance to the financial market resulted in the regulatory bodies shifting its focus to address unethical behaviour by launching supplementary mechanisms to regulate the financial industry. Furthermore, the extent of misconduct and unethical behaviour seen within organisations is not limited to the activities of individuals only (Soltani, 2014:252). Both Jaakson (2010:795), and Chauke (2019:601) stated that organisational values and individual behaviour is connected, whereby individual behaviour represents both the organisational and individual values.

Argandoña (2012:12) states that the examples of ethical failures such as seen in Enron, WorldCom, Parmalat among other organisations are in fact an ethical calamity. Argandoña (2012:4) continues this statement by the identification of three levels of moral failures as part of the ethical crisis phenomena.

The first level refers to immoral behaviour of an individual, which impacts the strategic and cultural behaviours at the second level being an organisational level. The third level is the social ethical level which refers to remedial mechanisms, impacting individual and organisational decisions and behaviours (Argandoña, 2012:4).

3.2 REASONS FOR CORPORATE FAILURES

Soltani (2014:253) proposes a theoretical framework to structure the potential reasons for ethical failures and potential triggers of financial scandals, based on the examples of actual failures mentioned in the preceding section. Interrelationships are identified by Soltani (2014:253) within the six core reasons behind corporate failures.

The six reasons highlighted are i) the corporate ethical climate and management misconduct; ii) the tone at the top and the organisations' executive leadership; iii) environmental factors referring to a bubble economy and market pressure; iv) accountability, control mechanisms, auditing and corporate governance, v) executives' personal interests including the compensation packages and bonuses, and lastly vi) fraudulent financial reporting, fraud, and earnings management (Soltani 2014:253).

Figure 3.2. presents a theoretical framework based on the study by Soltani (2014:254) indicating the potential major causes of corporate failures. Each of these findings will be briefly discussed.

Figure 3.2: Proposed theoretical framework of the possible causes of corporate failures.
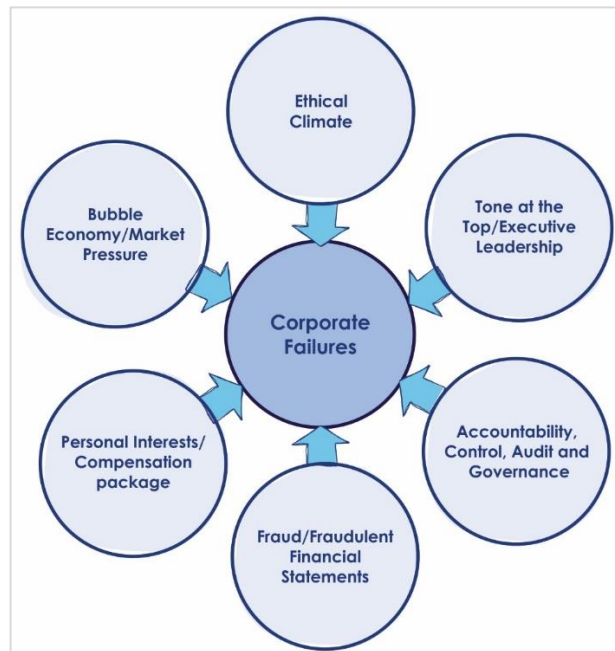
Source: Soltani, 2014:254

The proposed theoretical framework by Soltani (2014:253) designates causes of corporate failures to immoral behaviour such as the organisations ethical climate, personal interests, tone at the top, leadership, accountability, governance, and fraud.

3.2.1 Organisational ethical climate and managing misconduct.

The ethical climate encapsulates several areas of importance including the organisations' ethical culture and conduct, tone at the top and ethical leadership (Soltani, 2014:255). The articulation of ethical climate for the purpose of this dissertation, the ethical climate refers to guiding principles as proposed by the organisation through establishing procedures, policies and practices based on ethics (Soltani, 2014:255).

Furthermore, the ethical climate includes the behaviour of individuals, their interrelationships and decision-making within the organisational group context guided by procedures, policies, and practices with ethical outcomes (Soltani, 2014:255).

3.2.2 Tone at the top and executive leadership

Organisational leadership establishes and sets the tone for ethical climate and the ethical behaviour within an organisation. The tone set by leadership influences the

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consciousness of employees and guides employee behaviour (Soltani, 2014:255). Furthermore, Soltani (2014:255) states that the tone at the top extends beyond internal controls, therefore includes integrity, ethical values, employee competence, operational cycles, managing philosophies, structuring and development of employees, manner in which authority is allocated and responsibilities are acknowledged.

3.2.3 Environmental factors including bubble economy and market pressure.

According to the study by Soltani (2014:256) there is a substantial gap between the performance of the actual economy and the capital market economy. The bubble economy thus reflects the increasing gap when comparing the accounting statements (book value of companies) and the values on stock exchange (market capitalisation) of companies. Within an ineffective financial market resultant from the impact of a bubble economy, market pressure arises to manage idealistic investor and analysts' expectations (Soltani, 2014:256).

3.2.4 Accountability, control mechanisms, auditing, and corporate governance

Organisational accountability includes actions which reveals transparency, liability, controllability, responsibility, and responsiveness (Soltani, 2014:258). Organisational accountability reflects management's insight, implementation and efficiency of formal and informal mechanisms which guides the responsiveness to shareholders (Soltani, 2014:258). Furthermore, accountability also reflects an individual's awareness and considerations relevant to their own degree of accountability, and to what extend they are expected to answer to others.

Accountability serves as a direct linkage to corporate governance, reflecting the governance and control mechanisms within the organisation. The effectiveness will be dependent upon the efficiency of the internal control and auditing processes and procedures (Soltani, 2014:258).

3.2.5 Executive personal interest, compensation package and bonus

Incentives for management incorporates ethical considerations. The maximisation of renumeration and incentives may lead to increased self-interest and unethical behaviour such as fraudulent reporting resulting in reputational harm (Soltani, 2014:259).

3.2.6 Fraud, fraudulent financial reporting, and earnings management

Defining fraud is not limited to minor employee theft, but includes counterproductive behaviour, abuse of assets, misrepresentation, to fraudulent reporting among others (Reurink, 2019:9; Soltani, 2014:259). Zuberi and Mzenzi (2019:413) argue that fraudulent behaviour may also be driven by societal, ethnic, industry type, or organisational elements. The reasons to commit fraud include potential incentives and apparent forces driving such behaviour, for instance sales or profitability targets. Zuberi and Mzenzi, (2019:414) contribute by highlighting that fraudulent behaviour is motivated by an individual's greed to meet incentives and targets, in addition to mitigate personal financial distress. Another reason is ineffective control mechanisms and is defined by Zuberi and Mzenzi (2019:425) as "poor control environment". In addition, individual values system, enabling an individual to rationalise the fraudulent activity to meet growing pressure or incentives serves as a driving force for fraudulent misconduct (Reurink, 2019:41; Soltani, 2014:260; Zuberi & Mzenzi, 2019:425).

The reasons for ethical failures as presented by Soltani, (2014:255) serves as a guideline to review actions and activities within the financial sector. Banaheme (2018:03) suggests that the basic professional obligation of a bank and its staff is to select "right over wrong, fairness over unfairness and good over bad". The statement implies that banking staff are expected to behave ethically, act with integrity in all engagements, be honest, fair, and accountable. Accountability reduces misconduct, through administrative guidelines and standards, audits, and industry best practices (Hilliard, Kovras & Loizides, 2021:99). Furthermore, accountability and governance structures within the banking sector is necessary to protect the bank's social legitimacy and moreover, to avoid potential financial crises (Rikhardsson, Rohde, Christensen, & Batt, 2022:758). Wehinger (2013:3) stipulates that the foundation to prevent governance and ethics failures within the financial sector includes safety and resilience, impartiality and integrity, performance and competence, redress and answerability and providing a value proposition to society. Ethical behaviour, acting with integrity and employee accountability as referred to by Banaheme (2018:03) allows a financial institution to mitigate organisational failure as a result of misconduct.

Ethics can be summarised as the balanced state of individuals, organisations, and society (Argandoña, 2012:12; Rossouw, 2004:3). People ought to be ethical,

organisations are obligated to act in harmony with ethics, and society should behave ethically. Rossouw and Van Vuuren (2017:5) explains ethics by means of three fundamental concepts. Ethical behaviour manifests when a person does not only consider oneself, but also what is good for the other (Rossouw & Van Vuuren, 2017:5).

Figure 3.2.6: The three fundamental concepts of ethics
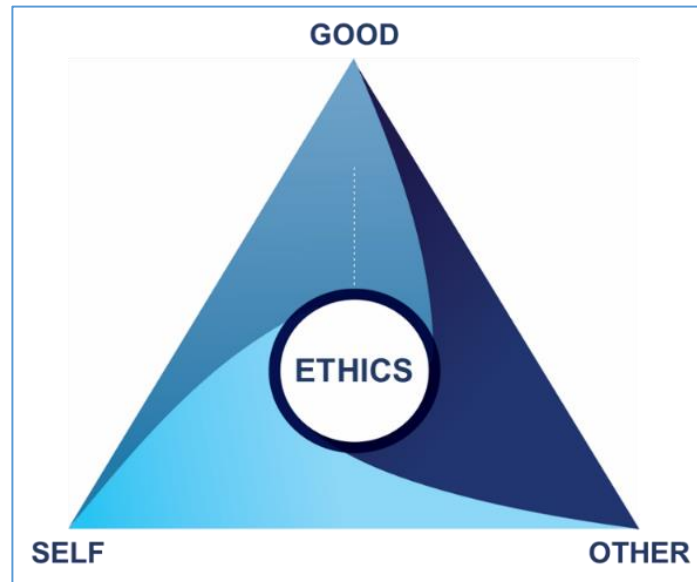
Source: Rossouw & Van Vuuren, 2017:5

Figure 3.2.6. provides an illustration of three core dimensions of ethics (Rossouw & Van Vuuren, 2017:5). The balance of these three dimensions is critical, to avoid negative consequences to others or oneself (Rossouw & Van Vuuren, 2017:5). The three dimensions of ethics, being the self, the other and society need to remain in balance. Argandoña, (2012:12) states that it is necessary to define business ethics to better understand how to achieve an ethical equilibrium within business.

3.3 CONTEXTUALISING BUSINESS ETHICS

Business ethics is considered a science whereby the human situation is elevated within the business domain, researching ethical behaviour in the economic environment. Ethical behaviour within the corporate environment relates to the norms, principles and standards of business practices as dictated by the society (Hirschauer, Jantsch, & Musshoff, 2018:44; Argandoña, 2012:5). Rossouw and Van Vuuren (2017:6) defines business ethics from the three dimensions discussed in the preceding section, as the balance of what is good for the self and others.

Furthermore, Rossouw and Van Vuuren (2017:6) outlines business ethics as the ethical values and standards which is reflected as the good, which guides the organisations behaviour (self) in its engagements with others, albeit internal or external stakeholders. Rossouw and Van Vuuren (2013:4) define ethics as "what is good and right in human interaction." Business ethics is described by Rossouw and Van Vuuren (2013:5) as "what is good that guide the business and its interaction with others." The definition of business ethics "…doing what is right and what is good" by Rossouw and Van Vuuren (2013:5) is confirmed by many scholars (Gustafson, 2018:81; Harris, Lang, Yates, & Kruck, 2019:183; Hirschauer, *et al.,* 2018:44; Heath, Kaldis & Marcoux, 2018:68).

Rossouw and Van Vuuren (2010:5) reflect that a balance between the impact of behaviour on economic elements and ethical behaviour are interrelated. It could be argued that ethics cannot be constricted to one outlook or discipline, as it needs to address numerous perspectives within the ethical sphere, society norms and beliefs, as well as macro-environment economic influences. Consequently, it is imperative not to isolate business ethics as an action of ethicality, but rather consider the larger economic perspectives and influences within which the organisation operate (Rossouw, 2004:3).

Figure 3.3 presents a reflection by Rossouw (2004:3) whereby the complexity of the dimension of ethics and the economic environment is *illustrated.*

Figure 3.3: Depiction of economic activity levels in comparison to the dimensions of ethics
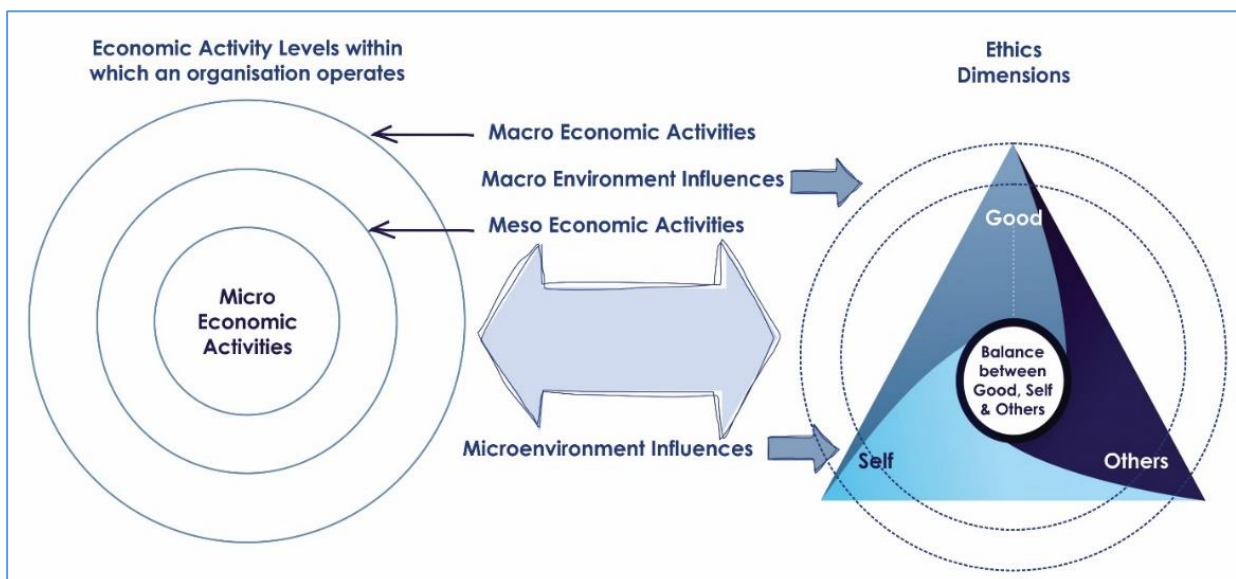
Source: Adapted from Rossouw, (2004:3) "Area of inquiry"

Figure 3.3. affirms the complexity of both the organisational environment and the dimensions of business ethics. Goosen and Van Vuuren (2005:61) postulate moral action prevents harm to others within the organisational environment thereby avoiding detrimental consequences. The illustration reflects that ethics consists of dimensional levels and is validated by Baugher, Shealy, Iorio, and Knight (2019:2). Micro ethics reflects an individual's position, such as ethical decision making, reactions, behaviour, and activities. Macro ethics on the other hand relates to a systems outlook, allowing a linkage and comparison between the macro environment of strategic management and the impact of the organisation on its external and market environments (Baugher *et al*., 2019:2).

The field of business ethics remains complex, representing different schools of thoughts and approaches. However, Rossouw and Van Vuuren (2010:5) offer a definition speaking to the complexities as it relates to business ethics. Business ethics is concerned with the identification and implementation of organisational conduct to ensure the mandate of stakeholder interests and respect is fulfilled. Furthermore, business ethics reflects what is good, considering the values and standards of the organisation. Additionally, understanding what guides the organisation (reflected as the self) in its collaboration with others (stakeholders).

In the remainder of this chapter, business ethics within the organisational context will be unpacked. Fontrodona *et al*., (2018:895) postulate that ethics gives an opportunity to reflect on an organisation's purpose and how to focus on and balance all relevant elements which incorporate the objective. Given the focus of the study on the banking sector, the integration of the how and purpose as it relates to strategy and business ethics will be investigated. The prioritisation and harmonising of ethics can be interpreted as ethics management or institutionalisation of business ethics.

3.4   STRATEGIES TO MANAGE BUSINESS ETHICS

Few, if any, strategic management models articulate a visible inclusion of business principles based on ethics as a moderating variable within organisational strategy. Business ethics needs to be integrated as a fundamental principle of strategy, considering the coalescence of strategy, corporate governance, and ethics (Robertson, 2008:745). Ideally, including ethical principles within organisational strategy results in

high profitability (Robertson, 2008:745). Business ethics reflects the moral standards, doing what is right or wrong, within different levels of the organisation (Jaffer *et al.,* 2019:100). Robinson and Jonker (2017:64) propose the management levels at which ethics should be managed within an organisation includes the strategic, the systems and the operational levels.

3.4.1   An overview of the Modes of Ethics Management Model

Considering a strategic perspective, ethics management should be included as cornerstones of strategy. Rossouw and Van Vuuren (2003:391) propose certain strategies as being modes of ethics management, defining a mode as 'the preferred strategy of an organisation to manage its ethics'. The mode serves as a direct reflection of organisational leaders' decisions to actively manage ethics, or alternatively to disregard ethics or behave unethically (Rossouw & Van Vuuren, 2003:391). The modes of managing ethics consists of an amoral mode, survival mode, reactive mode, compliance mode, integrity mode and a totally aligned organisation mode as strategic options (Rossouw & Van Vuuren, 2017:54; Rossouw & Van Vuuren, 2003:391).

Table 3.4.1 proposes an overview of modes focused only on two of the most appropriate descriptive fields identified by Rossouw and Van Vuuren (2017:54) being the nature and ethics management strategy of each mode.

Table 3.4.1: Modes of Ethics Management (MEM) Model (Rossouw and Van Vuuren, 2017:54)

	Amoral Mode	Survival Mode	Reactive Mode	Compliance Mode	Integrity Mode	Totally Aligned Organisation Mode
Nature	• Ethics does not belong in business. • The business of business is business, and not ethics	• Unethical conduct is required to survive	• Token gestures of ethical intent. (Code of ethics) • Unethical behaviour is ignored - no consequences	• Committed to prevent unethical behaviour. • Rule based approach to ethics	• Promotion of responsible ethical behaviour • Value-based approach to ethics	• Ethics ingrained in corporate purpose and identity
Ethics Management Mode	• No ethics management strategy or interventions	• Condone unethical behaviour and practices	• Unwilling to manage ethics in concerted manner. • Corporate (ethical) values are words on paper	• Transactional approach to manage ethics. • Code clear and comprehensive, corporate ethics management structures and systems are introduced	• Ethical behaviour is detected and recognised. • Transformational approach to managing ethics.	• Everyone is responsible for ethics performance. • Ethical business entrenched as the norm

Source: Extract from table as published by Rossouw and Van Vuuren, 2017:54

In order to achieve either an integrity or total alignment mode based on the model proposed by scholars Rossouw and Van Vuuren (2017:54) a seamless integration of ethics in the organisation's purpose, strategy and its operational activities should be adopted as practice.

3.4.1.1   Amoral mode

An amoral mode disregards ethics as part of business and excludes any ethics related considerations from decision making and operations within the organisation (Rossouw & Van Vuuren, 2017:54). Organisations following an amoral mode brings about a conflict between individual and organisational values and results in the alienation from their stakeholders (Rossouw & Van Vuuren, 2017:54).

3.4.1.2   Survival mode

Similar to the amoral mode, the survival mode offers a conflict between individual and organisational values and alienation of their stakeholders. In the survival mode, unethical behaviour is required to survive albeit disregarded in practices and behaviour (Rossouw & Van Vuuren, 2017:54).

3.4.1.3   Reactive mode

A reactive mode indicates the intent by the organisation to address ethics, yet the ethical standards are not enforced (Rossouw & Van Vuuren, 2017:54). Furthermore, the reactive strategy is vulnerable and exposed to potential ethical scandals, dissatisfaction by stakeholders is voiced and reflects a poor organisational reputation (Rossouw & Van Vuuren, 2017:54).

3.4.1.4   Compliance mode

Rossouw and Van Vuuren (2017:54) suggests that a compliance mode does not accommodate personal moral independence, is regulated by organisational rules and policies guiding ethics, behaviour, and activities. Furthermore, Rossouw and Van Vuuren (2003:396) propose that a compliance mode focuses mainly on oversight mechanisms such as rules, procedures, and controls. Within the compliance mode, all regulatory and procedural requirements are met, however, it is missing a collective and collegial effort to build an ethical organisation (Rossouw & Van Vuuren, 2003:396).

3.4.1.5 Integrity mode

The integrity mode actively promotes ethical behaviour and elevates the level of ethical behaviour within the organisation. Ethical behaviour is noticed and celebrated (Rossouw & Van Vuuren, 2017:54).

3.4.1.6 Totally aligned mode.

A totally aligned strategy strongly integrates ethics in organisational culture and its purpose. Ethical business is the norm in the organisation, and ethics is reflected as part of the organisations' identity (Rossouw & Van Vuuren, 2017:54).

3.4.2 Conclusion on the modes of ethics management

Reflecting on the Enron case in the light of Rossouw and Van Vuuren's (2013:58) model, it may be interpreted that a blended reactive and compliance strategy served as the mode of ethics management. The Enron case is a prime example of the impact of a compliance mode approach. Within the financial sector regulatory reform focuses on four core rudiments to attain financial stability (Duffie, 2018:4835). These core elements are identified as regulation to elevate financial institution resilience; end the 'too-big-to-fail' phenomena, safeguarding derivative markets and transforming shadow markets (Duffie, 2018:4835). Furthermore, Austill (2011:61) is of the opinion that ethics cannot be substituted by legislation and regulatory reform. Although compliance is necessary, integrity, trust and insight need to form part of ethical virtues of an organisation (Austill, 2011:70).

The Modes of Ethics Management Model as proposed by Rossouw and Van Vuuren (2017:54) will be used as a guideline during the research process to assist with the classification of the level of integration of ethics in strategy within the financial sector. The Modes of Ethics Management Model proposes that it is ideal for an organisation to achieve a level of ethics management located within the integrity or a total alignment mode. Jaffer *et al.,* (2019:99) assert that top management remains accountable for the failure of a company and is responsible for the corrosion of ethical behaviour. The ethical compass of top management sets the tone of the behaviour of the company's employees and the link to the ethics management mode as proposed by Rossouw and Van Vuuren (2003:391) deems appropriate. The modes of managing ethics prompts an

enquiry as to the importance of ethical leadership (Rossouw & Van Vuuren, 2017:54; Rossouw & Van Vuuren, 2003:391). Inattentive, ineffective, or toxic leadership could result in harmful consequences whereby individual organisations or society at large are collaterally harmed (Gandolfi & Stone 2018:262).

3.5 BUSINESS ETHICS AND LEADERSHIP

The prominence and on-going fallouts of ethics-related scandals in all spheres of business, requires the consideration of the ethical dimensions of leadership (Brown & Treviño, 2006:596). As the business environment is intensifying in complexity whereby leaders must manage multi-faceted challenges, dialogue on leadership and business ethics becomes essential (Gandolfi & Stone, 2018:261). The actions and way of thinking by top management serve as indicator of the organisation's performance (Greenbaum, Quade & Bonner, 2015:30-31; Otieno *et al.*, 2019:122; Trevino & Brown, 2004:80). Consideration to include social characteristics as part of strategy design, provides an opportunity to review strategy forming from a sociological approach.

Strategic leaders serve as the top management team (TMT) of an organisation which includes the board of directors/governors, the chief executive officer, senior management representatives (Greenbaum *et al.,* 2015:31; Pitelis & Wagner, 2019:234). Furthermore, Burgelman *et al.,* (2018:532) considers a strategy-as-practice perspective which incorporates middle managers as part of the strategic leadership team.

An ethical leader influences followers by being a) a leader with morals who demonstrates fairness, integrity and empathy towards others and b) the leader, as moral manager, focuses on organisational transactional processes. These transactions include organisational standard setting, employee accountability by means of performance appraisals, reprimanding processes and serve as a tool to establish desired ethical conduct by employees (Brown & Treviño, 2006:597; Kuenzi, Mayer, & Greenbaum, 2020:48; Treviño, Brown & Hartman, 2003:18).

Ethical leaders are inclined to address any violation of ethical standards within their organisation, and at the same time, reward persons for ethical decision-making and behaviour. An ethical leader focuses on achieving organisational goals and objectives, rather than profitability as the only measurement of success (Kuenzi *et al.*, 2020:48; Greenbaum, *et al.,* 2015:41; Treviño *et al.,* 2003:21). Treviño *et al.,* (2003:14) describe

the role of an ethical leader as follows: "Ethical leaders are role models of ethical conduct who lead by example and who walk the ethical talk … [ethical leadership is] doing the right thing in the right way for the right reasons. They are also honest, trustworthy, people of integrity. Part of trustworthiness and integrity is consistency, credibility, and predictability."

Four qualities proposed by Riggio, Zhu, Reina and Maroosis (2010:246) define that an ethical leader is represented and guided by moral actions. The qualities identified are wisdom, self-restraint, courage, and fairness (Riggio *et al.,* 2010:235). Executive ethical leaders determine whether there is an aptitude to integrate business ethics and strategy in an organisation by setting the tone for ethical conduct (Kuenzi *et al.,* 2020:48; Rahman *et al.*, 2019:17; Treviño *et al.*, 2003:6). Although it is not possible for leaders to control challenges impacting the organisation or society within the external environment, it is possible to provide followers with stability by being trustworthy.

The organisational culture follows the tone set by leadership as an ethical leader will inspire an ethical organisational culture (Palanski & Yammarino, 2009:415). Rahman *et al.*, (2019:17) connect the effectiveness of organisational strategy, the accelerated progress of the organisation and leadership style by emphasising that the interaction between leadership and its employees articulates as a direct "cause-and-effect" relationship. As such, leaders regulate organisational culture and values (Rahman *et al.*, 2019:17). As organisational regulators, leaders are expected to engage in moral acts or behaviours to the benefit of others, thereby abstaining from causing harm to others (Kanungo, 2001:259). It is important for leadership to undertake ethical and moral reflection as part of the leadership praxis (Rahman, *et al.,* 2019:17; Sousa & Rocha, 2019:362).

Figure 3.5. proposes a simplified understanding of the dimensions of ethical leadership proposed by Kanungo (2001:258).

Figure 3.5: Three Dimensions of Ethical Leadership

Source: Kanungo 2001:259

The dimensions of ethical leadership as proposed by Kanungo (2001:259) serve as an overview of the role of leadership based on an individual, the role within the organisation, and society. A leader remains accountable to consider the impact and consequence of actions and decisions they make (Kanungo, 2001:259). McGahan (2019:259) suggests that leadership integrity does not always portray ethical leadership whereby unethical conduct and poor leadership in business should not be tolerated. McGahan (2019:260) states that integrity is required to guard the truth. Executive leaders fulfil a significant role in driving an ethical culture and conduct within an organisation (Treviño, Weaver & Brown, 2008:7).

3.5.1 The Organisational Purpose and Leadership

To ensure longevity of an organisation, it is necessary for the manager to have the ability to serve as a leader. Strong and effective leadership is essential for an organisation to be competitive (Addo & Dartey-Baah, 2019:148; Wong *et al.,* 2019:33). Maritz *et al.*, (2011:103) states that it remains important for senior management to approve adaptive or emergent strategy modes which are undertaken by subordinate managers within

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organisations. The lack of control and a shortfall of strategically coordinated activities may result in unethical behaviour if responsibility of actions is not specified and clearly delineated (Maritz *et al*., 2011:104).

The alignment of senior management's behaviour, organisational strategy, values, organisational culture, human capital, and organisational design contributes to the organisation's competitive advantage. The sustainability of an organisation is mostly dependent upon the quality and values of the organisation's leadership (Fontrodona, *et al*., 2018:888). An organisations' ability to be successful with the integration of ethics and organisational strategy is determined by the leadership, as leaders sets the tone at the top (Fontrodona *et al*., 2018:889). Kanungo (2001:257) reflects on the objective of the behaviour of leadership, whereby leadership aims to affect followers' behaviour and actions to achieve organisational goals. A leader's impact on followers guided researchers to identify two key forms of leadership, that being transformational and transactional leadership styles (Kanungo, 2001:257). Both transformational and transactional leadership associated positively with trust in leaders (Wong *et al*., 2019:38). These two leadership styles are regarded as the foundation of leadership and will be discussed in the subsequent sections (Addo & Dartey-Baah, 2019:149).

3.5.2 Transactional Leadership

Transactional leaders arise within a climate of low complexity, and reward supporters if performance goals are successfully attained (Farmer, 2019:32; Sousa & Rocha, 2019:362). Transactional leaders concentrate on being in command of the organisation and overall workforce performance (Farmer, 2019:33; Sousa & Rocha, 2019:362). Transactional leadership is unable to sustain an elevated performance working environment, based on the brevity of the relationships. The brevity of the structure of engagement creates a difficult long-term environment to motivate employees, unless some transformational leadership attributes are adopted (Wong *et al*., 2019:39). Leadership relates to individual traits and skillsets, abilities and the level of influence exercised to motivate people to explore and exceed their own capabilities.

Leaders who are motivated to lead and influence others, need to showcase ambition and drive, be honest and act with integrity, self-confidence as well as possess technical capacity (Addo & Dartey-Baah, 2019:154; Allio, 2016:5; Wong *et al.,* 2019:39).

3.5.3 Transformational Leaders

Transformational leaders come to the fore in an environment of elevated complexity and this kind of leader is often characterised as a charismatic individual. The transformational leader supports the notion of a strong organisational vision, building trust, and earning respect from the workforce. An empathetic approach by a transformational leader creates intellectual stimulus, challenging employees to efficiently contribute by being innovative, engaged, and creative (Sousa & Rocha, 2019:362; Wong *et al.,* 2019:38). The transformational leader's characteristics are aligned with achieving the long-term sustainability and ethical organisational culture, based on the high personal value system (Brown & Treviño, 2006:598). Leadership's role in organisational effectiveness and knowledge of unpredictable external factors requires continuous flexibility to ensure competitiveness (Bornman, 2017:1). Business leaders are seen as strategic architects and fulfil a key function in both deliberate and emerging strategies (Maritz *et al.,* 2011:103).

A transformational leader is inclusive in decision making, inspirational, more charismatic and possesses the ability to influence colleagues or contest norms by means of different opportunities. Creating an inventive and emergent organisation stems from the enablement of transformational leadership allowing employees to self-direct and master their thinking, breaking the norm of merely following orders from senior management. An act of trust by transformational leaders enables the autonomy of decision making by employees whereby they own the freedom to manage challenges and secure creative solutions themselves (Bornman, 2017:3; Brown & Treviño, 2006:598). Transformational leaders, seen as ethical leaders, offer elevated levels of inspiration, success, and morality (Riggio *et al.,* 2010:235).

Maritz *et al.,* (2011:102) state that organisational leaders set strategic initiatives and should do so in a responsible manner. Kanunga (2001:258), postulate that both transformational and transactional leaders affect strategies and must meet higher ethical standards. The reference to "ethical" reflects on doing what is morally good and right, rather than merely staying within the law (Kanunga, 2001:258). Leadership behaviour and style inspire and influence a sense of self-confidence of staff (Riggio *et al.,* 2010:236). The outcomes are seen in a constructive organisational culture, deeper

commitment to the organisation, positivity, and effectiveness of the workforce (Palanski & Yammarino, 2009:419).

3.5.4 Organisational Culture

Organisational culture is multi-faceted reflected as organisational best practices, internal and external perceptions of the organisation's culture, the inclination (or not) to compromise ethical standards, and openness to dialogue on ethical dilemmas and best practice discussions (Kuenzi *et al.,* 2020:48; Treviño & Brown, 2004:69). Organisational culture impacts the way individuals perceive and comprehend the values and strategic view of an organisation. Ensuring a collective alignment experience with an organisation, employees need to embrace the organisational value system (Enes, 2018:5). A value system can be defined as a system that comprises values, norms, and rules applied within an organisation, albeit written and unwritten, to guide conduct and behaviour through all circumstances (Kouwenhoven, 2018:349). Odor (2018:24) links organisational culture with mutual values, beliefs and norms which guides employee behaviour, thoughts, and experience within the office. Balzarova, Castka, Bamber,and Sharp (2006:92) refer to organisational culture as a system, which reflects an interrelated process of beliefs, principles, and standards. Odor (2018:26) states that the association between organisational performance and culture reflects an understanding of managing knowledge and innovative strategy resulting in influencing the performance of the organisation.

Organisational culture plays a significant role in organisational value systems, as it relates to integrity, shared individual principles and accountability by leadership. The characteristics and role of managers in the day-to-day interactions with direct reports play a significant role in the organisational culture. It requires honesty, considering the interests of multiple stakeholders, protecting the organisation's long-term reputation, ethical reasoning, and accountability among other elements (McConnell & Blacker, 2013:59; Treviño & Brown, 2004:80).

It is imperative for leadership to strive to build and maintain a healthy organisational culture. Given the complexity of a business, building an ethical organisational culture needs to be attempted in a holistic manner. Goosen and Van Vuuren (2005:61) argue that to build an ethical culture, the infusion of strategy and transformation of compliance-

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based mindset needs to be adapted to an impactful voluntary and self-regulatory instrument. Proactive ethics management with considerations to internal and external stakeholders should be at the core of the daily organisational function. Ways to proactively manage an ethical culture includes the implementation of a code of ethics, conducting ethics capacity building and selecting employees with integrity (Tsoukas, 2018:336; Goosen & Van Vuuren, 2005:62; Treviño & Brown, 2004:80). Huhtala and Feldt (2016:2) define an ethical organisational culture as: "the ethical quality of a work environment, which is defined as the shared values, norms, and beliefs that can stimulate ethical behaviour beliefs simulating ethical behaviour."

Tsoukas (2019:341) opines that the consideration of value-based decision making and moral behaviour in strategy-as-practice may disclose value-based character and decision-making practices. Huhtala and Feldt (2016:2) propose that a multi-dimensional quality element of organisational culture is based on a virtue ethics perspective. Kaptein (2008:924) provides a "Corporate Ethical Virtues (CEV)" Model as a basis to consider for ethical dimensions. Virtues which instil moral superiority are identifiable in the degree of an employee's (un)ethical conduct. These identified virtues inspire ethical conduct among employees. The virtues are (a) Virtue of clarity which denotes comprehensive and comprehensible ethical standards to abide by; b) Virtue of congruency, considers the integrity and setting of a good ethical example by supervisors and management; c) Virtue of feasibility considers adequate resources and conditions to enable ethical decision making; d) Virtue of supportability is anchored by trust, support and collective commitment to shared organisational values; e) Virtue of transparency speaks to the visible consequences of (un)ethical behaviour; f) Virtue of discussability considers the ability to raise and discuss ethics related concerns within the organisation; and g) Virtue of sanctionability reflects consequence management for unethical conduct and rewarding ethical behaviour (Huhtala, Kangas, Kaptein, & Feldt, 2018:239; Kaptein, 2008:928).

Therefore, if organisational strategy is underscored by ethical conduct based on strong virtues it will result in an ethical culture. Increased attention given to employee well-being, resulting in greater job satisfaction, elevated employee loyalty and a deepened commitment to the organisation is resultant of a virtue-based culture. Creating or stimulating an internal environment in which ethical behaviour is encouraged will instil moral superiority (Kaptein, 2017:303; Kaptein, 2008:924; Van Wyk & Badenhorst-

Weiss, 2017:338). Van Wyk & Badenhorst-Weiss (2017:339) argue that employees can be coached when leadership is trusted towards organisational commitment and organisational citizenship behaviour. The same foundation of trust requirement would be applicable within the banking sector by establishing a trust relationship with both internal and external stakeholders.

3.5.5 Building Trusting Relationships

Trust is a multi-facetted concept (Audi, Loughran & McDonald, 2016:553). To explain the multifaceted nature of trust, scholars such as Audi *et al.,* (2016:560) highlight words associated with trust such as: "accountability, character, ethics, ethical, ethically, fairness, honest, honesty, integrity, respect, respected, respectful, responsible, responsibility, responsibilities, transparency, trust, trusted, truth, virtue, and virtues". According to Audi *et al.*, (2016:560) the level of trust is reflected in organisational culture, with business ethics central to validate trust, and well-communicated and articulated contracts and control mechanisms in place. Furthermore, Audi *et al.,* (2016:560) mentions a finding that higher trust levels within organisational culture are likely to occur in organisations where audit and control type words are used. Trust is likely to attain an economic advantage in a positive, ethical organisational culture (Audi *et al.,* 2016:560).

Trust is a vital element of business ethics, fulfilling a dominant part to validate the economic significance of business ethics. Ethics is underpinned by trust gained through the actions of an individual, management and/or institutional leaders. Experiences may repeat if there is a positively perceived impact or value to individuals (Audi *et al.*, 2016:552). This may lead to trusting relationships being built and results in the control of risks related to transactions, open communication, knowledge sharing, and the delegation of decision making (McMurrian & Matulich, 2016:87). Scholars Doney and Cannon (1997:35) suggest that there are relevant steps whereby individuals (customers) can agree to trusting business relationships.

Figure Figure 3.5.5. provides an overview of five steps in the process of building trust. The illustration reflects the respective steps as proposed by Doney, Cannon and Mullen (1998:604).

Figure 3.5.5: Proposed model of trust development-building trust process
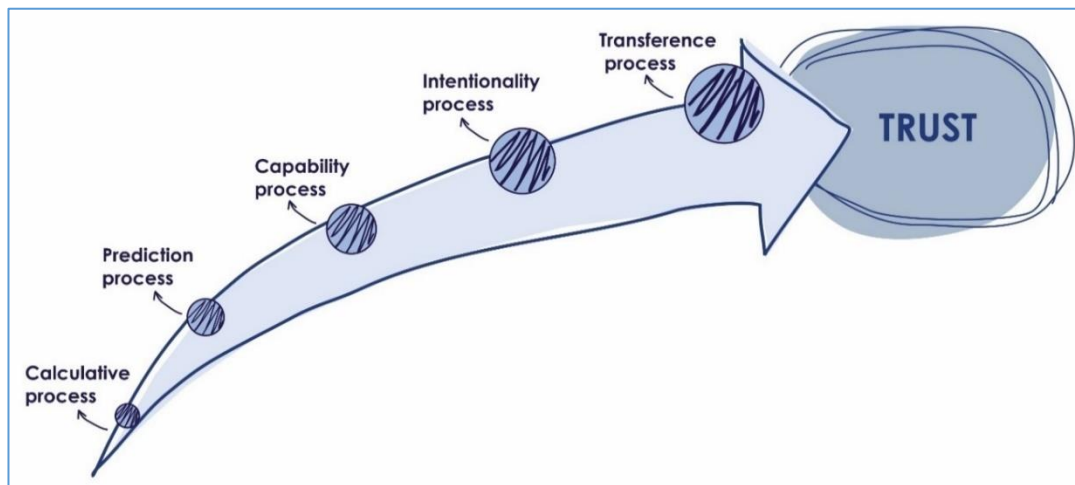
Source: Adapted from Doney et al., 1998:604

The *calculative process* is interpreted as either cost and/or reward of the actions of an exchange, whereby the organisation is honest in its transactions or acting in an unprincipled manner. The *prediction process* reflects the interpretation of previous ethically motivated actions to predict future behaviour of the organisation's dealings. The *capability process* refers to conditional trust which will be inferred only if the organisation has an aptitude to meet expectations and delivers on promises made. With the *intentionality process*, high levels of trust are formed based on the belief that the organisation acts with the "intention to do what is right" in the best interest of the stakeholders. Lastly, *transference* is based on established high levels of trust, whereby a third-party who is trusted by stakeholders, engages in a relationship with the organisation (McMurrian & Matulich, 2016:87).

The ethical behaviour of an organisation serves as the cornerstone of the proposed trust processes (McMurrian & Matulich, 2016:87). Audi *et al.*, (2016:552) reiterate that any breach of trust will break down organisational integrity norms, resulting in devastating outcomes such as an increase in reputational risks, employee disconnect and poor internal controls. Organisations are, however, able to use specific guidelines to manage its integrity through good corporate governance. Choudhury and Petrin (2018:383) states that corporate governance mechanisms promote equality in social objectives, within the labour force and levelling the distribution of wealth. Corporate governance

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mechanisms are part of the force to strengthening public trust in business, building business for good (Choudhury & Petrin, 2018:414).

3.6 CORPORATE GOVERNANCE

Corporate governance of an organisation serves as an ecosystem of a business entity and its interrelationships with the organisational values and ethics (Chan & Cheung, 2012:46). Corporate governance denotes the establishment of internal and external partnerships of trust (Audi *et al.,* 2016:552; Klein, Mahoney, McGahan & Pitelis, 2019). Furthermore, corporate governance can be seen as the accountability to guard the interests of stakeholders and shareholders, whilst promoting organisational impartiality, accountability, and transparency to stakeholders (Zahroh Naimah & Hamidah, 2016:1). Klein *et al.,* (2019:2) states that governance is described as the "rules of the game", functioning at an elevated level of analysis compared to organisational strategy. The rules include all formal and informal controls and policies and fundamentally, collectively guiding organisational behaviour (Klein *et al.,* 2019:9). According to Klein *et al.*, (2019:10), the organisations' governance structure serves as the framework wherein organisational strategy, culture, competences, and innovation functions.

Moreover, corporate governance includes all aspects, internal and external to a business, focused on a holistic integration of the interests of both management and shareholders (Choudhury & Petrin, 2018:384). The most recent governance standard, King IV Report on Corporate Governance was published by the Institute of Directors of South Africa in 2016. The Fourth King Report on Corporate Governance (King IV Report) defines corporate governance as: "Corporate governance is the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes: ethical culture, good performance, effective control and legitimacy" (IODSA, 2016:20). Corporate governance has over time resulted in changing aspects of social landscapes and effected economies (Abdullah & Valentine, 2009:88). Rossouw (2004:3) postulates that the aim of corporate governance is to balance benefits allowed to a multitude of organisational stakeholders, whereby no individual or group of stakeholders are unduly privileged at the cost of others. Excessive self-interest and shareholder profit disturb the fine act of balance needed in organisational environments (Abdullah & Valentine, 2009:89; Choudhury & Petrin: 2018:384; Dzingai & Fakoya, 2017:11; Rossouw, 2004:3).

Following the Enron and other ethics related scandals, the importance of effective corporate governance is becoming increasingly prevalent (Dzingai & Fakoya, 2017:4). Abed and Gupta (2002:4), published a commissioned study by the World Bank and the International Monetary Fund. The study focused on the economic impact of corruption within the global business and monetary environment. The findings reflect a growing interest in the advancement and implementation of frameworks instilling good governance in particular by financial entities, and the need for transparent policy design and application. The framework adopted by the World Bank focused on the implementation of an anticorruption program within the global financial sector, and the International Monetary Fund aimed to address a comprehensive strategy to improve governance within a proactive framework to advocate best practice, policies, and fiscal transparency within organisations (Abed & Gupta; 2002:28).

The introduction of corporate governance in organisations relates to the separation of the roles of ownership and the control of the business, safeguarding shareholder interests (Abdullah & Valentine, 2009:89; Donaldson & Davis, 1991:50). Within this context, the agency theory provides a premise to identify the existence of the relationship between shareholders and agents, with agents being the business executives and managers. Agents acting on behalf of the shareholders, can potentially be opportunistic and concerned with personal benefit (interests) or they can aspire to serve in the best interest of the shareholder (Chan & Cheung, 2012:52; Choudhury & Petrin: 2018:384). The opportunistic pursuit for personal benefit in conflict with that of the shareholders' best interest is considered as an agency problem (Chan & Cheung, 2012:52).

3.6.1 The Agency Theory

The agency theory influences the way in which strategic management and policies of the organisation are institutionalised (Donaldson & Davis,1991:50). Corporate governance originated from the agency theory and had over time evolved to a more inclusive concept (Abdullah & Valentine, 2009:89; Dzingai & Fakoya, 2017:11). The agency theory proposes that enterprises are scaled by two key contributors, being executives (agents) and shareholders (owners), given their distinct and dependable interests. As a second main element, the agency theory also considers the self-interest and reluctance of persons to sacrifice individual interest to the advantage of others

(Dzingai & Fakoya, 2017:2; Eisenhardt, 1989:58; Keay, 2017:1295).

Table 3.6.1 provides an overview of the agency theory as presented by Eisenhardt (1989:59).

Table 3.6.1: Overview of the agency theory

Key idea	Principal-agent relationship should reflect efficient organisation of information and risk-bearing costs
Unit of analysis	Contract between principal and agent
Human assumptions	• Self-interest • Bounded rationally. • Risk aversion
Organisational assumptions	• Partial goal conflict among participants • Efficiency as the effectiveness criterion • Information asymmetry between principal and agent
Information assumptions	• Information as purchasable commodity
Contracting problems	• Agency (moral hazard and adverse selection) • Risk sharing
Problem domain	Relationships in which the principal and agent have party differing goals and risk preferences such as: • Compensation • Regulation • Leadership • Impression management • Whistleblowing • Vertical integration • Transfer pricing

Source: Eisenhardt, 1989:59

The overview of the agency theory in Table 3.6.1. provides specific clarity on the assumptions related to the agency theory. The conflict between activity output to the best interests of the business, and self-interest to advance personal benefits, may bring about financial implications (Eisenhardt, 1989:58). The financial impact may be financial gains or losses for the company owner and shareholders, or the individual in managing capacity of the organisation (Choudhury & Petrin, 2018:384). To manage and create an alignment of the agency theory interests and solve the agency problem, a code of governance serves as the mechanism to reduce challenges of opportunistic actions (Dzingai & Fakoya, 2017:3).

Corporate governance requires a holistic approach (Macaulay & Arjoon, 2013:551). The independence of shareholders, regulatory frameworks, effective controls, and constant adaptation to an ever-changing internal and external environment form an essential

keystone for the corporate governance of a business (Abdullah & Valentine, 2009:94; Dzingai & Fakoya, 2017:3; Eisenhardt, 1989:58). Because corporate governance should consider a holistic theoretical perspective, additional contributing theories should be considered (Macaulay & Arjoon, 2013:551).

Van Puyvelde, Caers, Du Bois, & Jegers (2012:432) states that by combining the agency, stakeholder and shareholder theories, a deepened understanding of governance and management of an organisation is attainable. Moreover, based on the reflection of Van Puyvelde *et al.,* (2012:432) the coalescence of shareholder and stewardship theories are briefly reviewed in the subsequent section. The stewardship theory focuses on the commitment to maximise profits on behalf of shareholders, and the stakeholder theory focuses on value-creation for stakeholders through meaningful, knowledgeable engagements (Freeman, Phillips & Sisodia, 2020:214).

3.6.2 The Stewardship Theory

The stewardship theory implies that the management team remains committed to protect and generate profits on behalf of the shareholders, garner a relationship built on trust and upholding their reputation (Abdullah & Valentine, 2009:90; Keay, 2017:1293). The motivation is grounded in considerations of fairness, care for interest of others and justice. The stewardship theory is therefore seen as a service to others rather that caring for self-interest only, which in turn circles back to 'doing the right thing' highlights that trust results within the stewardship theory by means of empowerment structures (Abdullah & Valentine, 2009:90; Donaldson & Davis, 1991; Keay, 2017:1294).

Keay (2017:1297) states that the stewardship theory focuses on the incentives of individuals (including organisational leadership) to consider what is in the best interest of others and may include factors such as fairness and justice as well. The steward is able to elevate and prioritise organisational goals and objectives over any self-interests, whereby trust is instilled in their skills as professionals to deliver upon expectations (Keay, 2017:1297).

Figure Figure 3.6.2. reflects a diagrammatic representation of the stewardship theory as published by Abdullah and Valentine (2009:91).

Figure 3.6.2: Stewardship and stakeholders

Source: Abdullah & Valentine, 2009:91

Intrinsic rewards for stewards will likely result in organisational success and mutual advantage which is received from the success. The outcome of the extrinsic motivation would be manifest as economic reward to the steward (Keay, 2017:1297). Donaldson and Davis (2000:60) contend that the motivation of managers which influences organisational performance is based upon the ownership and empowerment bestowed upon them.

The stewardship theory (like the agency theory) accentuates the requirement to align the objectives of both principal and agent (Keay, 2017:1297). However, where the agency theory suggests incentives and monitors to align behaviour, the stewardship theory assumes that a steward's behaviour aligns automatically with organisational objectives and the steward is intrinsically loyal to the organisation (Keay, 2017:1297).

In contrast with the agency theory, the stewardship theory does not propose a conflict between the principal and the agent (Van Puyvelde *et al.,* 2012:437). The theoretical framework of the agency theory is focused on economics with a compliance-based (control) organisational approach, whereby stewardship theory on the other hand, builds on sociology and psychology (Van Puyvelde *et al.,* 2012:437).

Table 3.6.2. delivers a comparison of the agency and stewardship theories reflecting on the dimension as comparative concept.

Table 3.6.2: Comparison between agency and stewardship theories

Dimension	Agency Theory	Stewardship Theory
Theoretical Framework	Economic	Sociology and Psychology
Approach	Control (Distrust)	Collaboration (Trust)
Principal-Agent relationship	Goal conflict	Aligned goals / Compatible
Motivation of Agent	Largely extrinsic	Intrinsic
Behaviourism	Individualistic	Collectivist
Governance Mechanisms	Monitoring & incentives	Empowering structure
Identification with organisation	Low level of identification	High level of identification

Source: Adapted from Van Puyvelde, Caers, Du Bois and Jegers, 2012:437

The comparative overview of the agency and stewardship theory reflects the dimensional priorities of each of the theories. The approach of the agency theory is focused on control contrasted with the stewardship theory based on trust and collaboration (Van Puyvelde *et al.,* 2012:436). The stewardship theory therefore reflects that the agent is closer aligned to the organisational mission and collective outcomes, rather than focussed on self-advancement (Van Puyvelde *et al.,* 2012:436).

In addition to the stewardship theory, the perspective proposed by the stakeholder theory reflects the relevance of a multi-stakeholder framework (Van Puyvelde *et al.,* 2012:446) which will be discussed in the subsequent section.

3.6.3 The Stakeholder Theory

Rooted within the management discipline, the stakeholder theory integrates corporate accountability to a comprehensive array of stakeholders (Freeman *et al.,* 2020:214). Reflecting from a strategic management perspective, stakeholder theory in its earliest form, focused on increasing effectiveness of organisational policies and strategy, and expanded to consider philosophy, ethics, political theory, economics, and law (Abdullah & Valentine, 2009:91; Freeman *et al.,* 2020:214). The stakeholder theory thus focuses on the notion of effective management of a combination of organisational relationships (Abdullah & Valentine, 2009:91). Furthermore, it calls on organisational leadership to

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influence, retain and balance stakeholder engagements without compromising the pursuit of organisational purpose and shareholder interests (Abdullah & Valentine, 2009:91).

The stakeholder theory is underpinned by a sound moral basis (Jones, Harrison & Felps, 2018:371). Jones *et al.,* (2018:371) explains that stakeholder interactions are regulated by standards of ethics, which includes constructs such as fairness, trustworthiness, loyalty, care, respect among others. The organisation aims to serve its stakeholders, whereby the organisations' moral obligation is driven by the purpose of the entity (Freeman *et al.,* 2020:215; Freeman & Phillips, 2002:334; Jones, Harrison & Felps, 2018:371). Abdullah and Valentine (2009:91) state that the stakeholder theory serves as an extensive research platform and incorporates political theory, economics, law, organisational sciences, philosophy, and ethics.

The agency theory as it relates to ever-changing external factors and economic realities, is inadequate to underpin the fluidity of corporate governance in isolation and as such a system of governance is necessary (Dzingai & Fakoya, 2017:4). Effective leadership manifests as corporate governance, which embodies ethical values such as responsibility, accountability, fairness, and transparency (Dzingai & Fakoya, 2017:3). Within the South African context, a formal governance structure was first introduced in 1994, under leadership of Judge Mervin King. Consequently, the King Report on Good Corporate Governance were published in 1994, 2002, 2009 and 2016 respectively (Rossouw, 2020:189). The King Report on Good Corporate Governance set out principles for corporate governance to ensure responsible organisations following corporate failures within South Africa and internationally. The reports are called the King I, King II, King III, and King IV (Chauke & Sebola, 2018:258; Rossouw, 2020:187). The Johannesburg Stock Exchange (JSE) adopted the King IV Report on Good Corporate Governance, guiding financial institutions on corporate governance best practices and will be subsequently discussed.

3.7 KING IV: GOOD CORPORATE GOVERNANCE IN SOUTH AFRICA

The King Report on Good Corporate Governance (King I:1994; King II:2002; King III:2009) and King IV published in 2016 by the Institute of Directors, South Africa, assigns to the governing body the responsibility to ensure ethical cultures are moulded

within organisations beyond a mere compliance-based approach (Rossouw, 2020:187). The practices and principles encased within King IV is in alignment with global good governance standards. Some global corporate governance initiatives include the Organisation for Economic Cooperation and Development (OECD) Principles of Corporate Governance (1999;2004) and the Commonwealth Association for Corporate Governance (CACG) of 1999 and the UK Corporate Governance Code. The OECD continues to motivate the implementation of mechanisms for conduct monitoring. The United States Foreign Corrupt Practices Act (1977) followed by the incorporation of governance codes as part of an act of congress, the Sarbanes-Oxley Act (SOX) forms part of the international best practices (Chauke & Sebola, 2018:258; Choudhury & Petrin, 2018:386; Abed & Gupta, 2002:7).

Corporate governance within the South African business sector encompasses several components, such as compilation and independence of a board of directors (governing bodies), autonomous fiscal expertise of governing bodies (independent audit committees), social and ethics committees, reflections on the chief executive director's influence on the governing body, and the ownership structure of the organisation among others (Chauke & Sebola, 2018:257; Klein *et al.*, 2019:9; IODSA, 2016:26). The King IV expectation for governing bodies is more aspirational than previous King Reports. The aspirational approach highlights the expectation of instilling an ethical culture, the improvement of organisational performance, validity, and reputation (Chauke & Sebola, 2018:262). Corporate governance as outlined by King IV is an activity of principled and effective leadership by the application of governance outcomes, principles, and practices to ensure: "ethical culture; good performance; effective control; legitimacy" (Esser & Delport, 2018:5).

Within the banking sector, regulation and compliance is progressively intricate. The poor governance of financial sector entities resulted in an insecure banking system and contributed to the economic crisis. Instilling good corporate governance of financial sector institutions are becoming significantly important (Zhang, Cai, Dickinson & Kutan, 2016:58). The disclosure of the required 'comply and explain' approach as outlined by King IV, is recommended to be conducted annually by means of an integrated report. King IV proposes that the comply and explain requirement allows for a stakeholder-focused ethos, whereby organisations are expected to communicate organisational performance to stakeholders by means of an integrated

report (Rossouw, 2020:191). Furthermore, a social and ethics committee report albeit digital or hard copy is required. It is undeniable that the aspirational objectives of King IV are challenging to measure yet are still an active promotion of good corporate governance. King IV clearly defines the relationship between executive management and the governing body. As documented in the strategy discussion in chapter two, the board sets strategic direction, including the way governance should be approached and implemented (Chauke, 2019:262; Esser & Delport, 2018:5; IODSA, 2016:29).

3.7.1 Quality Control Measures

The effectiveness of the board is measured by the implementation of a corporate governance framework, considering internal and external factors pertaining to the organisation. Furthermore, it is imperative to identify solutions for organisations to develop and implement an organisational strategy based on a strong value system to overcome weak foundations and ensure that they are positively advancing economic development within their community and country of operations (Chatterjee & Harrison, 2003:88; Choudhury & Petrin, 2018:386; Dzingai & Fakoya, 2017:12).

The role of the board as mentioned above is to oversee organisational strategy. This strategy, produced by management and presented for approval to the board includes items such as:

- Approval of policy and planning produced by management.
- Oversight and monitor implementation of strategy.
- Confirm accountability using reporting and disclosure.

Supporting the notion of board responsibility, reflects strongly as part of the King IV Report on Good Corporate Governance, whereby the first principle dedicates its attention to ethical and effective leadership (Rossouw, 2020:195). In addition, King IV explicitly mentions ethical values, described as characteristics of leaders which includes responsibility, accountability, fairness, transparency, integrity, and competence (Rossouw, 2020:195).

3.7.2 Governing Body Requirements

In the first principle of King IV, it is reiterated that the governing body needs to "set

the tone and lead ethically and effectively". The ethical and effective leadership role includes individuals representing the governing body, and those individuals need to act with integrity, be competent, remain responsible in a fair and transparent manner and accept required accountabilities. The governing body is required to disclose mechanisms whereby their ethical governance is measured (Chauke, 2019:601; Dzingai & Fakoya, 2017:12). With King IV focusing on effective management of organisational ethics, the governing body is expected to advance and instil an ethical corporate culture by implementing best practices.

These practices include the governing body's responsibility for the governance of its ethics, approval of codes, and policies and procedures related to management of organisational ethics. In the practice of strategy, the organisation's core purpose, risks, possibilities, business model, performance and sustainability are considered as integrated fundamentals of value creation. An improvement on practices of governing bodies includes the mandatory action to define the core purpose in terms of its short-, medium, and long-term strategic direction. The strategic direction provided by ethical leadership needs to include performance criteria in a holistic manner, including the economic, social, and environmental contexts (Chauke, 2019:601; Choudhury & Petrin, 2018:406; Dzingai & Fakoya, 2017:3; Porter & Kramer, 2011:15). Moreover, the financial crisis of 2007-2009 emphasised the vulnerability of organisational reputation, the importance of trust, mutual confidence, and social capital (Lins, Servaes & Tamayo, 2017:1786). Al-Hadi, Chatterjee, Yaftian, Taylor & Monzur Hasan, (2019:962) state that corporate social responsibility serves as a key element for the enhancement of organisational reputation, thereby protecting the organisation from regulatory or social sanctions.

3.7.3 Corporate Social Responsibility

Corporate social responsibility (CSR) focuses on the way an organisation considers its social and environmental impact, as well as the economic benefits for the organisation and society (Al-Hadi *et al.,* 2019:962). Attention to the role of managers' individual activities and internal exchanges underpins, challenges, and transforms corporate sustainability practices within an organisation (Carrington *et al.,* 2018:974). Doing business ethically and having sound CSR initiatives to respond to criticism remains challenging for organisation leaders (Carrington *et al.,* 2019:994). This highlights the

importance of considering business ethics as part of internal organisational programmes, processes, and procedures. Carrington *et al.,* (2019:997) postulate that managers can act responsibly in their business conduct with the right conditions. Lins *et al.,* (2017:1787) proposes a different perspective, whereby organisations can prevent potential disasters in confidence by building social capital through corporate social responsibility initiatives. To provide an all-inclusive organisational overview of activities, including but not limited to organisational strategy, risks, opportunities, and the way in which these elements connect with social, environmental, economic, and financial matters, an integrated report is a tool to bring about change and influence behaviour (Dumay, Bernardi, Guthrie & La Torre, 2017:463; IODSA:2016).

3.8   A VALUABLE MECHANISM: INTEGRATED REPORTING

In the preceding chapter, the researcher reflected on the development and role of an integrated report in organisations. Considering a definition of integrated reporting, it serves as an effective source of communication related to organisational strategy, governance performance and opportunities (IIRC, 2013:7).

Effective corporate governance necessitates that organisations provide a holistic overview of all elements of the business to their stakeholders. Formal documented reporting on all aspects and activities of the organisation within the current management environment is known as the Integrated Report. The Integrated Report covers details on organisational actions on societal, environmental, and economic performance and governance structures of the organisation (Abeysekera, 2013:228; De Villiers, Hsiao & Maroun, 2017:3; De Villiers *et al.,* 2014:1046; Eccles & Saltzman, 2011:56). Disclosures made in reports need to empower stakeholders to conduct an informed evaluation of organisational performance and the relation to short-, medium-, long term strategies. De Villiers *et al.*, (2014:1042) elaborate on the role of integrated reporting as a means for the communication of strategic thinking of the board of directors, the culmination of operational efforts by senior management, and ensuring that activities are truthfully represented by the organisation to its stakeholders. The purpose of the integrated report is thus to communicate the accountability and transparency of both financial and non-financial efforts of the organisation. The integrated reporting discussion themes brings governance, fiscal wealth, intellectual capital, social assets, and environmental capital onto a cohesive platform

(Abeysekera, 2013:244; De Villiers *et al.*, 2017:4). Integrated reporting focuses on long-term thinking about value creation and stewardship. Members of the board and executives need to consider the future of the organisation's business model, how and for whom value is created, challenges, risks, and strategy, and provide the integrated report as an opportunity to instil transformation (Abeysekera, 2013:231; De Villiers *et al.*, 2017:3; Dzingai & Fakoya, 2017:2).

3.9   CONCLUSION

This chapter reflected on corporate scandals as a result of ethical misconduct. Furthermore, the scandals did not only negatively affect stakeholders and shareholders, but extended its impact to competitors, employees who lost likelihoods, creditors not being reimbursed, and stockholders who were directly or indirectly affected by unethical behaviour. A theoretical framework for organisational failures proposed by Soltani (2014:253), outlined reasons for organisational failures. Soltani (2014:253) designated causes of corporate failures to immoral behaviour such as ethical climate, personal interests, tone at the top, leadership, accountability, governance, and fraud.

Three fundamental concepts in ethics were then described: the good, self and the other and reflected that ethical behaviour manifested when one does not only consider the self but also what is good for others (Rossouw & Van Vuuren, 2017:5). Furthermore, the researcher emphasised modes of ethics management as proposed by Rossouw and Van Vuuren (2017:54). The importance of leadership behaviour was linked to leadership styles and modes of ethics management. The organisational culture was defined as internal and external perceptions of the organisation's culture.

Organisational culture was defined and documented by means of specific words which included "accountability, character, ethics, ethical, ethically, fairness, honest, honesty, integrity, respect, respected, respectful, responsible, responsibility, responsibilities, transparency, trust, trusted, truth, virtue, and virtues" (Audi *et al.*, 2016:560). Organisational interrelationships within a corporate governance framework were discussed and included values and ethics as an ecosystem (Chan & Cheung, 2012:46).

The principal-agent relationship was explained by means of the agency theory,

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followed by a discussion on the stewardship and stakeholder theories. The King Report on Good Corporate Governance, with a specific focus on King IV, shared the alignment with global good governance standards (Natesan, 2020:155). The discussion included the governing body's responsibility for the governance of its ethics, approval of codes, policies and procedures related to management of organisational ethics. In the practice of strategy, the organisation's core purpose, risks, possibilities, business model, performance and sustainability were considered as integrated fundamentals of value creation. The chapter concluded with integrated reporting as a valuable mechanism of accountability. The discussion themes furthermore highlighted the importance of governance, fiscal wealth, intellectual capital, social assets, and environmental capital on a cohesive platform (Abeysekera, 2013:244; De Villiers *et al.*, 2017:4).

4. CHAPTER 4: A STRATEGY-ETHICS FRAMEWORK

Figure 4.1. indicates the constructs of this study as considered and graphically demonstrates the integration of topics within this chapter.

Figure 4.1: Content and layout of Chapter 4

CHAPTER 4: A STRATEGY ETHICS FRAMEWORK	
4.1	**INTRODUCTION**
4.2	**BACKGROUND**
4.3	**SYNTHESIS OF LITERATURE**
4.4	**A PRéCIS OF STRATEGY-AS-PRACTICE AND BUSINESS ETHICS** 4.4.1 Articulating the correlation 4.4.2 Social elements 4.4.3 Economic elements
4.5	**ORGANISATIONAL STRATEGY** 4.5.1 Organisational strategy and trade-offs 4.5.2 Corporate governance, organisational sustainability and leadership
4.6	**ORGANISATIONAL VALUE CREATION, VALUE-BASED BUSINESS PRACTICES AND RESPONSIBLE LEADERSHIP**
4.7	**INTEGRATED REPORTING: COMPLIANCE VERSUS BEST PRACTICE**
4.8	**THE INTEGRATION NARRATIVE** 4.8.1 The interpretation of the proposed framework 4.8.2 Environmental factors, corporate governance and organisational sustainability 4.8.3 Analysis, risks, and competitive advantage 4.8.4 Organisational strategy 4.8.5 Business Ethics 4.8.6 Comparative synopsis: analyse, strategy and business ethics
4.9	**ADDRESSING THE GAP AND SPEAKING TO THE SILO: RESEARCHERS' REFLECTION ON THE PROPOSED FRAMEWORK**
4.10	**CONCLUSION**

Source: Own compilation

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4.1   INTRODUCTION

During the South African based Ethics Institute's Annual Conference in May 2017, the keynote speaker, Malik Melamu relayed an important analogy to contextualise the importance of ethical behaviour in society, translating it to ethics in business (Melamu, 2017).

As the Chief Executive Officer of MTN Group Pty Ltd in Sudan (2020), Malik Melamu, shared a personal observation regarding ethics in business according to his experience during his tenure as Chief Executive Officer for MTN Benin in West Africa. When hosting regular ethics awareness discussions with staff and stakeholders, he was often confronted with people saying that unethical behaviour forms part of the business culture in West Africa. Malik never validated this declaration, he repeatedly disagreed, stating categorically that he is of the opinion that unethical conduct is not an integral part of the business culture. The way he brought awareness to his staff and stakeholders, was by telling a thought-provoking story coming from his own interpretation as the result of observation. Upon his arrival in Benin, he went for a drive along the coastline. He observed groups of people (male, female, young and old) all lined up, pulling on a rope. Out of curiosity he asked the driver to stop, and he watched this activity and realised that all these individuals were working together to pull on a rope to bring in a large fishing net that had been cast out earlier. When they have successfully brought in the net, he noticed that everyone who participated had a bowl or container and each was given a share of the catch. This action reflects the practice of strategy, where everyone works together to gain benefit from the outputs (Dahl *et al.,* 2016:94) just like the people in Benin received their share of fish after labouring together to bring it in.

This observation became an effective discourse initiator to a value-based approach Malik Melamu, (presenter). (TEI Conference, 2017). During engagement with audiences, Malik would ask participants to reflect on a situation where people share the fruit of labour if there is space for unethical behaviour. The answer he received confirmed his observation that there is no acceptance for unethical behaviour. People have been fishing in this way for centuries according to the coastal tradition in Benin. Malik stated his interpretation that the culture reflected a strategic approach based on joined values, working together, and sharing the result of their labour. This factual

observation accentuates that value-based principles in society naturally creates a practice which strategically benefits all (Melamu, 2017). This interpretive narrative sets the tone and offers a motivation for considering the importance of a value-based approach when practicing actions to fulfil a strategy, resulting in a shared benefit to all stakeholders.

4.2 BACKGROUND

The preceding introductory section on the observational narrative, leads to a conclusion that a value-based approach benefits all stakeholders. Values represent individual opinions and perspectives, and within an organisational ecosystem, there is a need for a collective set of beliefs to unify them (Jiang, Prokopovych, & DiStefano, 2021:414; Kamargianni, & Matyas, 2017:6) An organisational ecosystem is defined as a dynamic collection of mostly autonomous economic participants which develops and delivers products and services that collectively constitutes a coherent solution (Pidun, Reeves & Schüssler, 2019:2).

Furthermore, Pidun *et al.,* (2019:2) connect the definition of a business ecosystem as a manner whereby a value proposition is pursued, which serves as a model to govern the organisation. In addition to Pidun *et al.,* (2019:2), Evans *et al.,* (2017:599) reflect that a value proposition within the organisation is mostly underpinned by economic value, focused on interlinking elements to generate, and deliver value. Another reflection on the interpretation of value, is offered by Rossouw and Van Vuuren (2017:62) who describe a value-based approach as the incorporation of ethical values and standards within the organisation, and organisational employees embrace shared corporate values. This guides a deduction that these constructs such as value-based, value propositions, delivering value and the like, offer varying definitions which will be elaborated upon throughout this chapter. In harmony with the opinion of Rossouw and Van Vuuren (2017:62), Freeman *et al.,* (1988:827) state that "values are absolutely central to strategy", as the purpose of organisational strategy is to act on behalf of the organisation with resolution and intention. Furthermore, Tsoukas (2017:326) postulates that there is prominent absence of ethics in strategic theories and frameworks, despite appeals to regard ethics as an integral part of strategy.

The literature study as presented in Chapter two of this dissertation, provided an

overview of the complexity of organisational strategy. The importance of an integrated approach to secure a superior competitive advantage within a complex and dynamic environment, brings about a high-level analogy of the types of strategy to navigate within the external environment. An exploratory overview on strategy-as-practice as presented in this chapter confirms its complex composition touching on social norms, values, rules, beliefs, symbols, discourses, principles, and morals, accentuating its ethical rudiments. The strategy-business-ethics dyad and the importance of value-based principles was discussed in Chapter two and three. The strategy-business-ethics dyad considers regulatory requirements and corporate governance to achieve long-term financial sustainability.

Hence, with an explicit focus within the South African context, in 1994 the Institute of Directors in South Africa (IODSA, 2016), requested Judge Mervyn King, a retired judge to collectively collaborate with a team of experts and develop the King Reports of corporate governance (Van Vuuren, 2020:51). During the past twenty years, the King Reports have increasingly focused on encouraging good corporate governance and best practice principles, with the most recent publication of the King IV Report on corporate governance released in 2016 (Van Vuuren, 2020:51). The importance of the King Report on Corporate Governance (IODSA, 2016) not only sets the tone for accountability of companies and its leadership, but also emphasises the responsibilities of ethical leadership, responsible corporate citizenship, and ensuring an ethical organisational culture (Van Vuuren, 2020:56).

Chapter three elaborated on the interrelationship of economic elements, ethical conduct, and the resultant impact of (un)ethical behaviour. This chapter highlighted the nature of business ethics and the complexity of both organisational strategy and the dimensions of business ethics. Robertson's (2008:745) statement serves as a platform for the need to consider business ethics as a fundamental principle in strategy making. Rossouw and Van Vuuren (2017:53) suggest modes of ethics management strategies. The purpose and role of leadership in organisational strategy and business ethics formed part of the discussion. The importance of building an ethical organisational culture is accentuated by Huhtala and Feldt (2016:2) where collective norms, beliefs, and values serve as a stimulator of ethical behaviour. Huhtala and Feldt (2016:2) state that an ethical organisational culture reflects the ethical condition within the organisational environment. In addition, corporate governance mechanisms strengthen

stakeholder trust and build business for good (Choudhury & Petrin, 2018:414). Two dimensions, the governance of ethics and the ethics of governance, clarify the considerations related to value-based business practices. A brief synopsis explored the attributes of the agency, stakeholder, and shareholder theories. The consideration of the theories used in the governance of ethics were included as part of the discussion. The King Report on Good Corporate Governance (IODSA, 2016) documents the strategic importance and implementation of corporate governance principles (Chauke, 2019:606; Dzingai & Fakoya, 2017:3; IODSA, 2018:20).

The preceding chapters provided clarity on each of the core constructs of this study. It brought about a deepened understanding of the importance of value-based business practices, and the risks within the business environment. The subsequent section, Chapter four provides an overview of the literature reviewed as part of the study, reflected as a synthesis of the literature. Following the literature synopsis, a précis of strategy-as-practice and business ethics explains the potential to maintain a competitive advantage through the inclusion of a value-based approach to attain long-term organisational sustainability.

A summary of strategy-as-practice and business ethics is shared, to illustrate the connection between organisational strategy, business ethics, and strategy-as-practice. Furthermore, the discussion will reflect on constructs of importance, including the reference of social elements, as part of the strategic environment within organisational ecosystems, reflect on corporate governance, business ethics and organisational strategy. Ergo, this chapter ultimately offers a proposed framework whereby organisational strategy and business ethics are integrated from a strategy-as-practice perspective.

Table 4.3 provides a synopsis of the literature reviewed as part of this study, indicating the core constructs and their interfaces to develop a proposed framework for the integration of organisational strategy and business ethics.

4.3 SYNTHESIS OF LITERATURE

Table 4.3: Summary of scholarly work

CORE CONSTRUCT INTERFACES FOR THE INTEGRATION OF BUSINESS ETHICS AND ORGANISATIONAL STRATEGY

Core constructs	Description of construct	Literature sources
Organisational strategy	• Goals, governance, strategic factors lead to distinctive behaviours. • Purpose of strategy serves as a declaration of organisational values. • Strategy needs to consider social nature of strategic discourse. • Strategy making is influenced by numerous elements, leadership as practitioners influences behaviour, group think, decisions, organisational values, and behaviour. • Leadership needs to consider trade-offs as part of their significant role within organisational strategy.	Daspit *et al.,* 2017:9; Goebel *et al.,* 2012:7; Jarzabkowski *et al.,* 2013: 43; Jarzabkowski & Spee, 2009:70; Maritz *et al.,* 2011:102 Oertwig *et al.,* 2017:179; Porter, 1996:9; Porter & Lee, 2015:1682; Stead & Stead, 2013:150; Van Vuuren, 2002:21, Whittington 2018:345
Hierarchy of statements	• Vision, mission, and values of an organisation guides behaviour.	Brusoni & Vaccaro, 2017:224; Collis & Rukstad, 2008:3; Mukhezakule & Tefera, 2019:6; Wurthmann, 2019:22
Strategic drivers for sustainability	• Integration of strategy and values serves as premise for organisational sustainability; ethical business is sustainable business.	Baumgartner & Mangematin, 2019:28; Engert & Baumgartner, 2016:824; Lloret, 2016:418; Van Vuuren, 2002:21
Strategy-as-practice Practitioners	• Social elements consider beliefs and systems, what is right and wrong. • Strategy-as-practice development considers virtue ethics, virtue ethics underscores strategy-as-practice. • Direct link between ethical related issues and strategy-as-practice. • Leaders need to possess a strong comprehension of norms, values, and convictions, underscoring performance culture. • Leaders guide strategy making, execution of strategy is a team effort. • Leadership sets tone for (un)ethical organisational culture.	Abdallah, Basque, & Rouleau, 2017:329 Carter & Whittle, 2018:2; Jarzabkowski et al., 2007:11; Smith, 2018:603; Tsoukas, 2018: 325; Pitelis & Wagner, 2019:239 Carrington *et al.,* 2019:977; Chauke, 2019:601; Kuenzi *et al.,* 2020:43; Maritz *et al.,* 2011:108; Petrick, 2018:452; Rossouw & Van Vuuren, 2003:391

Source: Own compilation from literature

4.3 SYNTHESIS OF LITERATURE CONTINUED

Core constructs	Description of construct	Literature sources
Business Ethics "What is good and right in human interaction". Organisational culture	• Business ethics needs to be a fundamental principle of strategy (strategic driver/moral content/ failing to focus on value lack the vital footing for strategy/ethical framework/ holistic approach). • Proactive management of an ethical organisational culture is essential for organisational sustainability. • Level of trust is reflected within organisational culture; ethical behaviour of an organisation serves as cornerstone of trust.	Arnaud & Sekerka, 2010 :131; 131; Carrington., 2019:977; Chauke, 2019:601; Goosen & Van Vuuren, 2005:61; Porter & Lee, 2015:1682; Robertson, 2008:746; Tsoukas, 2018:325. Goosen & Van Vuuren, 2005:62; Huhtala & Feldt, 2016:2; Robertson, 2009:747; Treviño & Brown, 2004:69; Tsoukas, 2018:336. Audi *et al.*, 2016:551; Austill, 2011:70; Doney *et al.*, 1998:601; McMurrian & Matulich, 2016:87; Winfield, & Jirotka, 2018:2
Corporate Governance Corporate Social Responsibility	• Ethical values underpin governance structures referred to as ethics of governance. • Management of the ethical performance and behaviour of organisations is referred to as governance of ethics. • Corporate Governance and ethics underpin value-based relationships with all stakeholders. • Manner in which organisation impact its society, natural, social, and economic environments; serves as key element to enhance organisational reputation.	Rossouw & Van Vuuren, 2013:223; Rossouw & Van Vuuren, 2003:390; Rossouw 2019:188; Macaulay & Arjoon, 2013:566; Chan & Cheung, 2012:46. Chauke, 2019:607. Al-Hadi; *et al.*, 2019:962; Bergman, Bergman & Berger, 2017:2; Carrington *et al.*, 2018:974; Dzingai & Fakoya, 2017:1; Goebel *et al,* 2012:7; Lins, *et al.*, 2017:1786.
King IV Report on Corporate Governance "Leadership, ethics and corporate citizenship"	• The governing body should lead ethically and effectively. • The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture. • The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen. • Integrated report serves as reflection of strategic drivers, effectiveness of corporate governance towards organisational sustainability.	Abeysekera, 2013:228; Chauke, 2019:603; De Villiers, Hsiao & Maroun, 2017:3; De Villiers, Rinaldi & Unerman, 2014:1046; De Villiers & Sharma, 2020:6; Eccles & Saltzman, 2011:59; IODSA:2016; Jonck, 2021:9; Le Roux & Pretorius, 2019:3; Soltani, 2014:254.

Source: Own compilation from literature

4.4   A PRÉCIS OF STRATEGY-AS-PRACTICE AND BUSINESS ETHICS

*"Managing strategy in action is about how strategies are formed and how they are
implemented. The emphasis is on the practicalities of managing."*
Johnson, Whittington, Regnér, Angwin, & Scholes, 2020:14.

To attain and retain a superior competitive advantage, organisational strategy serves
as the guide to create value, resulting in long-term sustainability (Tsoukas, 2018:325).
In addition, from a strategy-as-practice perspective, Abdallah, Basque, & Rouleau,
(2017:335) states that value-based social and economic elements inform strategy. The
result of a value-based approach in strategy-as-practice directly impacts on
organisational sustainability (Rahman *et al.,* 2014:20).

Figure 4.4.1 provides an illustrated overview of strategy-as-practice, organisational
strategy, business ethics and organisational sustainability. The purpose of this
illustration is to provide an overview of the interrelationships and linkages of the core
constructs.

Figure 4.4.1 A précis of strategy-as-practice and business ethics
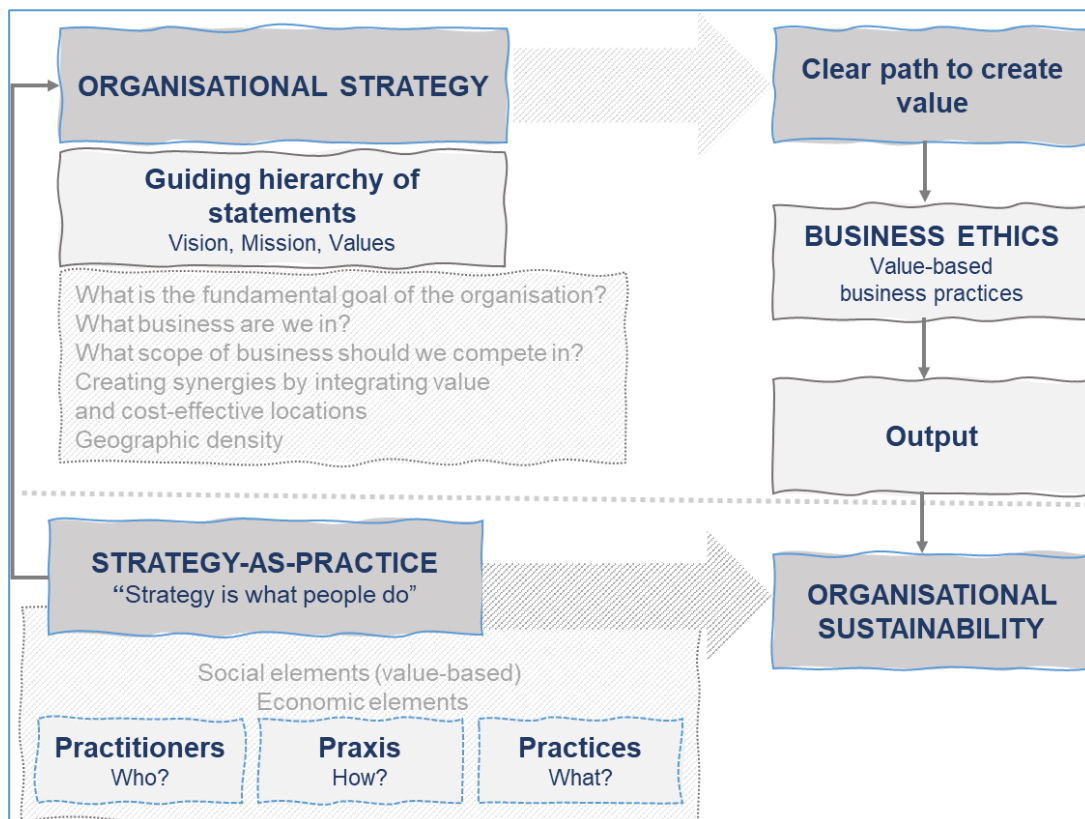
Source: Own compilation based on academic literature review

The illustration presented in Figure 4.4.1. emphasises the perspective applied to this

study. The literature review on organisational strategy and business ethics serves as the motivation for the representation, founded on the importance and centrality of values within organisational strategy as argued by Freeman, Gilbert, and Hartman (1988:827). It reflects the core considerations of organisational strategy, through the strategy-as-practice lens whereby the guiding hierarchy of statements provides clarity on organisational purpose, setting the tone for the path to create value. Evans *et al.,* (2017:600) provide a synopsis of the perspectives of creating value, which includes economic value fashioned in a manner that ensures and positively impacts societal values, as well as the ecological impact and generating a meaningful life. The illustration depicts how practices and decisions which are underpinned by business ethics aim to create value flows into organisational sustainability. Evans *et al.,* (2017:600) state that a holistic value-based integration of an organisation's social and environmental impact as part of the value creation process will result in economic sustainability. Therefore, the proposed linkages between business ethics and organisational strategy, explain the outcomes of activities resulting in organisational sustainability.

4.4.1 Articulating the Correlation

The preceding précis of strategy-as-practice and business ethics reflects a clear connection between organisational strategy, business ethics, strategy-as-practice, and organisational sustainability. The practitioner's behaviour and actions from a strategy-as-practice perspective reflects the individual's way of thinking, values, beliefs, and norms (Tsoukas, 2018:328). Nonetheless, practitioners need an understanding of what represents good action and behaviour, collectively advancing the organisation. Goebel *et al.,* (2012:8) state that to achieve organisational sustainability, ethical behaviour is essential.

The précis of strategy-as-practice and business ethics furthermore imitates the interdependence and highlights an undeniable interrelationship between these constructs. The interrelationships include the ethical nature and reflections within the organisational purpose, the goals, and the objectives, closely considering the balance between profitability and social impact, as part of value creation (Freeman *et al.,* 1988:827). Furthermore, as illustrated in Figure 4.4.1. organisational purpose is seen

through the hierarchy of statements, reflected as the organisational vision, mission, and values (Fontrodona *et al.,* 2018:890). Business ethics provides the platform to balance and prioritise the integration of the organisational purpose (Fontrodona *et al.,* 2018:895). Moreover, Fontrodona *et al.,* (2018:895) state that a purpose declaration of an organisation is ethical by nature based on the consideration given to ethics in outcomes of actions and activities. Echoing the complexity between organisational tactics, the execution of activities by practitioners and organisational strategy, Carrington *et al.,* (2019:928) state that the social interconnection and cooperative action is the function of multiple actors. Contributing to the strategy-as-practice précis, the individual serves as the practitioner in strategy (Costa *et al.,* 2019:40). Consequently, practitioners are the "doers of strategy" and contribute to organisational strategy whilst considering their own morals, beliefs, and virtues (Goebel *et al.,* 2012:10). The unique interdependence of the practitioner's personal values, morals, beliefs, and norms are interrelated to the value-based system and collective output of an organisation (Rouleau, 2013:548).

The consequence of the inclusion or exclusion of business ethics manifests in strategy-as-practice actions and activities, whereby the practitioners are implementers of strategy. Carter and Whittle (2018:4) believe that the strategy-as-practice perspective allows for sociological considerations. Furthermore, reflecting a strategy-as-practice perspective, the way in which strategy implementation occurs, is connected by social elements. Hence, Carter and Whittle (2018:2) unpack the social elements as all elements forming an integral part of the social sphere, including social norms, values, beliefs, identities, discourses, power relations, ideologies, rules, roles and, symbols among others. In addition, considering practitioners as organisational representatives, ethical behaviour, decisions, and performance are seen in the actions and activities (Huhtala & Feldt, 2016:2; Tsoukas 2018:326). Tsoukas (2018:327) postulates that a strategist covertly also serves as an ethics manager.

Subsequently, Rossouw and Van Vuuren (2003:9) state that business ethics forms an essential part of business, and ethical conduct and performance ensures an essential competitive advantage. Value-based decisions and management practices are thereby articulated in organisational strategy and strategy-as-practice, resulting in a sustainable organisation. Conversely, the absence of a value-based strategy may

result in a decline in the organisation's viability, and consequently the economic benefit may last only for a limited time (Fontrodona *et al.,* 2018:889; Lloret, 2016:418; Mukhezakule & Tefera, 2019:9). In fact, Mukhezakule and Tefera (2019:9) are of the opinion that a sustainable competitive advantage results from organisational efforts to inculcate value-creating strategies which are not repeatable by competitors.

Moreover, organisational strategy incorporates responsibilities, choices and activities which are needed to gain strategic competitiveness and maintain superlative competitive advantage (Mukhezakule & Tefera, 2019:9). A strategic competitive advantage is reflected as the superlative position of an organisation relative to competitors in the market. To secure and maintain a sustainable organisation, safeguarding a superlative position, business ethics within organisational strategy is imperative. The imperative consideration of business ethics within organisational strategy is consequently outlined by Carrington *et al.*, (2019:996) as a transformed and collective focus on an ethical and sustainable commitment to attain organisational profitability and growth. Juxtaposed, Rossouw and Van Vuuren (2003:9) reiterate that the source of a competitive advantage relates to intangibility of advantages, based on the premise that organisational ethical strategies are the outcome of individuals' ethical nature and conduct. In fact, Singer (2009:480) states that both organisational strategy and business ethics result from socioeconomic contextual elements related to actionability, decisions and behaviours.

4.4.2   Social Elements

The social elements represent the social norms, behaviour, values, principles, rules, identities, roles, beliefs, symbols, and morals (Muriithi, 2021:69; Tsoukas, 2018:325; Yolles & Fink, 2014:8). Moreover, Carter and Whittle (2018:1) explain the social elements as binding elements which bring individuals or groups together or drive them apart. Reflecting the strategy-as-practice lens, the social elements also include available tools, materials, authoritative interactions, managerial roles and responsibilities and individual characteristics when executing strategy (Tsoukas, 2018:325). The way practitioners develop and execute strategy, the individuals' skills, and the use of tools of practice during strategic activities reflect that strategy is not owned by an organisation, but rather something that people within the organisation do

(Abdallah *et al.,* 2017:328). Tsoukas (2018:324) postulates that additional investigation is needed to better quantify and understand the moral quality of practices, as it relates to what is good and appropriate. Burgelman *et al.,* (2018:7) articulates the dimensions of the social elements by including strategy related activities (praxis), and various actors which form part of the strategic outputs (practitioners) as well as all relevant tools, information and materials used.

Considering the social nature of the strategy-as-practice construct, these elements collectively affect organisational sustainability (Evans *et al.,* 2017:597; Tsoukas, 2018:325). Carrington *et al.,* (2019:995) consider the social elements manifested on three levels, being the micro, meso and macro level. Hence, the discussion considers the practitioner's role within the micro-organisational level, by which the individual's practice within the organisation impacts activities and actions, leading to organisational sustainability. This implies that the micro-level referred to by Carrington *et al.* (2019:995), includes managerial practices guided either by (un)conscious, hybrid, or constant practices, which contemplates the individual's obligations, an external locus of control, considerations of keeping moral security and separating elements been driven by unconscious or conscious practices. Likewise, Carter and Whittle (2018:11) state that the social elements consist of a network of influences which include social norms, regulations, values, beliefs, and meaning-systems. Hereinto, an individual's ethical conduct within the micro-environment is noted as a valuable aspect in furthering accountability and organisational sustainability (Thakhathi *et al.,* 2019:248).

Furthermore, Carrington *et al.,* (2019:995) state that the meso- and macro level practices manifest as changing organisational practices. In this regard morality facilitated praxis' interaction includes the changing societal beliefs which are replicated in business practices. The interrelation of the social elements is represented by the praxis, which facilitate the interaction between individuals and societal moralities, where organisational managers comprehend societies' moral expectations by means of their collaborations (Carrington *et al.,* 2019:995). Consequently, Lloret (2015:1) connects organisational sustainability with three principles, where economic, social, and environmental integrity is inculcated in organisational strategy to ensure long-term survival, forming the basis of competitive advantage. Moreover, Evans *et al.,*

*(*2017:600) highlight the importance of an organisation's value creation process, where economic, social, and environmental objectives should be integrated as part of the organisational sustainability endeavours.

Fenton and Langley (2011:1174) articulate the strategy-as-practice relationships within the micro and macro environment. The relationships proposed by Fenton and Langley (2011:1174) were adapted from published work by Whittington (2006:621) and presented as an illustration.

Figure 4.4.2. provides a summarised illustration of the interrelationships between practitioners, praxis and practices reflecting both the micro and macro-organisational environment.

Figure 4.4.2: Reciprocal relationships in strategy-as-practice
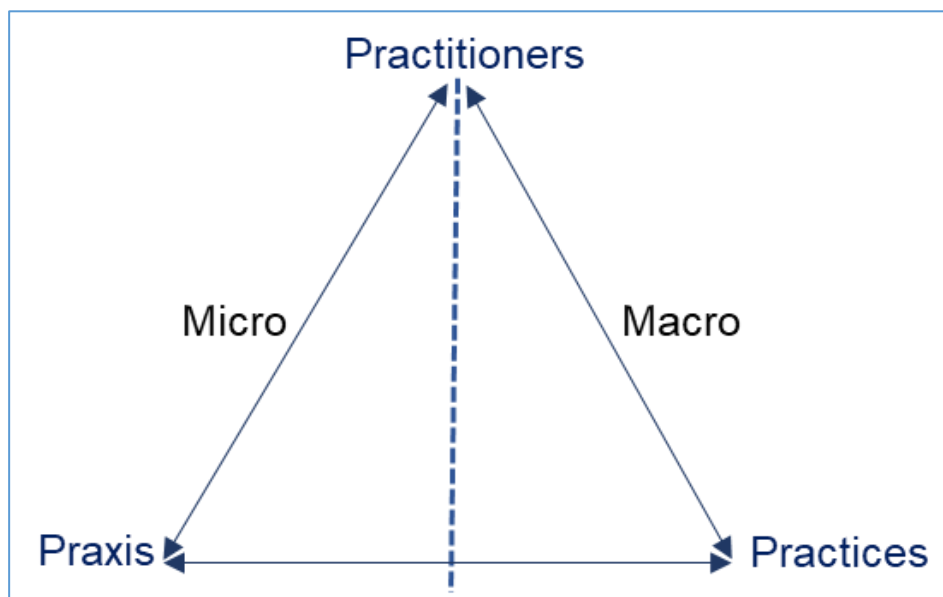
Source: Fenton and Langley, 2011:1174

The illustration by Fenton and Langley (2011:1174) articulates the consideration of how strategy practitioners apply organisational practices distinctively within strategy praxis. The arrows indicate mutual relationships within the micro and macro environment of the organisation, consequently, indicating the connectedness of practitioners, drawing on organisational practices and praxis (Fenton & Langley, 2011:1173). Practitioners are representatives of the organisation, such as managers, consultants or others, actioning practices which refer to methods, systems, or discourse within the organisation or extra-organisational levels. As a result, the

distinctive strategy praxis is fulfilled by means of particular activities, in the form of discussions, interactions, meetings or conversations (Fenton & Langley, 2011:1173).

In addition to the social elements as described by Carrington *et al.*, (2019:995) and Evans *et al.,* (2017:600) provide an additional perspective on social value norms. Evans *et al.,* (2017:600) reiterate that an emphasis is placed on value creation for society. The research focuses on the creation of value norms within society and thus refer to it as social value norms. The social value norms, integrated with environmental and economic value norms will result in sustainable value (Evans *et al.,* 2017:600).

Goebel *et al.,* (2014:15) accentuate the importance of the alignment of organisational activities, choices and organisational ethical expectations whereby economic sustainability will be attained.

4.4.2 Economic Elements

The complexity, dynamic forces and environmental factors all contribute to organisational strategy (More *et al.,* 2015:382). The complex environmental factors to be considered reflect a shared framework used in environmental scanning, which reflects the Social, Technological, Economic, Ethical, Political, Legal, and Environmental (STEEPLE) factors (More *et al.,* 2015:382). These external determinants or environmental elements impact organisational strategy and the realisation of organisational values (Denis, Langley & Rouleau 2007:194). The reason for being in business may be influenced by economic elements which in turn contribute to the way in which strategy is practiced. Carter and Whittle (2018:11) state that when strategy is well executed it will improve the success of an organisation and society, but in contrast when strategy is done poorly, it may have disastrous consequences. Albeit not part of the focus of this particular study, an additional value driver worth referring to is the physical environmental element. The importance of ensuring renewable resources, low emissions, low waste, biodiversity, pollution prevention and mitigation forms a critical part of organisational sustainability (Evans *et al.,* 2017:600).

Evans *et al.,* (2017:600) reflect on the relevance of value creation including economic elements as part of a strategy, driving organisational sustainability. In pursuit of creating organisational sustainable value, the economic value drivers include

considerations such as profitability, return on investment, fiscal resilience, long-term organisational sustainability, and organisational stability (Evans *et al.,* 2017:600).

Pertinent to this study, the management of strategy within the banking sector in South Africa is regarded as the way to incorporate explicit economic elements such as regulatory requirements, the King Report on Corporate Governance to ensure an ethical organisational culture is established (De Villiers *et al.,* 2017:451; Gilbert *et al.,* 2009:49; Van Vuuren 2020:52). In this regard Janse van Vuuren (2020:52) states that although the King Report is a voluntary corporate governance best practice code it serves as a mandatory prerequisite for JSE-listed companies, which includes South African commercial banks. Gilbert *et al.*, (2009:52) reiterate that the regulatory requirements within the South African banking sector, including the Banks Act and the Prudential Authority (South African Reserve Bank) remains complex.

Nevertheless, a study released in 2019 by PriceWaterhouseCoopers (PwC) links regulatory considerations within the financial sector, including a publication in 2019 named the Conduct of Financial Institutions (COFI) Bill, the Basel Committee on Banking Supervision (Basel IV) proposed and released in 2017 and The International Financial Reporting Standards (IFRS 9) (Eccles & Saltzman, 2011:56). As a result, the aforementioned regulatory and legal requirements need to be considered during organisational strategy development, to ensure that strategic actions and activities are aligned with these requirements. Daspit *et al.,* (2017:9) reiterate that the objectives, governance, and organisational resources provide insights as to the strategic benefits and performances which may lead an organisation to achieving a competitive benefit or disadvantage.

4.5   ORGANISATIONAL STRATEGY

Porter (1996:5) states that the "essence of strategy is in its activities" whereby different activities collectively provide the prospect of creating a distinctive and beneficial competitive position. Likewise, Daspit *et al.,* (2017:8) state that the pursuit of multiple efforts within organisational strategy are needed to accomplish an essential purpose of long-term endurance and organisational sustainability. As a result, a reflection on organisational strategy is considered as part of a relationship which includes organisational goals, governance frameworks and strategic assets (Daspit *et al.,*

2017:8).

Figure 4.5. serves as an illustration of the foundation of building a sustainable organisation, reflected as a dynamic three-way relationship.

Figure 4.5: The linkage between strategy, corporate governance, and organisational sustainability

The dynamic three-way relationship between strategy, corporate governance and organisational sustainability is illustrated in Figure which provides an overview of the key considerations and area of focus of this study. Organisational strategy, guided by organisational leadership determines the corporate governance framework of an organisation, and to what extent corporate governance will be embedded within organisational strategy. Aligning with the relational reflection proposed in Figure between organisational strategy, corporate governance and organisational strategy, Collis and Rukstad, (2008:5) state that the essence of strategy is a sustainable competitive advantage.

Considering the regulatory and legal South African financial sector, it is critical to reflect on explicit requirements during the organisational strategy process due to their

impact not only on the financial institution, but also the stakeholders and shareholders (Chauke & Sebola, 2018:259). The influence of corporate governance is indicated by the lighter arrow flowing from the corporate governance outline to organisational strategy. The effect of a corporate governance framework is of particular importance within the South African context, based on stringent regulatory and legal requirements as mentioned in section 4.4.2 as part of the economic elements' discussion. Furthermore, the South African corporate governance environment, includes the obligations as proposed by the King Report on Corporate Governance, which requires transparency, accountability, fairness, responsibility, and independence by organisational leadership (Dzingai & Fakoya, 2017:3). The depiction indicates a direct link between corporate governance and organisational strategy, by means of an upward connecting arrow. Chauke and Sebola (2018:258) state that organisations are mandated to adhere to a greater level of ethical conduct than individuals, mostly based on the visibility and impact they have on society.

Brusoni and Vaccaro (2017:223) maintain that the guiding principles for both individuals and organisations are reflected as the ethical position of the organisation's internal practices, products, and services. The internal practices include the corporate governance framework of an organisation, codes, policies, and all guidelines which direct employee and organisational behaviour internal and external to the organisation. Chauke and Sebola (2018:262) explain that corporate governance includes a code of ethics, with a set of guidelines and standards by which the organisation abides. In this regard Chauke and Sebola (2018:262) argue that corporate governance presents a capacity for self-monitoring, and provides a starting point for accountability, responsibility, organisational, managerial and stakeholder safeguarding, ultimately serving as critical foundation for organisational sustainability.

Dzingai and Fakoya (2017:3) argue that well-governed organisations are more sensitive to risks, seen as desirable by stakeholders, and sound corporate governance delivers elevated performance and profitability. Furthermore, specifically referring to the South African context, well governed institutions are associated with improved monetary performance, fewer organisational failures, and an increase in economic growth with foreign direct investment being secured (Dzingai & Fakoya, 2017:3). Hence, Figure clearly echoes the findings of the study by Dzingai and Fakoya (2017:3)

that highlights how practices and procedures flow strongly into corporate governance, linking instilled corporate governance principles to a more sustainable organisation as the desired outcome.

Organisational strategy requires structures, systems, and processes to perform strategic activities and implement actions (Daspit *et al.,* 2017:18; Kuenzi *et al.,* 2020:45). Considering the structures, systems and process represented in Figure the trade-offs and role of leadership will hence be discussed.

4.5.1 Organisational strategy and trade-offs

Porter (1996:9) defines and explains trade-offs within organisational strategy as the need for more of one thing, which then results in requiring less of another thing. Furthermore, Porter (1996:9) describes the importance and impact of trade-offs within organisational strategy to attain organisational sustainability. Porter (1996:9) explains that trade-offs include organisational skillsets, employee behaviour, administrative processes and systems, product compilation and actual equipment required within the organisation. Strategic decisions require leadership to consider trade-offs as part of their significant role within organisational strategy by instilling constant discipline and clear communication. Moreover, Porter (1996:18) explicates that organisational leadership therefore influences the organisational structure, employee behaviour and individual responses to organisational strategy. As such trade-offs within the organisational strategy process influence corporate governance effectiveness.

Within organisational strategy, processes and procedures are needed to guide the organisation's responsibilities and actions in its sphere of influence (Pitelis & Wagner, 2019:233). Considering this reflection from a strategy-as-practice perspective, Dahl, *et al.,* (2016:97) explain that the procedures include organisational tools such as budgets, formal organisational documents, diagnostic instruments as well as the social structure which impacts strategic activities. Steen (2016:2617) state that steering the organisation includes a process whereby the internal and external environmental information is gathered, reflected upon, analysed, and applied within the organisational strategy. Furthermore, the developed organisational strategy is then presented as the organisation's set of steering decisions (Steen, 2016:2617).

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Mukhezakule and Tefera (2019:6) suggest consideration be given to the impact of macro-environmental influences in organisational strategy along with the significance of the vision, mission, and values referred to by Collis and Rukstad (2008:3) as the hierarchy of organisational foundational statements. Considering the micro-environment, the foundational statements should form part of the process whereby organisational employees are included within the strategic process (Mukhezakule & Tefera, 2019:6). Moreover, Dahl *et al.,* (2016:97) explain that the hierarchy of statements influences the formal and informal exercise of organisational strategy, underscored by practitioners' practices and praxis from a strategy-as-practice perspective.

Therefore, Porter (1996:18) articulates that organisational leadership guides organisational strategy. Leadership directs organisational strategy, whereby decisions include considerations about the organisation's structure, strategies and to deliver a sustained performance (Pitelis & Wagner, 2019:234).

4.5.2 Corporate governance, organisational sustainability, and leadership

Upward and Jones (2015:2) contend that the focus of organisations on economic performance contributed to several financial, social, and environmental challenges. As a result, the considerations should include an individual's impact (considered as the micro level), in addition to the meso level of the organisation (which reflects the organisation's role in society), as well as the macro-organisational environment (being the external environment) (Upward & Jones, 2015:3). Consequently, Upward and Jones (2015:2) claim that organisations which align levels of performance with a range of anticipated outcomes, including micro, meso and macro level are considered a sustainable organisation. Upward and Jones (2015:2) echo the considerations suggested by Evans *et al.,* (2017:600) who propose a holistic approach of value creation which includes consideration given to society, economic value, and environmental sustainability.

Schuh *et al.,* (2016:987) reflect on a different essential value element within organisations, which considers human actions and behaviour. Schuh *et al.,* (2016:987) states that the alignment between an organisations values and individuals employed by the organisation will result in an increased level of commitment and ethical conduct

by staff. The essential value element is described as 'ideal values' and reflects the organisations' trust levels in its workforce (Schuh *et al.*, 2016:987). Rönnegard (2013:78) is of the opinion that leadership determines the ethical nature of the organisation, executing strategy in a manner which results in value-based processes, practices, and conduct. An organisation bears ethical responsibility in a way which is dissimilar to the individuals who perform organisational activities and actions on behalf of the organisation (Rönnegard, 2013:78). Rönnegard (2013:78) explain that an organisation may provide guidance to employees by means of policies and procedures as to create a shared principled sense of responsibility. Burt and Mansell (2019:59) postulate that ethical agency is the ability to act based on moral decisions. Within the organisational context, the moral agency is the perspective of the way in which social influences are able to affect ethical decision-making and conduct (Hiekkataipale & Lämsä, 2019:148). Austill (2011:70) proposes that integrity, trust and insight form part of ethical virtues, and best practice compliance, albeit to regulatory requirements, cannot replace the importance and consideration to business ethics. Without responsible and ethical leadership, independence, responsibility transparency, and accountability, there is no corporate governance (Rossouw, 2019:195).

Corporate governance includes the strategic practice and the way the organisation is directed, controlled, and managed (Chauke & Sebola, 2018:257). The principles of good corporate governance are the structures designed to guide the organisation. These principles include accountability, transparency, responsibility, fairness, and independence (Zahroh Naimah & Hamidah, 2019:1). The implementation of corporate governance reduces the risk of scandals and reputational risks (Rossouw, 2019:189; Van Vuuren, 2020:51). The implementation of corporate governance is influenced by stakeholders and shareholders who engage in the organisational management system (Rossouw, 2019:189). The influence of leadership, the so-called 'tone at the top', is articulated by means of leadership actions, transparency in practice and accountability (Macauley & Arjoon, 2013:509; Rossouw, 2019:195). Instilling good corporate governance anticipates value optimisation for stakeholders and shareholders over time. When ethical and effective leadership is exercised, organisational sustainability increases, profit grows, and the organisation is regarded as a legitimate, accountable user of resources (Chauke, 2019:603; IODSA: 2018; Macauley & Arjoon, 2013:510).

4.6 ORGANISATIONAL VALUE CREATION, VALUE-BASED BUSINESS PRACTICES AND RESPONSIBLE LEADERSHIP

The foundational organisational statements are central to the direction, competitive advantage, and the value proposition of an organisation (Collis & Rukstad, 2008:3). The principles and conduct represented within the organisational value statement reflects what the organisation believes in and how it intends to behave in its business conduct and actions (Collis & Rukstad, 2008:3). The organisation's fundamental purpose needs to include ethical values guiding the organisational operations and actions (Collis & Rukstad, 2008:3). Schuh *et al.,* (2016:987) echo the importance of value-based considerations within the organisational foundational statements, providing guidance on how individuals should act, and in what way organisational resources should be allocated. A definition by Schuh *et al.,* (2016:986) on organisational values reflects the meaning of the term for the purpose of this study: "Values are desirable behaviors and ideals that employees and organisations want to approach." Value-based considerations and inclusion within foundational statements shape the response and reactions of employees (Schuh *et al.,* 2016:987). As a result, Schuh *et al.,* (2016:987) posits that when an individual's and organisational values are in alignment a deepened commitment and increase in ethical behaviour is the most likely the outcome. Dzingai and Fakoya, (2017:1) connect the importance to include social, economic, and environmental performance as part of organisational value creation, ethical business practices and a value-based approach with good corporate governance.

In contrast with Dzingai and Fakoya (2017:1) Agarwal and Bhal (2020:2) highlights the consideration of value-based principles within ethical leadership whereby an individual leaders' moral traits and behaviour is of critical importance. In particular, the influence leaders' moral traits and behaviour has on organisational strategy (Agarwal & Bhal 2020:3). Furthermore, elaborating on the narrative related to organisational sustainability by Agarwal and Bhal (2020:3) the integration of ethical and strategic leadership behaviour proposes an emerging theory named responsible leadership. The responsible leadership theory aligns with the deliberations and discussions within this dissertation, in particular considering the intentional and focused dialogue on the integration of strategy and ethics.

Table 4.6. provides a classification as identified during the literature review on responsible leadership, including descriptive constructs of responsible leadership and behavioural concepts identified from relevant articles.

Table 4.6: Categories of responsible leadership

Responsible Leader	Behavioural constructs	Article Examples
Moral conduct as an individual	Morality, virtue, sense of responsibility, positivity, authenticity, justice and fairness, ethical decision making.	Brown & Treviño, 2006:596; Jaffer *et al.,*2019:101; Kuenzi *et al.*, 2020:47.
Ethical performance	Promoting ethics in subordinates' conduct, ethical goals, avoiding harm.	Al Halbusi, Williams, Ramayah, Aldieri & and Vinci 2020:161; Brown & Treviño, 2006:606; Goosen & Van Vuuren: 2005:62.
Stakeholder relationships	Ensuring stakeholder welfare and maintaining relationships, stakeholder capital, doing good.	Goebel, *et al.,* 2012:9; Jaffer *et al.,* 2019:100; Khomba & Vermaak 2012:3511.
Long-term goals such as organisational sustainability and social change	Strategic performance, sustainable value creation, organizational sustainability, and social responsibility as strategic vision.	Buchko, 2006:39; Bergman, *et al.,* 2017:4; Fontrodona *et al.,* 2018:891; Maritz, Pretorius & Plant, 2011:103.

Source: Adapted from Agarwal & Bhal, 2020:6

Four responsible leadership categories and identified behavioural traits connected to each of the categories are summarised in the scholarly papers contributing to the source of knowledge, adding particular value to this dissertation are included.

Studies on organisational value creation adds another dimension to value-based business practices (Agarwal & Bhal, 2020:2; De Villiers & Sharma, 2017:3; Fontrodona *et al.,* 2018:891). As a result, value-based business practices are not limited only to responsible leadership, employees, organisational ethical values, and the alignment thereof (Fontrodona *et al.,* 2018:891). Following the value-based narrative, including the considerations given to ethical leadership, economic value creation, societal impact, and environmental considerations, it is possible to conclude that value-based ethical business practices result in sustainable business (Agarwal & Bhal, 2020:2; Collis & Rukstad, 2008:3; Dzingai & Fakoya, 2017:1; Schuh *et al.,* 2016:987).

This means that quantifying the link between business ethics and organisational strategy remains crucially important (Robertson, 2008:745). Furthermore, Tsoukas

(2017:326) proposes that a suitable framework to integrate organisational strategy and business ethics is needed. As a result of the conclusions garnered throughout the literature study, including strategy, strategy-as-practice, value creation, responsible leadership, value-based practices, corporate governance and business ethics constructs, the narrative confirms that organisational strategy and business ethics should not be dealt with separately (Agarwal & Bhal, 2020:2; Chauke & Sebola, 2018:257; De Villiers & Sharma, 2017:3; Dzingai & Fakoya, 2017:1; Fontrodona *et al.,* 2018:891; Tsoukas, 2017:326).

Considering organisational strategy, a value creation position to benefit stakeholders, responsible leadership, and organisational performance, De Villiers and Sharma (2017:3) specifically highlights the functionality of integrated reporting. Hence, the subsequent section will provide further insights related to the role of integrated reporting.

4.7   INTEGRATED REPORTING: COMPLIANCE VERSUS BEST PRACTICE

An integrated report (IR) serves as an explanation to its financial capital providers, how the organisation generates, sustains, or decline its value over time (De Villiers & Sharma, 2017:5; Jaffer *et al.,* 2019:101). De Villiers & Sharma (2017:3) explain that integrated reporting serves as an accurate report of the organisation's value creation activities, strategies (both financial and non-financial performance) and specifies considerations of importance being financial performance, intellectual, human, social, environmental among other elements.

Moreover, international independent best practice movement offers a standard in reporting organisational performance and value creation, known as the Global Reporting Initiative (De Villiers & Sharma, 2017:6). Likewise, Barth *et al.,* (2017:43) state that the Global Reporting Initiative (GRI) elevates the quality of information being reported upon and enhances the integration of internal intellectual capital and decision-making related to organisational value creation initiatives. Disclosures made in reports need to empower stakeholders to conduct an informed evaluation of organisational performance and the relation to short-, medium-, and long-term strategies (Abeysekera, 2013:228; De Villiers *et al.,* 2014:1046; De Villiers, *et al.,* 2017:3; Eccles & Saltzman, 2011:56). Furthermore, integrated reporting requires

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publishing information on organisational actions as it relates to societal, environmental, and economic performance (Eccles & Saltzman, 2011:59).

The International Integrated Reporting Council guides reporting based on eight content elements primarily linked, but not mutually exclusive (Chaidali & Jones, 2017:3). These eight content elements were identified as: i) Organisational overview and external environment; ii) Governance; iii) Business model; iv) Risks and opportunities; v) Strategy and resource allocation; vi) Performance; vii) Outlook; and viii) Basis of preparation and presentation (IIRC, 2021:38).

Moreover, De Villiers *et al.,* (2014:1042) elaborated on the role of integrated reporting as a means for the communication of strategic thinking by the board of directors, the culmination of operational efforts by senior management, ensuring that activities are truthfully represented by the organisation to its stakeholders. Therefore, it should be highlighted that an integrated report needs to communicate the accountability and transparency of both financial and non-financial organisational performance on a cohesive platform (Abeysekera, 2013:244; De Villiers *et al*., 2017:4; Matemane & Wentzel, 2019:129). Hence, integrated reporting serves as a succinct communication to all internal and external organisational stakeholders. An integrated report reflects how the organisation's strategy, governance framework, fiscal and non-financial performance, and prospects within its external environment guide value creation over the short-, medium-, and long-term (IIRC, 2013; De Villiers & Sharma, 2017:3).

The integrated report brings about elevated awareness of value drivers by organisational practitioners (Matemane & Wentzel, 2019:137). The purpose of the integrated report is to communicate the strategic drivers, effectiveness of corporate governance principles and application thereof to signify the sustainability parameters of the organisation. The responsibility and expectations within the South African context related to the governance cluster is highlighted in the IIRC guidelines, specifically requiring the assurance of integrity of the report, thereby keeping accountability to the reporting (IIRC, 2021:39). Business ethics and organisational strategy form an integral part of integrated reporting. It requires the inclusions of the organisation's mission, vision, and purpose. More importantly, it articulates the essential contextual identification of organisational culture, ethics, and values (IIRC,

2021:39).

In contrast with global independent reporting best practice not being enforced, the South African integrated reporting forms part of regulatory compliance requirements (Matemane & Wentzel, 2019:130). Consequently, within the South African business environment, publicly listed organisations are mandated to publish an integrated report (Matemane & Wentzel, 2019:130). Moreover, Matemane & Wentzel (2019:129) state that albeit mandatory for JSE-listed companies to publish integrated reports, studies on listed companies are limited in its focus to valuation and net assets rather than overall performance indicators. Furthermore, JSE-listed commercial banks are called upon by the King Report on Corporate Governance to reflect on the organisations' corporate governance framework as part of the transparent communication to its stakeholders (De Villiers *et al.,* 2017:451). In contrast, Van Vuuren (2020:51) argues that sound governance values rooted in organisations may prevent catastrophes and the failure of governance framework may result in negative deficits in organisations.

Van Vuuren (2020:52) furthermore accentuates the importance of moving beyond a mere corporate governance framework, but rather consider the importance of instilling good corporate governance principles securely founded on ethical commitment and practice thereof, instead of a mere 'tick box' effort. Nevertheless, adhering to the King Report on Corporate Governance, the latest being King IV with a pronounced foundation of ethics, compliance with the Code is mandatory for all JSE-listed organisations (Van Vuuren, 2020:52). As a result, this requirement therefore applies to South African commercial banks being JSE-listed entities. Hence, all commercial banks are required to publish integrated reports (Matemane & Wentzel, 2019:137). Moreover, commercial banks need to consider not only regulatory compliance but include the reflection of ethical practices and the incorporation of a sound corporate governance framework (Van Vuuren, 2020:54). The study by Matemane and Wentzel (2019:137), states that a gap in research within the banking sector reflecting on non-financial performance provides the opportunity for further research. This reflection motivates the researcher to conclude that there is an opportunity to investigate the non-financial performance measures, being the narrative on business ethics and organisational strategy as presented in integrated reports. As a result, this dissertation focuses on the analyses of relevant strategy, ethics, and governance related data of

commercial banks in South Africa, available in integrated reports. Consequently, integrated reports will be used as one data source to identify and compare key constructs within a proposed framework and the integration of value-based business practices in strategy-as-practice. Following this section, a proposed framework encapsulates the integration of organisational strategy from a strategy-as-practice perspective and business ethics is presented and discussed.

4.8   THE INTEGRATION NARRATIVE

The consideration of business ethics as a fundamental part of organisational strategy builds organisations with a strong moral fibre and compass (Agarwal & Bhal, 2020:2; Carrington *et al.,* 2016:977; Lloret, 2016:418; McMurrian & Matulich, 2016:83; Rossouw & Van Vuuren, 2003:7). The consideration of business ethics is central to organisational efforts in pursuit of a competitive advantage and to ultimately attain organisational sustainability (Engert & Baumgartner, 2016:31; Lloret, 2016:420). Tsoukas (2018:324) reflects on the importance of considering the moral texture and practices enshrined in strategy-as-practice.

Hence, the proposed illustration subsequently presented in section 4.8 suggests a potential framework for the organic coalescence of strategy and business ethics from a strategy-as-practice viewpoint. Practitioners determine the strategy of the organisation, based upon personal values and beliefs, and the inclusion of (un)ethical principles and practices (Costa, 2019:14; Muriithi, 2021:69; Tsoukas, 2018:324).

Organisational management as practitioners, instil their values, principles, behaviour, and beliefs as part of the daily operational practices which translates within organisational behaviour and culture (Muriithi, 2021:69). Likewise, practitioners guide and influence the way in which business is conducted, inspiring the (un)ethical organisational behaviour (Agarwal & Bhal, 2020:39). Nevertheless, Robertson *et al.,* (2013:85) reflect that an increase in attention to business ethics by both academia and business alike, accentuates the relevance of the inculcation of business ethics in organisational strategy. Considerations given to organisational strategy which is founded in ethical principles focused on integrity both internal and external to the organisation is essential (Robertson *et al.,* 2013:85).

Figure 4.8.1 proposes a framework for the integration of organisational strategy and business ethics, indicating interrelationships, followed by a subsequent discussion of the key identified constructs.

Figure 4.8.1: Proposed framework for the integration of organisational strategy and business ethics
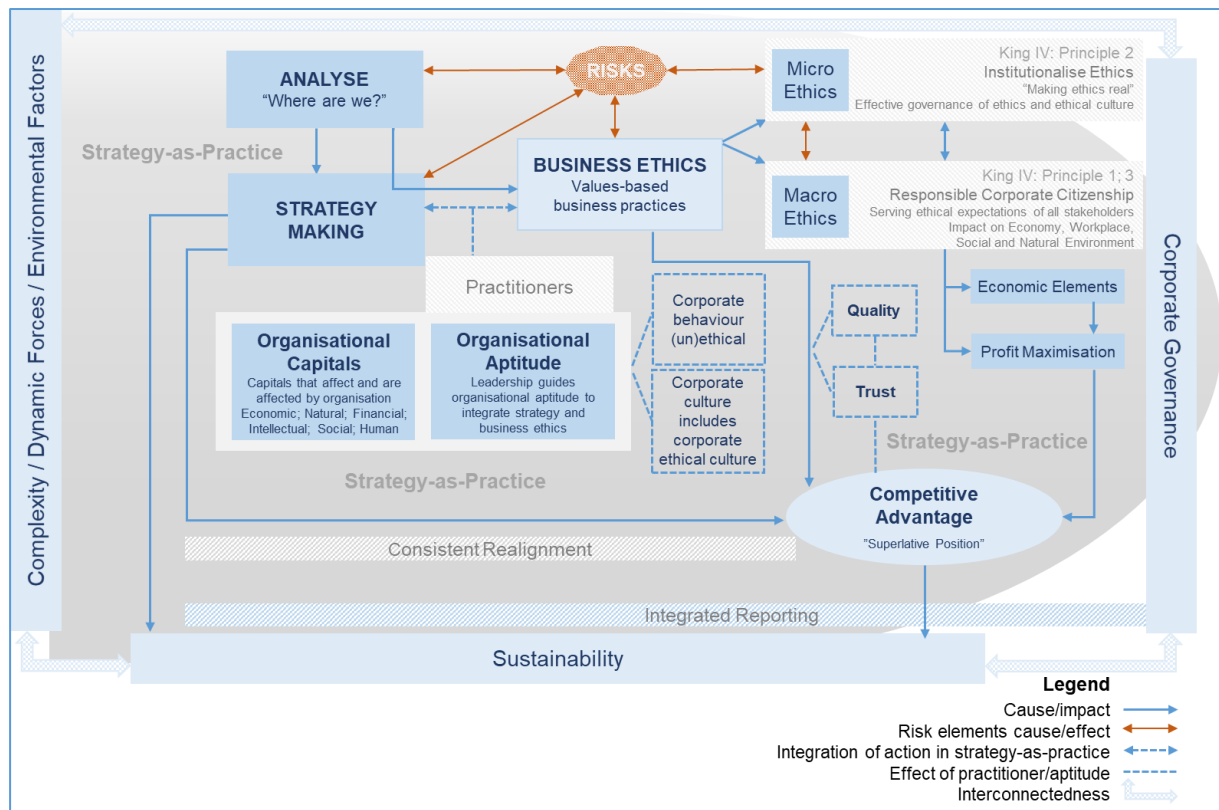
4.8.1 The interpretation of the proposed framework

The proposed framework as illustrated in Figure 4.8.1 reflects the dynamic interrelationships in which an organisation operates. Each of the key constructs will be subsequently discussed, reflecting scholarly perspectives. Considering the proposed framework from a strategy-as-practice perspective, strategy practices and processes are interwoven within a complex setting (Jarzabkowski *et al.,* 2013:41). The core constructs which will be discussed based on the proposed framework to integrate organisational strategy and business ethics, will include the dynamic environmental forces, corporate governance, organisational sustainability, risks, strategy, business ethics and competitive advantage.

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4.8.2 Environmental factors, corporate governance, and organisational sustainability

The proposed framework reflects the column on the left, which consists of the word's 'complexity', 'dynamic forces' and 'environmental factors' that need to be analysed in strategy making. Therefore, in organisational strategy making consideration needs to be given to environmental factors, its complexity, and dynamic forces, as a central element within strategic management (Demil *et al.,* 2018:1215).

Figure 4.8.1. reflects how complexity, dynamic forces and environmental factors relate to corporate governance, flowing towards the potential of organisational sustainability, and flowing back to each of the constructs. In this reference, organisational sustainability is considered as long-term value creation, principled by creating economic value in a manner which also creates value for society, whereby societal needs and challenges are addressed. Shared value, in this particular reference, is consequently not focused on social responsibility nor sustainability, but a manner in which economic meaning for the organisation and society is attained (Porter & Kramer, 2011:4). The complex environment may also be influenced by regulatory or legislative factors, for instance, within the South African context, the King Code on Governance Principles suggests closer linkages between strategy, governance, and sustainability (Moolman, Oberholzer & Steyn, 2016:602).

The strategy will have an impact on organisational sustainability. To achieve a competitive advantage, the organisations strategy defines what sets the organisation apart from its competitors. Therefore, a well-defined strategy impacts the competitive advantage of the organisation (Fontrodona *et al.,* 2018:889). Organisational values, reflect qualities and standards that have a certain weight which decision-makers in the organisation attach to alternative goals during decision making (Buchko, 2006:37; Jaakson, 2010:796; Thome, 2015:48). By integrating value-based business practices as part of the strategy, it strengthens the organisations' stature and leads to a competitive advantage (Azmi, 2006:3). Furthermore, leadership influences business practices and values in how business is conducted (Muriithi, 2021:68). Practitioners are responsible to holistically apply and guide the organisational capitals, which can affect and are affected by the organisation (Muriithi, 2021:70).

4.8.3 Analysis, risks, and competitive advantage

Demil *et al.,* (2018:1215) reflect on the importance of starting with an analysis of the environment as a first step in strategy making, including both the micro and macro environment, not excluding the industry as pivotal to the analysis process. The analysis of the dynamic environment in which a business operates informs the strategy development of the organisation (Porter, 1996:3). Considering both the internal and external environment, decisions, actions, and activities are proposed by practitioners in pursuit of a sustained competitive advantage (Barney, 1991:102). Within the field of strategic analysis, tools such as Porter's Five Forces, Strengths Weaknesses, Opportunities and Threats Analysis, Balanced Scorecard and McKinsey Seven factors model as well as STEEPLE among others are applied by practitioners to analyse the environmental factors (Barney, 1991:102; Carter & Whittle, 2018:13; Pangestu & Setyorini, 2020:11; Ward, 2005:8; Ward, 2005:10). Practitioners apply tools such as Porter's Five Forces to understand, identify and interpret the organisation's position (Ward, 2005:12).

Furthermore, Demil *et al.,* (2018:1221) propose the notion of a business ecosystem, which is separate from environmental ecosystems. Demil *et al.,* (2018:1222) defines a business ecosystem as an interconnected community which is guided by an organisation with diverse role-players, multiple stakeholders collectively participating and contributing to various competencies within a value-creation process. The vital focus of the business ecosystem is to achieve a desired outcome by creating a balance between collaboration and competition (Demil *et al.,* 2018:1222). Balancing the business ecosystem in pursuit of value-creation, the ecosystem informs organisational strategy and how the strategy will be implemented to attain a competitive advantage. Collis and Rukstad (2008:7) explain that a strategic sweet spot is when an organisation meets the client's needs in a manner which is not possible for its competitors to attain. Moreover, Porter (1996:3) outlines that a superior competitive advantage is created only when greater value than competitors are continuously delivered in a cost-effective manner. The notion of a 'superlative position', referred to within this dissertation, reflects organisational success whereby an economic advantage is achieved and maintained by the organisation.

The analysis serves as a process to determine where the organisation finds itself, informs the strategy making process and the need for implementation (Pangestu & Setyorini, 2020:11). During the environmental analysis, risk considerations may include turbulent influences as a result of economic, political, technological, social, environmental, and legal factors, whereby the organisation has limited control over these elements (Otieno *et al.,* 2019:123). As a result, risks should be considered within macro-environmental influences as part of organisational strategy (Otieno *et al.,* 2019:123). Moolman *et al.,* (2016:604) articulate the importance of considering risk disclosures which may influence value creation of the organisation. These risks may include internal and external sources of risks, prospects, impact on organisational capital availability, quality, affordability and mitigation or management of risks, among others (Moolman *et al.,* 2016:604). Moreover, Moolman *et al.,* (2016:604) suggest that the organisational approach to consider risks which may be fundamental to continued value creation may have significant consequences.

Risks within the banking environment, which is the focus of this study, are complex in nature. The types of risks faced by banks, include market risks whereby fluctuations in the market creates risks, default of loans (credit risks) and internal operational challenges, among other risks (Chockalingam, Dabadghao & Soetekouw, 2019:226). The operational risk (micro) is of particular interest within this framework, considering risks such as fraud which is likely to result in a loss of income or assets (Chockalingam *et al.,* 2019:227). Within the banking sector, McConnell (2013:25) suggests that reputation risk management should form part of a holistic and integrated risk assessment, including standards and principles, with emphasis on the inclusion of a code of conduct and ethics. Managing risks as part of organisational strategy strengthens performance in the pursuit of lasting sustainable profitability (McConnell, 2013:25). Moreover, strategic risk considerations within the banking and financial sectors are a requirement because of the negative outcome of failures, which historically brought about a systemic impact as was seen globally in 2007 (Chockalingam *et al.,* 2019:242). The strategic risks as defined by Chockalingam *et al.,* (2019:242) are those risks associated with the banking sector which, as a result of a volatile market, the economy and any disturbances within the banking environment, such risks are elevated. Concluding the risk component within the proposed

framework as depicted in Figure 4.8.1. it is worthwhile to mention that within the banking sector, in particular three interlinked risk considerations are of importance (McConnell, 2013:36). The first risk consideration is the behaviour of how risk is handled within the bank (risk culture) and is accentuated by the interactions of the bank and its employees (risk management culture) and lastly, the culture of risk-taking by employees (McConnell, 2013:36).

As per the proposed framework, it is suggested that risks within the organisational environment, informs strategy making and business ethics as a key part of the integration of organisational strategy and business ethics. Furthermore, reflecting a strategy-as-practice perspective, conducted activities reflect the manner in which practitioners are able to imitate necessary skills and deploy practice tools in strategy making (Rouleau, 2013:549). In contrast to Rouleau's (2013) statement, Tsoukas (2018:328) argues that what practitioners do in practice is shaped by "habits of thinking, feeling and desiring that have been formed within practices." As a result, in practice, what practitioners do should also reflect an understanding of what institutes good actions (Tsoukas, 2018:328). Good actions, in the context of this dissertation is seen as the values of practitioners which determine how a strategy will be implemented, and what is considered as core values of the organisation (Tsoukas, 2018:328). Values and morals, (reflecting a stakeholder theory perspective), is at the core of organisational strategy (Tsoukas, 2018:328). Freeman *et al.,* (1988:823) states that values "are both reasons for and causes of actions", hereinto implying that organisational leadership needs to act on organisational strategy with moral conviction (Freeman *et al., 1*988:824). A value-based approach, with particular reference to integrity and values, underscores the organisational strategy (Tsoukas, 2018:326). Moreover, Freeman *et al.,* (1988:827) echoes with a statement saying that "values are absolutely central to strategy."

4.8.4 Organisational Strategy

An organisational strategy reflects the applicable plan specific to the organisation's market position and how it aims to gain an economic and competitive advantage (Carter & Whittle, 2018:1). Fontrodona *et al.,* (2018:888), enunciate the purpose of organisational strategy, which includes its vision, mission, organisational goals,

analysing its strengths, weaknesses, opportunities, and threats. Furthermore, strategy includes the development of plans and policies in pursuit of achieving organisational objectives, and effective allocation of organisational capitals. As a result, all the strategy related actions contribute towards the creation of long-term value and organisational sustainability (Fontrodona *et al.,* 2018:888). Organisational strategy is "understood as the practice of a discretionary and collective action nature" (Fontrodona *et al.,* 2018:890). Furthermore, Fontrodona *et al.,* (2018:889) state that the role of organisational leadership is the main component which determines whether an organisation is forward-looking and capable of achieving a successful integration of ethics into strategy. Reflecting on an organisation's competitive advantage, Fontrodona *et al.,* (2018:889) postulate that the 'moral competence' of management forms part of the organisational competitiveness. Hence, leadership sets the tone and organisational aptitude to integrate organisational strategy and business ethics (Fontrodona *et al.,* 2018:890).

Considering a strategy-as-practice lens, practitioners are the doers of strategy (Jarzabkowski, 2004:530; Jarzabkowski & Whittington, 2008:102; Rouleau, 2013:548; Tsoukas, 2018:325). Leadership serves as practitioners and strategic actors, performing both the activity of, and practices needed to enable execution of organisational strategy (Whittington, 2006:619). Moreover, Kuenzi *et al.,* (2020:48) suggest that staff depend on ethical leadership to set the tone in managing ethical dilemmas and challenges within an organisation. Leaders' frame of reference directly influences the organisational values, corporate behaviour, and the culture of the organisation (Kuenzi, Brown, Mayer & Priesemuth, 2019:26; Rahman *et al.,* 2019:17). Jaffer *et al.,* (2019:101) echo the sentiment of ethical leadership setting the organisational tone, and in addition, leadership traits should reflect ethics, good corporate governance, and organisational behaviour which is integral to ethical leadership.

Figure 4.8.1. proposes that practitioners (leadership) apply their skills to effectively manage organisational capital, which consists of economic, natural, financial, intellectual, social, and human resources. In addition, practitioners determine the organisational aptitude whereby leadership determines the values of the organisation whereby and to what extent business ethics will be or is integrated within strategy.

The proposed framework indicates the interconnectedness based on the practitioner, which manifests in organisational behaviour albeit ethical or unethical actions. Moreover, the organisational culture provides a unique opportunity for a competitive advantage which cannot be replicated, as employees have unique skills, competencies, and aptitudes (Muriithi, 2021:68). As a result, Muriithi (2021:69) observes that organisation culture, reflected in practices and behaviours, serves as an important contributor to financial performance, competitiveness, and organisational sustainability. As illustrated within the proposed framework, responsible corporate citizenship serves as the reflection of corporate social responsibility and corporate citizenship.

Figure 4.8.1 reflects that strategy making results in a competitive advantage, and additionally, connects value-based business practices in pursuit of a sustainable competitive advantage. Consequently, organisational strategy impacts the competitive advantage and influences the organisation's sustainability (Barney, 1991:99; Bonnici & Galea, 2015:1; McCarthy *et al.,*1999:269 Muriithi, 2021:70).

In summary, organisational strategy is interpreted by decisions and activities performed within an organisation. Considering the organisational level, it is reflected in policies, procedures, and systems (Fontrodona *et al.,* 2018:895). Furthermore, Fontrodona *et al.*, (2018:895) states that the consideration of organisational purpose remains grounded in an ethical nature and motivates the reflection of an integration of purpose and value, including economic advancement and social impact. Moreover, organisations achieve a competitive advantage by means of a value creating strategy which is unique to the organisation (Azmi, 2006:2). This suggests that should competitors fail to imitate the value creation process of the organisation and are therefore unable to duplicate the same value for stakeholders, it is likely that the competitive advantage stems from business ethics (Azmi, 2006:3).

4.8.5 Business Ethics

The proposed framework suggests that internal and external risks related to business ethics form part of the analysis process and is considered during organisational strategy making. The strategic importance of the consideration of business ethics remains increasingly important for organisations (Rossouw & Van Vuuren, 2003:3).

Fontrodona *et al., (*2018:887) states that within a progressively complex business and social environment, organisations are faced with changing values, priorities, and prospects therefore, based on this deliberation within the proposed framework, the analyses process informs the environmental values in which the organisation operates. The proposed framework furthermore reflects that value-based business practices directly impact the competitive advantage, leading to organisational sustainability.

Macro ethics reflects on external ethics wherein an organisation operates and represents the ethical expectations of all stakeholders, withal integrating both welfare and impartiality (Baugher *et al.,* 2019:2). Hence, for this reason, macro ethics considers the responsibility of the organisation as a corporate citizen, and the impact on the economy, the workplace, social and natural environments. Thereupon, Husted and Allen (2000:23) compare corporate citizenship and corporate social responsibility agreeing that both constructs are focused on the enhancement of quality societal interventions by means of active, participative, and structured engagements.

Manasakis (2018:486) states that corporate social responsibility is an integrated approach to advance societal and environmental factors within the business ecosystem, positively influencing ways which is good for business and engagement with its stakeholders. Thereupon, the reference to responsible corporate citizenship underscoring macro ethics within the proposed framework considers corporate social responsibility and corporate citizenship as interchangeable terms.

Ethics in practice, or as proposed in the framework, the institutionalisation of ethics is called micro ethics (Guillemin & Gillam, 2004:265). Considering micro ethics as the management of ethics within an organisation, hence translates as effective governance of ethics, and building an ethical organisational culture, which in turn aligns as a direct requirement of principle two of the King IV Code on Corporate Governance (Esser & Delport, 2018:388). In congruence with the proposed framework, risks affecting macro ethics, the framework proposes that risks influence micro ethics, which relates to the internal ethics of the organisation (Trevino & Nelson, 2021:111).

Micro ethics is the value-based practices within the organisation, whereby the

employees' decisions and behaviour manifests within organisational values (Baugher *et al.,* 2019:2). Husted and Allen (2000:24) reiterate the importance of strategically considering dominant values within organisational culture.

The proposed framework therefore speaks directly to the ethical culture and effectiveness of governance of the organisation considering a strategy-as-practice perspective. Practitioners as the leaders of the organisation, determines the importance of a value-based business practice as part of organisational strategy, guiding corporate behaviour and culture Jarzabkowski & Spee, 2009:72; Jaakson 2010:797). Value-based business practices is a core construct within the proposed framework. To differentiate between value-based business practices, terminology to explain values are discussed below. Figure provides an illustration of several terms used to designate organisational values and values statements.

Considering a value-based approach in an organisation, Jaakson (2010:797) proposes the systematic framework to understand values terminology used within literature and as illustrated in Figure 4.8.5. All organisations present forms of values, albeit in behaviours, processes, or structures among other factors. In order to ensure that an organisation performs at its maximum potential, a value-based management approach will depend on the effectiveness of the demarcated organisational values as well as the efficacy of the values statement of the organisation (Jaakson 2010:799).

Figure 4.8.5: Different terms used to assign organisational values.
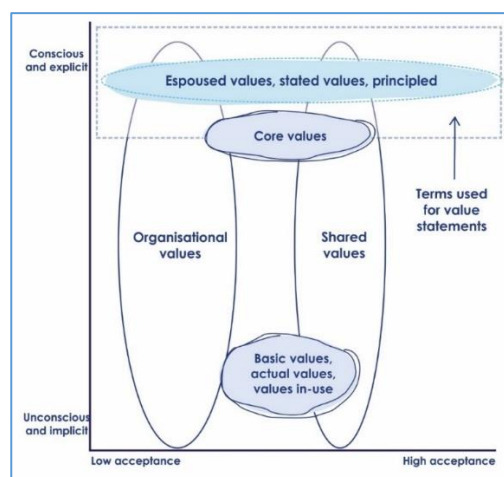
Source: Jaakson, 2010:797

According to the systematic framework suggested by Jaakson (2010:797), basic

values reflect the organisational direction and why it is in existence and assumes that values are clear. On that ground, Jaakson (2010:798) proposes that core values imitate the collective and applied organisational values. Hence, for the purpose of this dissertation the basic values and core values reflect value-based business practices. The outcome of value-based business practices offers quality and builds trust with all stakeholders, resulting in competitive advantage ultimately resulting in organisational sustainability (Jaakson, 2010:802). Furthermore, the tone setting of practitioners (leadership) determines the organisational aptitude, posing an effect on both strategy and value-based practices.

4.8.6   Comparative synopsis: analyse, strategy, and business ethics.

Consequently, this study follows a qualitative research methodology being of descriptive nature through data review, analysis, and a summary of identified themes as integral to the research process (Castleberry & Nolen, 2018:808). As a result, to systematically understand the information, a descriptive label will be attached to explain constructs if applicable and appropriate (Castleberry & Nolen, 2018:809). The proposed framework to integrate organisational strategy and business ethics brought about concepts, words and themes which will be presented as synopsis of the constructs in a table format. Furthermore, Lochmiller (2021:2035) highlights the importance of asking the right questions to extract and deliver quality information from datasets.

As a result, the familiarity of concepts within the data, the ideas and identified constructs are reviewed by means of descriptive questions (Lochmiller, 2021:2035). The descriptive questions prevent redundant questions to clarify participants viewpoints or suggestions and may include questions such as "What is happening; What experiences are described?". The first consideration of the primary constructs starts with the question proposed by Castleberry and Nolen (2018:809): "What is happening in the text?". As part of the systematic qualitative data analysis process resulting in a proposed framework to integrate organisational strategy and business ethics, the identification of influential factors within the organisational ecosystem are explored (Garvey & Jones, 2021:1). In contrast with the systematic qualitative data analysis process, Jarzabkowski, Langley and Nigam (2021:78) argues that it is needed

to allow creative interpretation and data reflections to deliver quality data within the strategy and organisational theory environment. For this dissertation, the systematic qualitative analysis is followed, with an integration of creative interpretation of the data to ensure serve as a review and reflection of the proposed framework as depicted in Figure 4.8.1.

The subsequent tables provide a synopsis of the constructs based on in the literature and the purpose of the construct within the organisational ecosystem. Furthermore, an explanation of doing or not doing the action in business is explained as well as their interrelationships. As a result, the key constructs within the proposed framework fulfil an important role within the organisational ecosystem and consequently summarised in Table 4.3.

Table 4.3 and Table 4.4. Table 4.5 presents a summative synopsis of the key constructs based on four questions: "What does the construct imply?" (Definitions); "What is the purpose of the construct as proposed in the framework" (Purpose); "What is the impact of including the construct and either doing it or not doing it in the organisational ecosystem?; and "What are the identifiable relationships between all the constructs?" (Interrelationships).

Table 4.3: A summative synopsis of the key constructs within the proposed framework

	Analyse	Organisational Strategy	Business Ethics
Definitions	Defining what works or does not work as well as identifying what may be wrong within the organisation.	Strategy is the process we follow to address risks and goals to achieve organisational direction.	Value-based business practices strongly aligned to organisational strategy.
Purpose	The analyses serve as the measure to determine if the performance metrics/indicators for the organisation were met or not.	Strategy making is done to plan and prioritise for the future of the organisation.	Making responsible, value-based decisions to the benefit of both internal and external stakeholders. Considering both micro and macro ethics and related risks as part of strategy as practice.
References	Pickton & Wright 1998:101; Maritz & Du Toit, 2018:2	Mukhezakule & Tefera, 2019:3; Maritz *et al.,* 2011:104; Maritz & Du Toit, 2018:2	Jaakson, 2010:802; Baugher *et al.,* 2019:2; Carrington *et al.,* 2019:977

Source: Own compilation based on literature papers by Castleberry & Nolen, 2018:809 and Porter & Lee, 2015:1682

	Analyse	Organisational Strategy	Business Ethics
Impact of doing/ not doing it	Output of this process will highlight and identify risks; and to identify if this is something that will make or break the business.	The organisation will not have identifiable business objectives which may result in a lack of clear vision for the future. The impact of not having a strategy is likely to result in organisational failure or poor performance. Strategy sets a clear direction how to achieve organisational objectives.	Potential for success increases when business ethics (value-based principles) are integrated as part of organisational strategy. The impact of not doing business with integrity, results in a loss of organisational credibility and reputational damage, therefor the quality of output and lack of trust could affect the organisations' competitive advantage.
Interrelationship	The identified risks inform the strategy making process.	The identified risks inform strategy; failed strategy impacts bottom line and ultimately organisational sustainability.	Interrelationships exists between business ethics, strategy-as-practice, implementation of good corporate governance framework and organisational sustainability.
References: Castleberry & Nolen, 2018:809	Moolman, Oberholzer & Steyn, 2016:604	Mukhezakule & Tefera, 2019:4; Thakhathi *et al.,* 2019:247	Baugher *et al.,* 2019:2; Jarzabkowski & Spee, 2009:72; Jaakson 2010:797

Source: Own compilation based on literature papers by Castleberry & Nolen, 2018:809 and Porter & Lee, 2015:1682

In summary, the overview presented in Table 4.3. whereby the organisational analysis, organisational strategy and business ethics serve as a reflection of relevance for each of the constructs resulting from the proposed framework.

Table 4.4 reflects the influential aspects which are identified as environmental factors, corporate governance, and organisational sustainability, to ensure consistency, the same four identifiers as used in Table 4.3 were applied.

Table 4.4: Influential aspects summarised verifying the proposed framework constructs (Part 1)

	Complexity/Dynamic Forces/Environmental Factors	Corporate Governance	Organisational Sustainability
Definitions	Analyse dynamic forces, complexity, and environmental factors to determine "where we are".	Corporate Governance is the system (policies, procedures, typical standard operating procedures) that directs, and guides organisational controls, it is pragmatic of nature and typically governed by a board of directors.	Continue to exist as a profitable organisation, outperforming competitors.
References	Daspit *et al.,* 2017:8	Denis & McConnell, 2003:2	Mukhezakule & Tefera, 2019:8
Purpose	Identify elements which impacts direction of the	Corporate Governance enables and aims to create	The purpose is to ensure that the organisation exists in a meaningful,

	Complexity/Dynamic Forces/Environmental Factors	Corporate Governance	Organisational Sustainability
	strategy for the business including risks.	an environment of trust, accountability and transparency that is focused on decreasing risks to foster long-term organisational sustainability.	goal orientated way whilst taking cognisance of external factors and global challenges that may hinder its affluence or existence. Organisations strive to attain a continuous competitive advantage. Delivering activities in such a manner that it remains economically and financially viable is essential and ensuring that profit maximisation is pursued within a sustainable manner.
References	Moolman, Oberholzer & Steyn, 2016:604	Upward & Jones, 2015:2	Macaulay & Arjoon, 2013:568; Choudhury & Petrin, 2018:414

Source: Own compilation based on literature papers by Castleberry & Nolen, 2018:809 and Porter & Lee, 2015:1682

Table 4.4. details the influential aspects reflecting a summary of the proposed framework constructs, with the two questions answered being the impact of doing it or not doing it and the interrelationships of each construct.

Table 4.5: Influential aspects summarised verifying the proposed framework constructs (Part 2)

	Complexity/Dynamic Forces/Environmental Factors	Corporate Governance	Organisational Sustainability
Impact of doing/ not doing it	Informs strategy making process and serves as indicator of external and internal dimensions during analyses process. When complexity, dynamic forces and environmental factors are not considered, it negatively impacts overall company performance.	Impacts on compliance and adherence. Reputational damage / credibility could be adversely affected.	The impact of not doing what is necessary will result in the organisational failure. The first organisational goal is to remain sustainable for the future. Secondly, the aim should be to satisfy the needs of shareholders and stakeholders (considering both external as well as internal).
References	Daspit *et al.,* 2017:8	Chauke, 2019:601	Barber, 2011:55
Interrelationship	Direct link to strategy as practice, corporate governance, and sustainability.	Direct link to strategy as practice, business ethics and sustainability.	Direct relationship between strategy, strategy-as-practice, and external factors.
References	Chauke, 2019:601	Evans *et al.,* 2017:600	Tsoukas, 2018:324

Source: Own compilation based on literature by Castleberry & Nolen, 2018:809 and Porter & Lee, 2015:1682

The proposed framework, albeit complex in its construct, reflects the importance of critical elements and factors which were explained in the preceding tables. The organisation does not function in isolation, and organisations have a strategy or

purpose for existence, albeit complex or simplified (Dess & Davis, 1984; Ward, 2005:2).

The purpose for existence determines the organisational values which is mirrored within the organisational direction (Jaakson, 2010:797). Husted and Allen (2000:24) highlights the importance of values within organisational culture which is guided by corporate governance structures and most importantly, organisational leadership who also guide organisational culture and conduct (Kuenzi *et al.,* 2019:25). These constructs are reflected within the proposed framework and will subsequently be discussed as the reflections of the researcher.

4.9 ADDRESSING THE GAP AND SPEAKING TO THE SILO: RESEARCHERS REFLECTION ON THE PROPOSED FRAMEWORK

The proposed framework for integrating organisational strategy and business ethics suggests that the organisation operates within a dynamic environment, influenced by prominent forces and elements. The organisation is directly or indirectly impacted by both the external and internal environments. The complexity, dynamic forces and environmental factors influence the analysis process, necessary to determine how and what strategies are needed to attain and more importantly, sustain a competitive advantage. The constructs applied to articulate the elements or actions such as analyse, organisational strategy, and business ethics within the proposed framework, brings about an understanding of the environmental, corporate governance and the organisational sustainability paradigms. Organisational strategy and business ethics in this proposed framework and the anticipated outcome of the coalescence of the two constructs impacts the long-term organisational sustainability. Central to the proposed frameworks' constructs is the multi-directional position of risks within the environment, however, risk identification and management are not limited to the external and complex environment, it includes the internal or organisational environment as well. In addition, risk analysis includes the ethics risks, the reputational risks of organisations, its stakeholders, and representatives as part of the risk considerations.

The proposed framework furthermore reflects a very complex regulatory and statutory environment which is posed upon listed organisations within the South African context (Chauke, 2019:605). Moreover, the statutory mandate imposed upon the social and

ethics committees of the governance cluster to ensure effectiveness and organisational compliance, furthermore, requires governing bodies to lead ethically and serve the organisation effectively (Chauke, 2019:607). Hence, in consideration of the completed literature review, it is the opinion of the researcher that organisations, regardless of its size or tenure are likely to fail if value-based business practices do not form an integral part of the organisational ethos. Examples of such failures and the impact thereof on society and stakeholders alike were highlighted. Strategy-as-practice inculcates activities and actions which strengthens the internal and external values of the organisation. When business ethics is integrated in organisational strategy and actioned by strategy-as-practice, the outcome results in profit maximisation, which translates to organisational sustainability. Organisations are less likely to fail if sound corporate governance processes and procedures are implemented according to value-based business practices (Chauke, 2019:607). As part of an accountability measure, the organisation conveys its performance to all stakeholders and shareholders by means of an integrated report (De Villiers & Sharma, 2017:2; Matemane & Wentzel, 2019:128). The role of the integrated report is an important source of reflection of organisational performance and goes beyond mere compliance considerations. It is a required resource for JSE-listed commercial banks and an imperative performance reporting mechanism (Matemane & Wentzel, 2019:130).

For the purpose of this study, the integrated report will provide insight into the constructs through the performance information of South African commercial banks that is communicated to all its stakeholders. As part of the regulatory stipulations, South African commercial banks are required to publish an integrated report articulating the banks' strategic approach, the commitment to corporate ethics, good governance, and its overall sustainability (Matemane & Wentzel, 2019:130).

4.10   CONCLUSION

Reflecting on the introductory observational example shared by Malik Melamu, if all stakeholders work towards the same goal, the outcome will likely be to the benefit of all. Furthermore, the core constructs within this chapter were presented as a synthesis of literature, with key descriptive terms reflecting pertinent works by scholars.

Moreover, the discussion presented core considerations of organisational strategy from a strategy-as-practice lens in setting the tone for the path to create value. Practices and decisions underpinned by business ethics to create value, including social and economic elements flows into organisational sustainability (Evans *et al.,* 2017:600). The strategy-as-practice perspective were subsequently explained, including the reciprocal relationships between practitioners, praxis, and practices within both the micro and macro business environment (Fenton & Langley, 2011:1174). Porter's (1996:5) declaration that the "essence of strategy is in its activities" brought about a pivotal dialogue on a dynamic three-way relationship and important linkages between organisational strategy, corporate governance, and organisational sustainability. Ethical and effective leadership and good corporate governance underpins value creation and optimisation for stakeholders and shareholders, advancing organisational sustainability (Chauke, 2019:603; Macauley & Arjoon, 2013:510). An integrated report serves as an effective tool to communicate both financial and non-financial organisational performance to all stakeholders. Moreover, an integrated report provides a summary of organisational sustainability including social, economic, and environmental impact and builds trust with its stakeholders (De Villiers *et al.,* 2017:451). The continued offering of quality outputs by the organisation, building trusting relationships with stakeholders will ensure continued competitive advantage. Corporate culture is built over time, and establishing an ethical corporate culture starts with leadership as the practitioners of strategy (Tsoukas, 2018:323).

The banking industry plays a pivotal part in the global economy and the improved integrated reporting requirements should elevate financial institution's performance (Matemane & Wentzel 2019:137). As this dissertation focuses on commercial banks within South Africa, the motivation to conduct a study and further research in the financial sector is founded on examples of unethical conduct. In particular within the South African context, a recent VBS Banking scandal provides a reflection of unethical behaviour leadership whereby investors and clients were misled (Lekubu & Sibanda, 2021:9). Hence, Rossouw and Styan (2019:168) explain that VBS Bank, provides an example of unethical business resulting in organisational failure, impacting not only the economy, but all shareholders, and its stakeholders negatively. Intentional deceit

by the board of directors and the banks' senior officials, is currently being brought to light in court (Chauke, 2019:606; Lekubu & Sibanda, 2021:7). Although some of the actions taken by the practitioners, were deemed as 'legal' the unethical practices overshadowed all activities, resulting in major financial losses to its clientele. The impact of the unethical behaviour resulted in the closure of the bank, ongoing legal proceedings to prosecute wrongdoers, ultimately ruining the financial health of all its investors and stakeholders who entrusted their lifesavings to be protected (Matemane & Wentzel 2019:137; Rossouw & Styan, 2019:168).

Indubitably, an incorporation narrative considering organisational strategy and business ethics motivated the pivotal importance of the integration of organisational strategy and business ethics, not on a theoretical basis only, but also in practice. Consequently, the researcher developed and proposed a framework which reflects the interactions and interrelationships between constructs. The constructs need to be closely monitored and constantly aligned to ensure organisational sustainability. The statement that ethical business practices result in sustainable business is clearly outlined within the framework, which was underpinned by scholarly works as presented. The proposed framework highlights the importance of analysing the status quo and its associated risks prior to the strategy making process, as well as the prudent role of business ethics articulated as value-based business practices. The analyses of the environment and risks within which the organisation operates allows strategy to address potential challenges, whilst bringing organisational strengths to the fore. If the organisations strategy is founded on value-based business practices, it will result in a sustainable organisation. In the subsequent section of this dissertation, the research methodology will be outlined, and the approach discussed.

5 CHAPTER 5: RESEARCH DESIGN AND METHODOLOGY

Figure 5.1. indicates the constructs of this study as considered and graphically demonstrates the integration of topics within this chapter.

Figure 5.1: Layout and content of Chapter 5

CHAPTER 5: RESEARCH DESIGN AND METHODOLOGY

5.1   INTRODUCTION
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5.1.2 Qualitative research methodology
5.1.3 Generic qualitative research
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5.3   RESEARCH PHASES
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5.3.3 PART 2 – Phase 3: Review of integrated report (IR)
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5.4   OUTLINE OF RELEVANT RESEARCH

5.5   STRATEGIES TO ENSURE QUALITY RESEARCH

5.6   ETHICAL CONSIDERATIONS

5.7   CONCLUSION

Source: Own compilation

5.1   INTRODUCTION

This chapter unpacks the methodological research approach and outlines motivations for the selected strategies applied to successfully conduct the research. Kivunja and Kuyini (2017:28) suggest that 'methodology' serves as the comprehensive term to describe the research design, methods, approaches, and procedures used during the exploration in a well-organised manner to gain specific insights. Considering the complexity of the defined constructs in the preceding chapters, particularly the interrelationships pertaining to the integration of organisational strategy and business ethics, both qualitative and quantitative methods were considered as potential research methodologies.

Newman, Benz and Ridenour (1998:3) suggests four dimensions during research methodology consideration being "assumptions, purpose, approach, and research role." Reflecting on the four dimensions by Newman, Benz and Ridenour (1998:3) the assumption is that the objective of this dissertation is socially constructed by nature, and not factual. Moreover, the purpose of this study intends to look at acquiring insights and a better understanding of the integration of organisational strategy and business ethics, whereby cause-and-effect quantifiability do not apply. The approach which this study aims to follow includes the review of empirical materials. This study aims to understand interrelationships and qualifying constructs, in contrast with a quantitative methodology, whereby the intention is to determine variable quantities. Furthermore, the role of this research intended to serve as a comprehensive investigation focused on the complexity, and the depth and breadth of interrelationships.

Hence, as a nonexperimental form of research, a qualitative methodological approach allows an analysis and explanation of any correlation between variables (Salkind, 2014:72). Per definition qualitative research is seen as an umbrella term used to refer to theoretical perspectives of research design, resulting in the investigation of human behaviour, social, cultural, semiotics, economics, and political environments (Maguire & Delahunt, 2018:3352; Mohajan, 2018:23). Maguire and Delahunt (2018:3352) suggest that qualitative research is broadly used and appreciated for its valuable contribution to the field of research. Qualitative research in its rudimentary form

translates as the skill of interpretation of information or data (Cibangu, 2012:200). This form of research offers an incomparable opportunity to develop and appraise theories and genres with a unique prospect to study phenomena or complex processes (Bansal, Smith & Vaara, 2018, 1190; Cibangu, 2012:202; Plano Clark & Creswell, 2015:287).

Plano Clark and Creswell (2015:286) suggest that qualitative research designs are processes to gather, analyse, and report data (albeit visual or text) to address research questions through the assessment of participants' opinions. According to Woiceshyn and Daellenbach (2018:184) different fields within management such as organisational conduct, theory, and strategy, and inductive research necessitate the use of qualitative research methods. Within this dissertation, an organised and methodical qualitative research approach served as the foundation to develop a framework and interpret the interrelationships between business ethics and organisational strategy. Furthermore, the comprehensive analysis of the meaning and interpretation of data formed a critical part of the study.

5.1.1 Exploring qualitative perspectives.

According to authors Moon and Blackman (2014:1173) philosophical perspectives serve as a system of shared values, or a "set of beliefs that guide action". From a philosophical perspective, three perspectives studying social and natural sciences can be considered (Moon & Blackman, 2014:1168). Moreover, an illustration published by Moon and Blackman (2014:1169) explains these three constructs with simplicity as follows:

Ontology reflects the elements within the human environment that we can collect knowledge about. These elements within ontology can either reflect realism, whereby a single reality exists, or alternatively, relativism, which implies that there are numerous realities in existence (Moon & Blackman, 2014:1169). The second perspective is that of *epistemology*, which considers the manner in which knowledge is generated (Moon & Blackman, 2014:1169). The knowledge perspective under epistemology can be created through objectivism, which is defined by Moon and Blackman (2014:1169) as "meaning that exists within an object". Hence, the impartial reality is an autonomous object of the topic. Furthermore, constructionism reflects the

interactions and interrelationships between the topic and object, whereby the subject constructs the authenticity of the object (Moon & Blackman, 2014:1169). Epistemology furthermore considers subjectivism whereby meaning occurs within the topic and the topic enforces meaning on an object (Moon & Blackman, 2014:1169).

The third is a theoretical perspective which considers the philosophical orientation of the individual conducting the research, also concerned with what guides actions and activities within research process (Moon & Blackman, 2014:1169). This perspective is the collection of knowledge and can be either deductive (generalised) or inductive, which is contextually exclusive and loaded with value. The applied philosophical perspectives will be defined and discussed in a subsequent section. The approach and reason for selecting a specific research methodology within this research process is based on personal assumptions as a result of practical experience, accumulated within the researcher's day-to-day work as it relates to strategy implementation and the relevance of ethics management strategies.

5.1.2 Qualitative research methodology

Several qualitative research methods are available for consideration, including but not limited to the following: ethnography, historical and document analysis, literary criticism, discourse analysis, interviews, observations, case study, casuistry, logic, focus group, grounded theory, biography, and comparative method (Kivunja & Kuyini, 2017:27; Moser & Korstjens, 2017:277; Mukhopadhyay & Gupta, 2014:111).

This dissertation followed a qualitative research methodology, which offers various tools and methods to gather and analyse the data. Firstly, enabling a detailed review of integrated reports and appreciate interrelationships, themes, and areas of focus within these documents is needed. Two sets of data will be used of JSE listed organisations within the commercial banking industry in South Africa, using the 2015/2016 integrated reports as a baseline and the 2019/2020 integrated reports as comparative data documents. The importance of being able to compare a baseline and current data set, is to determine if narratives are changing given the regulatory pressure for compliance with King IV Report on Corporate Governance, with reference to the South African Financial markets (Chauke & Sebola, 2018:259).

Table 5.1 provides a summative overview to indicate the purpose and procedures to be followed during the research process.

Table 5.1: Overview of key qualitative research design strategies and processes

Research design	Phenomena being investigated	Purpose	Procedures followed
Generic qualitative research	Focus on a specific topic	To explore opinions, perceptions, beliefs, or experiences. Various individuals focused on an explicit topic.	Conduct semi-structured interview. Analyse data: - Qualitative content analysis - Thematic analysis Discuss common conclusions of known themes
Ethnography	Study of the beliefs, rituals, values etc. of an identified group of individuals with collective culture	To describe collective patterns shared by identified group of individuals (i.e., beliefs, values, attitudes, behaviors)	Primary data collection by means of observation over extended timeframe. Analyse data: - Clear articulation of behaviors and attitudes
Case study	The study of a case or cases (system(s)) restricted by space or time	To define and interpret the happenings within the case/cases (system) and why. To intensively investigate one/more of cases restricted by time or space	Multiple forms of data collection (quantitative and qualitative) to describe the case(s) Analyse data: - Identify themes as it relates to specific aspect of case. - Report lessons learnt from case study
Phenomenology	Individual experience	To define the quintessential meaning individuals, attribute to a specific	Lengthy interview with experienced persons Analyse data: - Examine meaning of statements - Articulate themes to clearly reflect essence of experience
Grounded theory	A social process, action, or interaction	To develop a theory grounded in the data to clarify a social process, action, or interaction	Typical data collection by means of interviews. Analyse data: Structured process of coding: - Open coding - Axial coding - Selective coding Develop a theory from data

Source: Plano Clark and Creswell, 2015:289.

Table 5.1 reflects the methodology options available to assist within the research process (Plano Clark & Creswell, 2015:289). The selected research approach assists with the conceptualisation of a theoretical framework originating from academic literature (Cibangu, 2012:202). The constructs will be explained, highlighting

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applicability relevant to this dissertation in the subsequent paragraphs.

5.1.3. Generic qualitative research

The research philosophy for this study stems from the researcher's personal beliefs, values, and analytical approach. The investigation of reality and perception of the experienced reality may influence the research approach, with theoretical sensitivity. The researcher's personal journey complemented by experience, principles, and beliefs provided a sound foundation of integrity to the research process.

Within this dissertation, the conceptualisation of a theoretical framework was developed based on a comprehensive literature review as presented in the preceding chapter. Furthermore, a generic qualitative study was conducted to verify and reflect on the developed framework, given the specific focus on the integration of organisational strategy and business ethics whilst carefully considering a strategy-as-practice perspective. The data from integrated reports was analysed in detail with the use of computer aided software. The aim is to discover and understand perceptions, practical experiences, beliefs, and opinions of participants during virtual interviews. Moreover, in addition to a generic qualitative approach, pre-identified experienced individuals within the banks will be interviewed to enable the participants to insightfully contribute towards the specific themes and reflect on conclusions made during thematic analysis of the integrated reports. Ensuring that proposed methods within qualitative research is carefully considered, the research design options as presented in Table 5.1 will be briefly discussed, serving as an explanation of the construct and potential research methods.

5.1.4 Ethnography

Ethnography is defined as "portrait of people", serving as an approach to describe culture and people (Hancock, Windridge & Ockleford, 2007:10). The ethnographic methodology consists of extensive field research work with both formal and informal data collection methods. Furthermore, it typically occurs over an extended length of time with the aim to present interpretation of the data as per the specific population participating in the study (Hancock *et al.,* 2007:11). Hence, an ethnographic study includes certain considerations such as location (specific region or country), religion

of the population being studied, social or ancestral context or shared experiences among other parameters (Hancock *et al.,* 2007:10).

5.1.5 Phenomenology

Stemming from philosophical roots, "phenomenology is the study of a phenomena," with the presence of elements (Baker, Wuest & Stern, 1992:1356). Furthermore, Plano Clark and Creswell (2015:289) indicate that phenomenology serves a purpose which defines the quintessential meaning by individuals, attributed to a specific element. Within the research conducted, the phenomenological reflection applied during the research interviews, resulted in the meaning of statements to be analysed and interpreted, and furthermore articulated as themes given the researcher's level of experience related to organisational strategy and business ethics.

The investigation of reality and perception of the experienced reality may influence the research approach, with theoretical sensitivity. The researcher's personal journey based on experiences related to strategising and strategy implementation, personal approach to value-based principles in business and assumptions related to practice versus theory may have an influence on the selected research process. Given that the researcher is a certified ethics officer, the focus of the study is motivated by current work experiences, directly influenced by a business environment where ethical transgressions are frequent. It is therefore important to the researcher as part of this study to identify potential mitigating solutions in addressing the negative impact of unethical business behaviour.

5.1.6 The grounded theory

Authors, Glaser, and Strauss published the grounded theory's strategic approach, applying fundamental components of developing categories from the data (Rieger 2019:3). Baker *et al.,* (1992:1356) states that grounded theory is rooted in symbolic interactionist school of sociology. It focuses on the meaning of events to individuals and the symbols used to convey such meaning, which are developed through experiences or exchanges (Baker *et al.,* 1992:1356). Hence, humans respond in a certain way based on their individual experiences, events, or situations they endure (Baker *et al.,* 1992:1356). According to Birks, Hoare, and Mills (2019:1) the grounded

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theory offers the opportunity to explore a phenomenon, whereby the theory provides the understanding of diverse fields of study including business and management. The field of qualitative research, in particular the application of the grounded theory as strategy offers a complicated and complex array of approaches.

Subsequently, studies explored the grounded theory, based on the assumption that "an orderly real world exists which can be objectively observed" Rieger (2019:3). Mohajan (2018:31) postulates that the grounded theory focuses on systematic, observatory data collection of a process, action or interaction founded in the beliefs or perceptions of individuals participating in a study. Reflecting on the statement by Mohajan (2018:31) virtual interviews formed part of the systematic data collection process.

Specific individuals were selected, interviews conducted based upon their actions or interactions within their respective organisations, given the relevance to the integration of organisational strategy and business ethics. Furthermore, forming part of the data analysis of the integrated reports which were collected, specific questions were incorporated to enable the researcher to better understand the relevant processes within the organisational hierarchy and governance structures.

Charmaz (2006:10) explains that the grounded theory provides a way to gain knowledge from the world being studied and serves as a method to develop theories to understand this world. Within this dissertation, the composed methods of knowledge used were open coding resulting in themes arising from the data analysis. Furthermore, word frequency provided an insight as to the number of specific word usages which have been coded with a precise code resulting in an ability to define themes emerging from the data generated in AtlasTi. The density of the codes was also reflected, which reflects the number of other codes which were linked to a specific code.

Rieger (2019:9) explains that grounded theory approach evolved and needs to be carefully considered based on the research, given the impact a chosen approach may have on the study. The subconscious interpretive process of the grounded theory is reliant on the researcher's' understanding of the unspoken information within the data (Suddaby, 2006:639).

During the data capturing and review of the integrated reports, the researcher carefully interpreted the meaning of words and data. Given a personal understanding of specific constructs, the interpretation of data and its meaning, including statements within the reports, were carefully defined as part of the research process. Furthermore, the interpretation and comparison of both the integrated report datasets as well as the interview transcripts needed careful reflection in terms of interpreted meaning. The unspoken information which came forward resulted from the use of computer aided software.

One method which forms part of the grounded theory is a constant comparative method (Merriam & Grenier, 2019:186). The constant comparative method highlights units of data identified as meaningful and is therefore compared to enable the development of categories and themes from the data (Merriam & Grenier, 2019:186).

Within this research process, the constant comparison between datasets, as well as the transcripts imported to AtlasTi, formed part of the development of categories and themes from the data. The constant comparative method was applied until the data were compiled within concise categories, furthermore, enabling the researcher to reflect and compare the themes from interviews and integrated reports with the proposed framework.

5.2   THE COMPLEXITY OF THE COMPLETED RESEARCH

The first section of this chapter (Section 5.1) provides an overview and definition of qualitative research, the researcher's philosophical view and an overview of the grounded theory elements supported within this dissertation. Moreover, the schematic presentation serves as a detailed, yet complex reflection of concepts and constructs contributing towards this dissertation.

Figure 5.2. provides a summary of the applied methodology.

Figure 5.2: Overview of the Qualitative Research Design Diagram
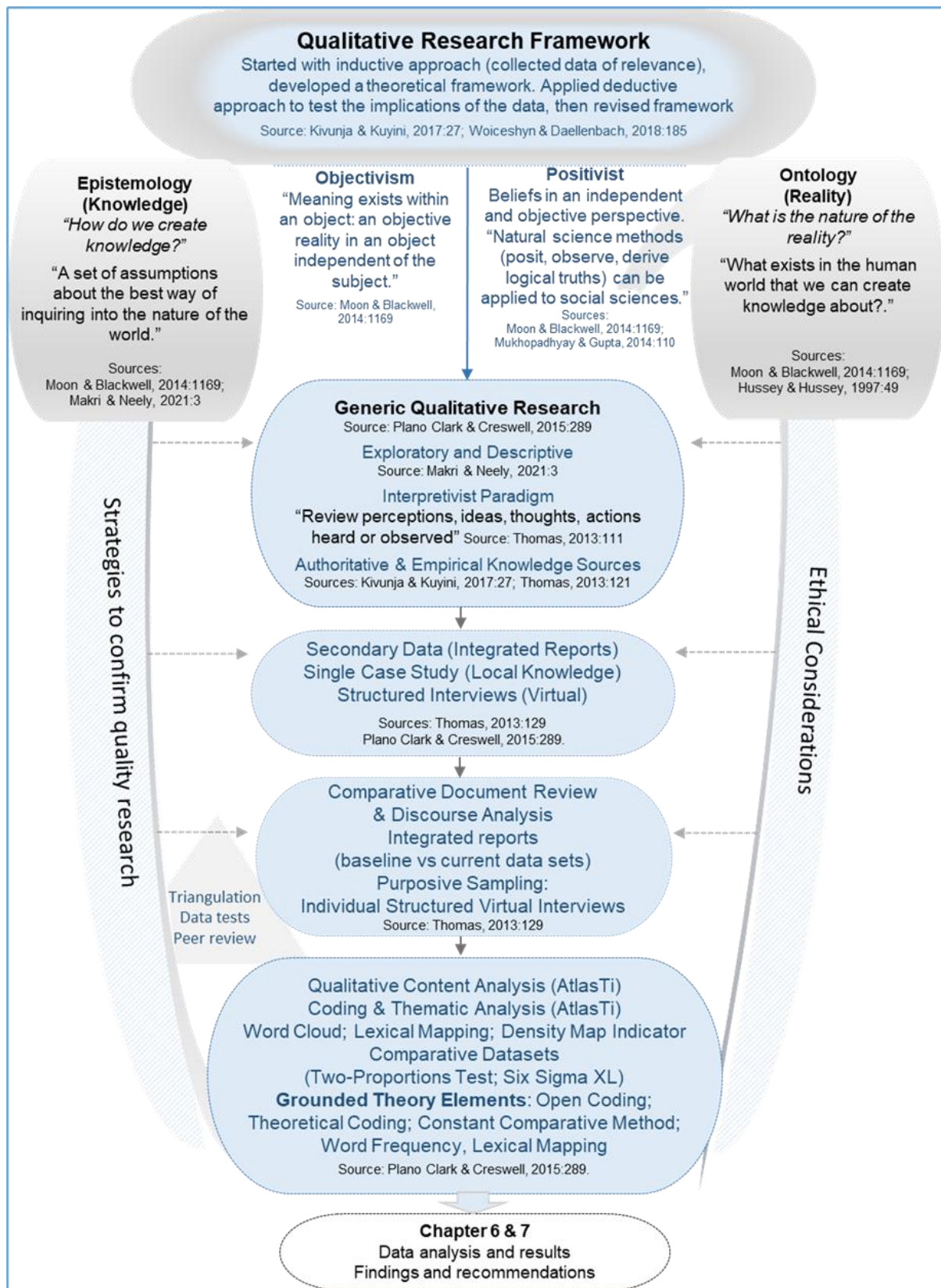
Source: Own compilation compiled from documented literature

The subsequent discussion outlines the research design, and how the information to support this study was compiled based on the vast complexity of approaches and constructs to consider within qualitative research. Forming part of the research design process, being ontology and epistemology was reviewed considering the potential contribution to this dissertation (Birks *et al.,* 2019:3; Hussey & Hussey,1997:49; Kivunja & Kuyini, 2017:26; Mukhopadhyay & Gupta, 2014:110; Scotland, 2012:9). In addition to Epistemology and Ontology being discussed in the subsequent sections, all contributing concepts, and the application of paradigms within the research process is included as part of the discourse. Summative explanations of the concepts, the considered research activities and motivation for the selections thereof follows hereafter.

5.2.1 Epistemology - The validity of the study of knowledge

Epistemology reflects the relational theory of knowledge, what is accepted as valid knowledge and how this knowledge is gained (Kivunja & Kuyini, 2017:27). It questions the conditions which is required to consider an individual as knowledgeable, instead of just believing the claimed knowledgeability. Epistemology questions the relationship between the researcher and what is understood, in other words: 'how do we know what we know'. This provides the opportunity for investigation (Kivunja & Kuyini, 2017:27). The analysis of the manner in which said knowledge is justified is examined (Kivunja & Kuyini, 2017:26; Scotland, 2012:9). The underlying considerations within the epistemological worldview, is to establish the source of the information. Furthermore, the informational considerations originate in, or is dependent upon, the use of senses. Alternatively, information originates from organic experiences, thinking and knowledge structuring, resulting in reason and logic as constructs (Hussey & Hussey, 1997:49; Kivunja & Kuyini, 2017:27; Scotland, 2012:9).

Kivunja and Kuyini (2017:27) explains four sources of knowledge being:

- Intuitive knowledge: beliefs, faith, and intuition serve as bases of knowledge.
- Authoritative knowledge: information collected from books, organisational leaders and, people in the know.
- Logical knowledge/Rationalist epistemology: use justification/reason as surest path to understanding the truth.

- Empirical knowledge: the insight that knowledge is best obtained from sense experiences, verifiable and impartial facts.

As a result of the sources of knowledge presented by Kivunja and Kuyini (2017:27) the authoritative knowledge approach served as one of two relevant sources of knowledge applied in this study. The reasoning is twofold, the first resultant from accessing integrated reports on websites of commercial banks. The selection of locally controlled banks as the sample group for the study, was partially based on the unique regulatory environment, and foremost motivated by the mandatory listing requirements as set out in King IV Report on Corporate Governance, applicable to listed entities within South Africa. The King IV Report on Corporate Governance focuses extensively on the institutionalisation of business ethics and corporate citizenship of companies, whereby business ethics is a required foundation for institutions. The integrated reports provided crucially important information to understand communications to stakeholders and interrelationships between organisational strategy and business ethics. Moreover, integrated reports served as the communication tool used by organisational leadership to reflect on the organisation's performance related to both financial and non-financial progress. The second authoritative source of knowledge is founded on the selection of individuals to be interviewed within the banking organisational hierarchy. These individuals were selected based on the position of authority within the bank (company secretaries).

Upon completion of the integrated report data collection and analysis, an addition source of knowledge applied included empirical knowledge. The insights of experienced representatives within the bank were gathered during interviews with individuals holding specific positions within the hierarchy of the bank. These individuals were able to speak from first-hand experience on organisational strategy and provided corporate governance reflections as well as business ethics integration as part of their reflection. The interviews form an essential part of the study, given that discussions provide an opportunity to understanding interrelationships and experiences of company secretaries and ethics officers within the organisational hierarchy.

5.2.2. Sources of knowledge

Thomas (2013:121) propose that the basis of knowledge begins with experiences, known as empiricism or empirical knowledge. Furthermore, additionally contributing towards the researchers' interpretation of information, is rationalism also known as logical knowledge (Kivunja & Kuyini, 2017:27). Kivunja and Kuyini (2017:27) explain that the basis of knowledge starts with the mind, our ideas and how various experiences are interpreted. In line with this thinking the primary source of data processing is seen as being the human mind, with the secondary data source being the actual experience (Hussey & Hussey, 1997:49; Kivunja & Kuyini, 2017:27; Thomas, 2013:121; Thompson, 2002:15). Contributors to the study were identified based on relevance of expertise, hierarchical role within the organisation, and level of experience. The hierarchical position filled by pre-identified experts working within banks in South Africa was important to ensure that strategic and ethics-relevant insights would be extracted from participants being interviewed. Hale (2002:279) articulates gained logical knowledge as the presentation of factual information. Ivlev and Ivlev (2018:880) explain logical knowledge as the configuration of a logical thought. The science of logic compises of the models of thought and the interations between thoughts based on rational systems (Ivlev & Ivlev, 2018:880). The researcher applied logical knowledge by interpreting experiences and ideas based upon experiences related to organisational strategy and business ethics.

5.2.1.1   Inductive versus deductive reasoning

In the case of inductive reasoning, it is based on various observations constructed from experiences to form a conclusion (Woiceshyn & Daellenbach, 2018:185). The empirical observations made allow the concepts or theories to form based on observations (Richards & Hemphill, 2018:226). Furthermore, Richards and Hemphill (2018:226) explain that within the inductive reasoning process, themes are identified by outlining patterns within the data without pre-conditioned references or existing frameworks.

Deductive reasoning stems from the premise of assumption, starting from theory that is true, implying that conclusions must be true since premises are true and testing will reflect such an outcome (Woiceshyn & Daellenbach, 2018:185; Thomas, 2013:122).

In the deductive approach, a clear-cut proposal derives from a hypothetical perspective. A framework is developed to describe identified occurrences within this study and used to compile a particular hypothesis related to the instance under scrutiny (Lune & Berg, 2017:188). Woiceshyn and Daellenbach (2018:185) state that the deductive approach focuses on cause-and-effect relationships, intending to construe observations as truths or quantifiable entities. The application of mathematical calculations, computations and expressions are used to test hypotheses to explain and predict quantifiable conclusions (Kivunja & Kuyini, 2017:30).

By means of methodology and epistemology, the approaches applied can be linked back to an ontological perspective (Scotland, 2012:9). For the purpose of this dissertation, both epistemological and ontological paradigms contributed towards the research, forming part of the study and verification of findings. The research process started with an inductive approach, by collecting and studying applicable scholarly works and identifying data sources which contributed to the constructs of this study, namely organisational strategy, and business ethics. Stemming from scholarly works analysed and discussed within the literature review, a proposed framework for the integration of organisational strategy and business ethics was developed and presented in Chapter 4. The deductive approach allowed the testing of the data that resulted in a revised and simplified framework presented as part of the conclusion of this dissertation. In the subsequent sections, a detailed explanation of how the validity of the data was considered, how reflection on the nature of reality within the phenomena being investigated were considered and documented.

5.2.1.2   Ontology - Portraying the nature of reality.

The ontological assumption is the worldview and asks the question: "what is the nature of the reality?" (Hussey & Hussey, 1997:49). Considering the ontological assumption, it requires a decision whether the researcher perceives the world as objective and exclusive, or if it is socially created and only understood by considering the views of human role-players (Kivunja & Kuyini, 2017:27; Scotland, 2012:9). Kivunja and Kuyini, (2017:27) postulate that ontology is based on assumptions made to ensure a belief that the phenomenon being explored is authentic or is logical. Considering the ontological perspective, the researcher followed a positivist approach to the phenomena being studied, based on documented statements, observation, and

origination of logical thinking as part of the research process. In addition to the consider logical knowledge gain, the thinking process applied to address and resolve challenges arising from the body of knowledge formed part of the research process. Logical thinking, thus is defined as the applied reasoning to address logical exercises or tasks (Kuchkarova & Ganiyeva, 2023:679). In the section following, the positivist paradigm as part of a qualitative research approach is explained.

5.2.1.3 Positivist versus relativist perspectives

Positivists believe in an independent and objective perspective, that the phenomena being studied should be measurable and observable to validate it as knowledge. Positivists aim to explain the relationship, using substantive evidence with a belief that the generated knowledge is value neutral (Mukhopadhyay & Gupta, 2014:110; Scotland, 2012:10). The alternative to an ontological perspective is relativism. Relativism projects that realism is subjective, facilitated by a person's senses and varies from individual to individual (Scotland, 2012:11). Furthermore, Scotland (2012:12) suggests that the interpretative paradigm assumes ideologies without doubting it, as individuals create meaning in unique ways. Hence, the interpretive methodology focuses on the socially constructed environment and consideration of the phenomenon from the person's point of view, exploring interface of individuals within their contextual environment. Interpretive theory reflects behaviourisms of individuals, and clarify actions from the participants' perspectives, grounded by the information compiled during the research process (Kivunja & Kuyini, 2017:33; Scotland, 2012:12).

Considering the comparative dialogue of the positivist versus relativist ontological perspectives, a positivist approach was applied within this dissertation. The phenomena being studied, namely organisational strategy and business ethics, were observed based on definitions of the constructs, unpacked into concepts, and then identified in terms of related words for those concepts to enable measurability. Defining constructs clearly and grouping of words were a crucial element to ensure validity of the coding process, which was conducted on both baseline and current integrated reports. In addition, after completion of the interviews with respective participants, the interview transcripts were added to the data set in AtlasTi and analysed, followed by validation of the phenomena, which included the coding of

content and thematic analysis.

5.2.1.4   Grounded theory elements - Paradigm overview.

The interpretive nature of the study motivated the application of elements relevant to the grounded theory as theoretical approach. The grounded theory allows the interpretation of reality based on statements (Makri & Neely, 2021:2). The purpose of this approach enabled the researcher to describe and analyse specific actions and/or behaviours as it relates to the related phenomenon; being organisational strategy and business ethics.

This study applied both exploratory and descriptive principles to determine if business ethics is in fact integrated within the organisational strategy of South African controlled commercial banks. The research paradigms defines whether exploratory, descriptive, or explanatory paradigm is selected, guided by the research purpose and data collection methodology (Makri & Neely, 2021:3). The purpose of applying an exploratory paradigm as part of this study stems from the aim to determine what is happening in practice related to the integration of business ethics and organisational strategy. Furthermore, it was also used in the pursuit of gaining a new understanding and review the integration of organisational strategy and business ethics from a different perspective (Makri & Neely, 2021:3). In particular, the exploratory approach allowed the identification of interrelationships and interconnectedness between emerging themes or constructs. Within a descriptive paradigm, an accurate portrayal of a situation, individual or event is required (Makri & Neely, 2021:3), the accurate and actual practice of the integration of organisational strategy and business ethics as described by the participants were documented. As a result, descriptive principles were used as an extension to the explorative study, precisely documenting the actual statements made by participants.

5.2.3 Data collection techniques

The researcher applied an inductive technique as a first step, based on various observations accumulated from experience arising to a common principle (Woiceshyn & Daellenbach, 2018:185). The initial research started with a comprehensive review of academic literature, using key word searches by means of Google Scholar. Specific

words such as strategy, strategy-as-practice, business ethics and ethics were searched. Once appropriate articles were identified, the researcher accessed the University of Pretoria's student portal to download the appropriate article from the library section.

Figure 5.2.3: Google scholar as platform for initiating academic research process.

Source: https://scholar.google.com/scholar
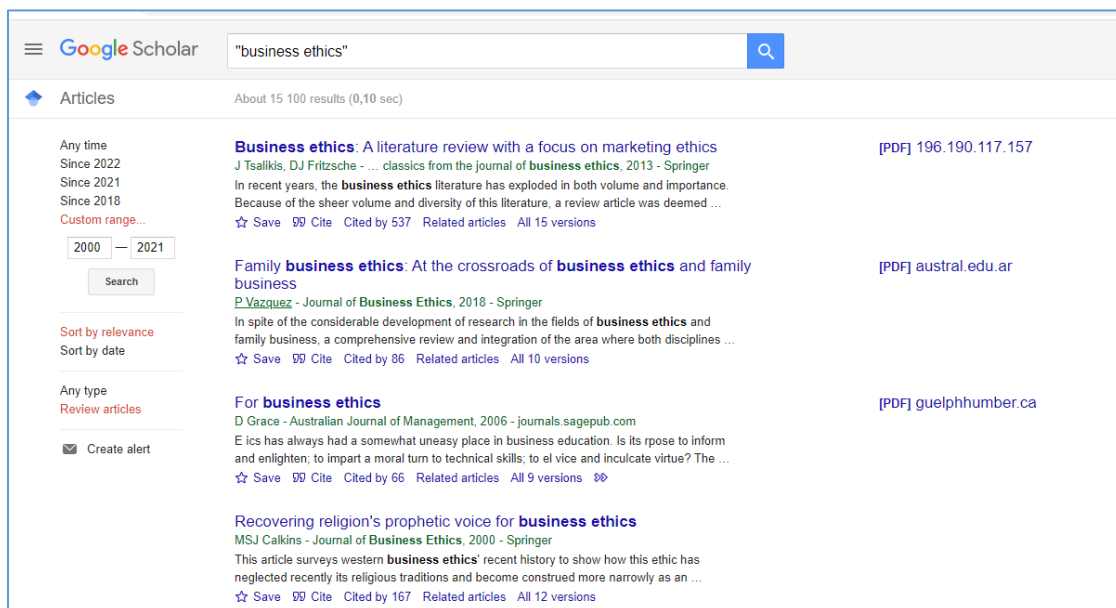
The literature review provided a sound understanding of the nature of organisational strategy, strategy-as-practice, and business ethics as key constructs of the study. It also highlighted several constructs to consider as relevant, in particular the importance of corporate governance, impact of risks, the role of integrated reporting and ultimately the impact all elements have on organisational sustainability. As a result of the comprehensive scholarly works studied, the body of knowledge contributed to the drafting of a framework for the integration of organisational strategy and business ethics from a strategy-as-practice perspective (chapter 4). With a focus to enable the verification of the scholarly body of knowledge findings within the proposed framework and practice, the researcher applied a deductive reasoning to test the framework.

Furthermore, the researcher reviewed the King Report on Corporate Governance (King IV), the IIRC regulatory integrated reporting standards, as well as FSCA requirements for local banks governance and compliance processes. The researcher followed the inductive reasoning process, after completing the academic and

regulatory document analysis (Woiceshyn & Daellenbach, 2018:186). This resulted in an ability to draft a proposed framework for the integration of business ethics and organisational strategy, from a strategy-as-practice perspective.

Flick (2013:341) defines a discourse analysis as the manner in which language constructs reflect social and psychological practicalities. In addition, the cautious examination of word selections exposes objects and topics of importance (Flick, 2013:341). The test of identified constructs within the proposed framework for the integration of business ethics in organisational strategy was done by means of a discourse review of the integrated reports of locally controlled banks in South Africa.

The selection of locally controlled banks as the target population for the study, was partially based on the unique regulatory environment, and foremost motivated by the mandatory listing requirements as set out in King IV Report on Corporate Governance, applicable to listed entities within South Africa. Furthermore, the King IV Report on Corporate Governance focuses extensively on the institutionalisation of business ethics and corporate citizenship of companies, whereby business ethics is a required foundation for institutions. The discourse analysis of integrated reports will reflect the importance of ethical principles to the bank and display the level of commitment by leadership to integrated ethics and institutionalise it as part of their strategy. In addition, the opportunity to review and verify the proposed theoretical framework would be enabled by discussions with an experienced population within a small sector of the business environment.

5.2.4. Sampling methods

The data gathering process requires that the information collected and its interpretation by the researcher is verifiable by individuals with specific knowledge related to organisational strategy and the ethics management framework of commercial banks. The required expertise of the testing for the framework requires the application of purposive sampling. Pangestu and Setyorini (2020:12) define purposive sampling as a technique to sample data sources based on specific considerations, and particularly focusing on characteristics of the population being of interest in the quest to respond effectively to the research questions. In the case of this dissertation, specific participants may offer stronger insights or richer data being

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of more relevance to answer the research question (Johnson, Adkins & Chauvin, 2020:141). Furthermore, within purposive sampling, Johnson *et al.,* (2020:141) argue that answering the research question, may be most suitable for specific individuals who have particular experience and therefore serve as critical case sampling or alternatively hold specific expertise which reflect key informant sampling. As a result, the explanation of purposive sampling speaks to the specific data source body of knowledge which needs to be access as part of the research to effectively answer the research question.

Notwithstanding, a purposive sampling technique was applied to conduct the selection of the participative sample. A specific motivation for the selection of purposive sampling is based on the special knowledge and expertise of the explicit individuals, being the company secretary and ethics officers of the respective commercial banks (Lune & Berg, 2017;39). The company secretary can provide insights as to the perspectives of the board on the considerations given to business ethics when the strategy is formalised. The ethics officer at the same commercial bank was also interviewed to establish to what degree business ethics aligns with organisational strategy. Understandably, this sampling method offers a limitation of generalisability of the study, however, the argument can be substantiated that the general workforce may not have access to the strategic ethics management plan as implemented.

A key advantage which is potentially attainable by the application of purposive sampling for this study, is the in-depth knowledge held by the selected individuals being the company secretary and ethics officer positions, based on their direct experience and day-to-day knowledge of the implementation of strategy and organisational ethics within the bank.

5.2.5 Data analysis

Discourse analysis explored the use of language to determine key areas of focus as it relates to strategy and business ethics. A discourse analysis provides clarity on how company representatives communicate about specific topics (Plano Clark & Creswell, 2015:289). Theoretical coding as a mechanism to explain phenomena is used (Birks *et al.*, 2019:5). Theoretical coding is the application of constructs to develop a framework to strengthen the descriptive power of a grounded theory, setting the

grounded theory apart in particular within the interpretivist and constructivist paradigms. Theoretical codes will be applied to understand how analysed constructs relate to one another, whereby the interrelationships and processes will be brought to light (Birks *et al.*, 2019:5). Coding techniques ease the analysis of qualitative data, and open coding serves as the first phase to analyse data, and identify, organise, and label categories. Furthermore, Moser and Korstjens (2018:17) explain that using a constant comparative method is part of grounded theory elements, whereby the comparison of one set of data such as the researcher retrieved from the integrated reports are compared with data collected and documented by means of interviews. In addition, as is applied within the research analysis of this dissertation, the descriptive content analysis varied in methods to analyse the data, including open coding, thematic analysis, network mapping, lexical mapping, word frequency and coding grounded-ness (Moser & Korstjens, 2018:17). Following an inductive content analysis, it enabled the researcher to cluster data in smaller elements, then coded and named these units relevant to the coordinating content represented by the smaller units (Moser & Korstjens, 2018:17). Ultimately, this analysis approach allowed the researcher to consistently and systematically cluster coded data based on shared concepts. The shared concepts are presented in the form of constructs with representative and relevant words in the subsequent chapter. According to Moser and Korstjens, (2018:17) the summaries of conducted open coding in the data analysis process do not represent a grounded theory, but merely serve as a summary of categories. As a result, the researcher refers to elements of the grounded theory, including open coding, comparative analysis, network mapping among others, which has been applied during the research process.

5.2.6 Analysis of results

During the analysis and completion of the open coding process of the data, a theoretical thematic analysis was conducted. Birks *et al.,* (2019:5) state that theoretical coding occurs late in the coding process, as was applied in this dissertation. Birks *et al.,* (2019:6) define theory as "an explanatory scheme comprising of a set of concepts related to each other". The theoretical thematic analysis requires the guidance of data coding and the assurance that the information contributes to existing knowledge (Birks *et al.,* 2019:3). As a result, in this dissertation, the theoretical thematic analysis was

based on the researcher's theoretical interest in the integration of organisational strategy and business ethics.

Birks *et al.,* (2019:5) argue that research should add value and contribute to knowledge. The assignment of a code may be based on a particular word, sentence, section, or graphic part of qualitative data (Lochmiller, 2020:2031). Lochmiller (2021:2031) defines a code as an expression, brief phrasing that figuratively provides a collective, relevant, principle focused for a section of semantic-based or graphic data. Given the specific research interest and construct applicability, the entire dataset was not coded. As a result, only relevant sections of explanatory information documented within integrated reports were coded, excluding irrelevant sections. The analysis of the data will provide findings of the specific areas of interest in detail.

Reflecting on the importance of the elements of the grounded theory, different viewpoints considered during data adds value to the analysis (Birks *et al.,* 2019:3). These viewpoints included the experiences and perspectives of the company secretaries within banks, which was documented and analysed after interviews were transcribed. The inductive research approach allows the researcher to develop theory based on observation of investigational actuality, whereby overall interpretations are induced from specific occurrences (Woiceshyn & Daellenbach, 2018:185; Cooper & Schindler, 2006:33).

The inductive method is based on i) trusting that knowledge can be collected from evidence or experiments; ii) preconceived notions about possible experimental results or the validation of investigated evidence is set aside. The inductive approach is based on factual information and open-mindedness (Hussey & Hussey, 1997:13; Thompson, 2002:49).

The approach followed in this dissertation results from the researcher's inquisitiveness to further understand the underlying philosophical worldviews as an explanatory approach for the study. The research process was completed as a two-part systematic approach, where the first part comprises of the literature review on organisational strategy and business ethics, followed by the development of a framework to integrate organisational strategy and business ethics.

5.3 RESEARCH PHASES

5.3.1 PART 1 – Phase 1: Literature Review

The first phase of this study comprises chapter two and three of the research. The sociological reflection of strategy-as-practice affirms the appropriateness for qualitative research approach. In the first phase, two constructs, being organisational strategy and business ethics, were studied and discussed. Sources used to access published articles and peer reviewed academic material sources included, but was not limited to, the following:

Cambridge Journals Online; Directory of Open Access Journals (DOAJ); e-Journals at UP; EBSCOhost; Emerald Insight; Google Scholar; JStor; Oxford Journals; OECD Library; ProQuest; Sabinet Reference; SAGE Journals; SAGE Knowledge; SpringerLink; SpringerLink e-Book Collection; Sustainable Development Knowledge Platform; University of Pretoria WorldCat Local; Wiley Online Library, World Bank Open Knowledge Repository (OKR).

The various resources and accessed scholarly works assisted the researcher to proceed to the next phase, where the development of a framework to integrate organisational strategy and business ethics, from a strategy-as-practice perspective, was initiated.

5.3.2 PART 1 – Phase 2: Develop a proposed framework to integrate organisational strategy and business ethics.

Synthesised from the academic literature review, a framework was proposed to integrate organisational strategy and business ethics. Chapter four of this dissertation is dedicated to the formation of the framework. The relevant information collected in phase one, formed part of an inductive approach to develop a theoretical framework from the data (Kivunja & Kuyini, 2017:27; Woiceshyn & Daellenbach, 2018:185). Moreover, the research elements applied within this phase of the dissertation, were influenced by both epistemological and ontological perspectives, and knowledge creation to the field of study formed part of the motivation for the research. In addition, elements focused on what existing knowledge can be created were considered as part of the framework development process (Hussey & Hussey, 1997:49; Makri & Neely,

2021:3; Moon & Blackman, 2014:1169).

5.3.3 PART 2 – Phase 3: Review of integrated report (IR)

Two sets of IR per JSE listed commercial banks were used to provide comparative datasets. IR published in 2014/15 served as a baseline and 2019/20 served as the comparative dataset, based on content and narrative research to:

iv)   Analyse the comparative datasets through application of discursive practices to determine what terminology and words form part of business ethics.

v)   Analyse the comparative datasets through application of discourse use to if integration between business ethics and strategic management is documented.

Nelson (2020:7) states that during a process of inductive analysis of data, the purpose to determine the meaning of data may be conducted using best practice content analysis by means of computer-assisted tools. Pattern recognition and enhancement is proposed by Nelson (2020:9) whereby the data sources are coded with the use of computational tools. To ensure that this process was done with rigor, open coding (AtlasTi) was used determine the themes and the comparative changes in discourse related to strategy and business ethics. This data was extracted from ten commercial banks' integrated reports.

In addition to utilising AtlasTi during the open coding process, the data was further analysed and verified by means of a Two-Proportions Test. A Two-Proportion Test identifies if there is a significant change between the first and second proportion of the data (Solla, Tran, Bertoncelli, Musoff, Bertoncelli, 2018:385). For this dissertation, a Two-Proportion Test was applied using Sigma XL as the tool to conduct the test, using the same data set sourced from AtlasTi.

5.3.4 PART 2 – Phase 4: Confirm findings – Virtual interviews.

Two rounds of engagements were conducted during the research process. A concept note with questions was required to be disseminated to participants to comply with respective internal approval processes. The questions were structured and provided to the respective participants ten business days in advance, some

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participants were required to submit the questions to their legal divisions for approval prior to confirming participation. The participants were selected based on a purposive sampling method. The reason for selecting this methodology is based on the specific skills and knowledge of the participants to enable a verification of the existing organisational strategy and business ethics principles being applied within the institutions. Both the company secretary and the ethics officers were invited at each of the commercial banks to participate in the research. Once necessary approvals were received, the researcher was able to schedule actual virtual interviews, which were conducted via MS Teams. The necessary approvals to record each interview were requested, and the recordings were transcribed whereafter it was added as a third data source to AtlasTi. The data was processed by means of theoretical coding, during which the was data grouped within a set of theoretical concepts linking to each other (Birks *et al.,* 2019:5). The reason for applying theoretical coding was to allow the researcher to verify the proposed framework for the integration of organisational strategy and business ethics based on practitioners' viewpoints.

5.3.5 PART 3 – Phase 5: Adapt framework to reflect research findings.

Part 3 of the research process was to adapt the framework to reflect the research findings, considering the existing integration of organisational strategy and business ethics from a strategy-as-practice perspective. The framework presented in chapter four proposes a complex process of integration. A deductive approach was applied to test the implications of the data, this resulted in a revision of the framework which is presented in the final chapter of this dissertation (Woiceshyn & Daellenbach, 2018:185).

5.3 OUTLINE OF RELEVANT RESEARCH

Table 5.3. provides a synopsis of the relevant research process followed to conduct the research and serves as a summative reflection of the dissertation.

Table 5.3: Research process synopsis to develop and present this dissertation.

	Description	Outcome
Data collection procedure	A generic qualitative research approach was used during this study	Academic literature review Chapter 2: Organisational Strategy and strategy as practice Chapter 3: Business Ethics Chapter 4: Integration of organisational strategy and business ethics
	Exploratory process to identify key constructs. Descriptive approach to define and develop framework	Coalescence of identified constructs from literature to develop framework for integration of organisational strategy and business ethics
	Open coding (AtlasTi) Theoretical coding (AtlasTi)	Analysis of integrated report themes Analysis of transcribed data
	Structured questionnaire	Coding of transcribed interviews Analysis of coding – thematic analysis Verified findings with identified participants by sharing framework and structured questions with participants.
Participants targeted – determine which banks to select.	Secondary research approach - desktop research using search engine i.e., Google. South African Reserve Bank Supervision Department report: "*South African banking sector trends*"	The number of commercial banks in South Africa are as follows: • Locally controlled banks **10** **Not included in the study:** • Mutual banks **3** • Co-operative banks **2** • Foreign controlled banks **7** • Foreign banks - approved local representative offices **50**
Organisations targeted	Software to compile list (Excel) Secondary research – desktop	Compiled a list of locally controlled/ commercial banks in South Africa, JSE listed. Total of 10 banks identified, verified on regulatory body website.
Number of participants	Invited a total of 14 Banking Representatives Two individuals per bank requested to participate	• Company secretary (strategic oversights role) • Ethics officer (organisational ethics management function)
Number (IR) reviewed	Nonprobability sampling	20 Integrated reports analysed 10 Baseline reports (2015/2016) and 10 Current Reports (2019/2020)
Sampling methodology	Positivistic study	Reached out to all banks on the list to request participation. 4 Confirmed telephonically and 7 via consent forms/email exchanges
Target sample size	Purposive sampling Structured questions provided in advance (for internal review and approvals prior to conducting interview)	Required participants with specific skills, knowledge, and experience to verify framework. As a result of regulatory and compliance policies of the banks, questions were requested 14 days in advance to be vetted internally.
Geographic location(s) data collection	Location of banks headquarters determine geographical locations	As a result of the global pandemic, all data collection/verification discussions were conducted virtually (MS Teams/Skype/Zoom)
Data sources reviewed	Secondary data analysis Content analysis and Open coding	Academic literature reviews completed prior to proposed framework development. Integrated Reports analysed completed by institution prior to interviews/verification discussions.
Unit of analysis	The integration of business ethics and organisational strategy: a qualitative study of commercial banks in South Africa	Only locally listed (JSE) banks were included in the study to determine if business ethics is integrated as part of organisational strategy, with relevance of the King IV Report on Corporate Governance

Source: Own Compilation based upon literature

Table 5.3 above provided a high-level summary of the research process of this dissertation. It serves as a snapshot of all considerations and the systematic process followed to ensure quality data collection and analysis.

5.4 STRATEGIES TO ENSURE QUALITY RESEARCH

To reflect and ensure rigor in this qualitative study, four aspects were applied being credibility, transferability, dependability, and confirmability (Johnson *et al.,* 2020:145; Lincoln & Guba, 1986:74). Credibility implies the accuracy with which the view and opinions of participants are captured. Peer debriefing will be applied to ensure that the study is credible. Engaging with participant via email, enabled the transfer of information and the feedback timeframe was scheduled to complete within 21 days after the communication was disseminated (Johnson *et al.*, 2020:145).

Dependability reflects the trustworthiness of the study and the meticulous record keeping, documentation and recording of the research process. AtlasTi as software was used to verify the themes as identified in the proposed framework (Johnson *et al.*, 2020:145). The coding process was not done by hand, limiting human error during the coding process. The data was reviewed twice for each dataset, the first being the baseline (2014/15 IR) compared to the most recent integrated reports (2018/19).

The evidence-based archive of the data collected serves as confirmation. The confirmability in this study, is based on the verification of the constructs within the proposed framework by the participants, and their feedback thereof. In addition, the application of a Two-Proportions Test using the same coded data verified the quality of the data sourced from AtlasTi.

5.5 ETHICAL CONSIDERATIONS

Several ethical considerations were essential in the research process of this study. The researcher is required to consider several ethical practices when conducting research (Arifin, 2018:33; Thomas, 2013:45). These considerations are articulated as informed consent and voluntary participation in the study, confidentiality and anonymity, formal ethics approval from the academic institution, deception or concealment of information, data security and stewardship, consent, contacting participants and taking care of both the researcher and the participant among other

considerations. The researcher circulated a formal communication to all locally controlled banks and requested their voluntary and informed consent to participate in the study. Specific attention was given to the following:

- Researcher-participant relationship: The relationship between the researcher and the participants were kept strictly professional, with no disclosure of any inappropriate or personal information.

- Consent: The objectives of the study were clearly outlined in the consent document and acceptance of participation was received in writing.

- Confidentiality and anonymity: The letter of consent included particular statements of anonymity and confidentiality of all materials and communications. The email to participants were send individually as to ensure that their identity was protected.

- The consent agreement document informed potential participants that the study is voluntary and that they are able to withdraw should it be deemed necessary.

- Data security and stewardship: The data collected is only used for this study and no other purposes. Although the integrated reports are considered public information, any particulars which could be applied to identify participating organisations was excluded during the analysis. The names of all the participating organisations are kept anonymous as the raw data (integrated reports in this instance) was renamed by a numbering process in the coding software. All identifying particulars of the sample group was kept confidential and is excluded in the research report. The files related to the study are kept password protected during the course of the research process and will be destroyed upon receipt of final marks.

5.6 CONCLUSION

This chapter provided an exploratory overview of the selected research methodology. It serves as a precursor and detailed introduction to the next chapter, whereby the research methods are detailed, data is presented, analysed, discussed, and verified.

6 CHAPTER 6: REFLECTION OF THE DATA SETS

Figure 6.1. indicates the constructs of this study as considered and graphically demonstrates the integration of topics within this chapter.

Figure 6.1: Topics and discussion points that constitute Chapter 6 of this study

CHAPTER 6: REFLECTION ON THE DATA SETS	
6.1	**INTRODUCTION**
6.2	**CONSIDERING GROUNDED THEORY ESSENTIALS**
6.3	**PART 1 – PHASE 1: THE LITERATURE REVIEW PROCESS**
6.4	**PART 1 – PHASE 1 & PHASE 2: RESEARCH DESIGN AND METHODOLOGY** 6.4.1 Synopsis of constructs: organisational strategy and business ethics
6.5	**PART 2 – PHASE 3: ANALYSIS OF INTEGRATED REPORTS** 6.5.1 Selection of the research sample 6.5.1.1 Motivation for sample exclusions 6.5.2 Integrated report areas of focus 6.5.3 Categorising the narrative
6.6	**REFLECTIVE INTERPRETATIONS** 6.6.1 The relevance of word frequency 6.6.2 Aesthetic word visualization 6.6.3 Code grouping
6.7	**NETWORK MAPPING** 6.7.1 The lexical-based network map
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6.12	**CONCLUSION**

Source: Own compilation

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6.1 INTRODUCTION

In the preceding chapter, the methodological research approach, rationale and underpinning theoretical approaches were motivated. El Hussein, Kennedy, and Oliver (2017:1201) describe that qualitative grounded theory research is often based on an amalgamation of social processes, whereby a complete literature review serves as a contextual review of the complexity of social processes. Merriam and Grenier (2019:185) stipulates that a qualitative grounded theory study is formed from the data accumulated, thus recognised as 'grounded in the data' gathered. The application of grounded theory allows for the investigation of diverse phenomena, including fields such as business management (Birks *et al.,* 2019:1).

Charmaz and Thornberg (2021:305) state that grounded theory provides a systematic approach to do research. This methodical approach shapes the collection of data and offers particular ways in which to analyse the data, particularly as the researcher's critical focus progresses during the research phases (Charmaz & Thornberg, 2021:305). Thomas (2013:124) further highlights the importance of reflection throughout the data gathering and analysis phases, with consideration given to various elements of research and the appropriateness of these elements in a study.

6.2 CONSIDERING GROUNDED THEORY ESSENTIALS

Cloete (2007:514) echoes the importance of a reflective position during the analysis of qualitative data. Cloete (2007:514) guides scholars by sharing five deliberations to meaningfully contribute to the body of knowledge, by considering the subsequent strategies, which are i) provide a summary of all qualitative data elements forming part of the study; ii) share an explanation of linkages of theories and body of analysis during data analysis; iii) consider the findings and impact of the researchers' position; iv) share an overview of the significance of the structuring and reporting alternatives, the presentation and safeguarding of the data; and lastly v) explain the role of technology used during the data analysis process.

Teräs (2019:213) reflects on the similarities between thematic analysis in qualitative research and grounded theory. The thematic analysis seeks to classify patterns and align themes identified within the data, and the grounded theory provides the

opportunity to better understand the data by means of theoretical explanation (Teräs 2019:213). Ralph, Birks, and Chapman (2015:2) provide a progressive schematic outline of the essential methods during a grounded theory process. The researcher considered the various scholars' reflections on the proposed tools and techniques to arrive at a value contributing study, guided by a systematic process.

Figure 6.2 depicts the proposed essential methods to be applied when considering grounded theory as per various scholars' interpretation.

Figure 6.2: Overview of essential methods to the Grounded Theory

Glaser & Strauss (1967)	**Strauss & Corbin (1990; 1998)**	**Charmaz (2000; 2006)**	**Birks & Mills (2011)**
• Open coding & categorization • Generating theory • Memoing • Data collection & analysis • Constant comparison method • Theoretical sampling • Theoretical sensitivity • Integrating categories & their properties • Delimiting the theory • Grounded theory • Writing theory	• Open coding • Developing theory • Memo writing • Data collection & analysis • Constant comparisons • Theoretical sampling • Theoretical sensitivity • Axial and selective coding • Core category • Theoretical Integration • Generation of grounded theory • Writing theory	• Initial coding & data categorization • Writing memos • Concurrent data gathering & analysis • Constant comparative method • Theoretical sampling • Theoretical sensitivity • Focused & axial coding • Identifying core categories • Theoretical coding • Theorizing	• Initial coding & data categorization • Concurrent data generation /collection & analysis • Writing memos • Theoretical sampling • Theoretical sensitivity • Constant comparative analysis • Intermediate coding • Identifying a core category • Advanced coding & theoretical integration • Generation of grounded theory

Source: Ralph, Birks, and Chapman, 2015:2

The proposed essential methods in Figure 6.2 provides guidance as to considerations to the researcher to be applied during the research process, coding of the data sets and the comparative analysis of the data. Teräs (2019:213) suggests that the systematic grounded theory procedures of methodology provide navigational direction to the researcher to understand the data, create the system and networks resulting in a theoretical explanation of the process. Within the systematic approach to confirm the purpose of the grounded theory, an analysis of the comparative data set through application of discursive practices confirmed the terminology and words which constitutes the two key constructs, being organisational strategy, from a strategy-as-practice perspective and business ethics.

Considering the recommended reflections by scholars Charmaz and Thornberg (2021:305) the researcher applied a systematic research approach. Consideration was given to the recommendations of scholars Thomas (2013:124) and Cloete (2019:514) to enhance overall transparency of the research methodology in pursuit of

answering the research questions.

The systematic research process illustrated in Figure 6.3 serves as an overview of the methodology followed during this study. The systematic research process, originated within part one of the study, being the literature reviews followed by phase two, which was the development of a propositional framework. Part two of the study, consists of the narrative analysis, including the coding of the narrative (phase 3) and interviews conducted, including coding of interview responses to ensure thorough consideration of all data (phase 4).

Figure 6.3 Overview of systematic research conducted.
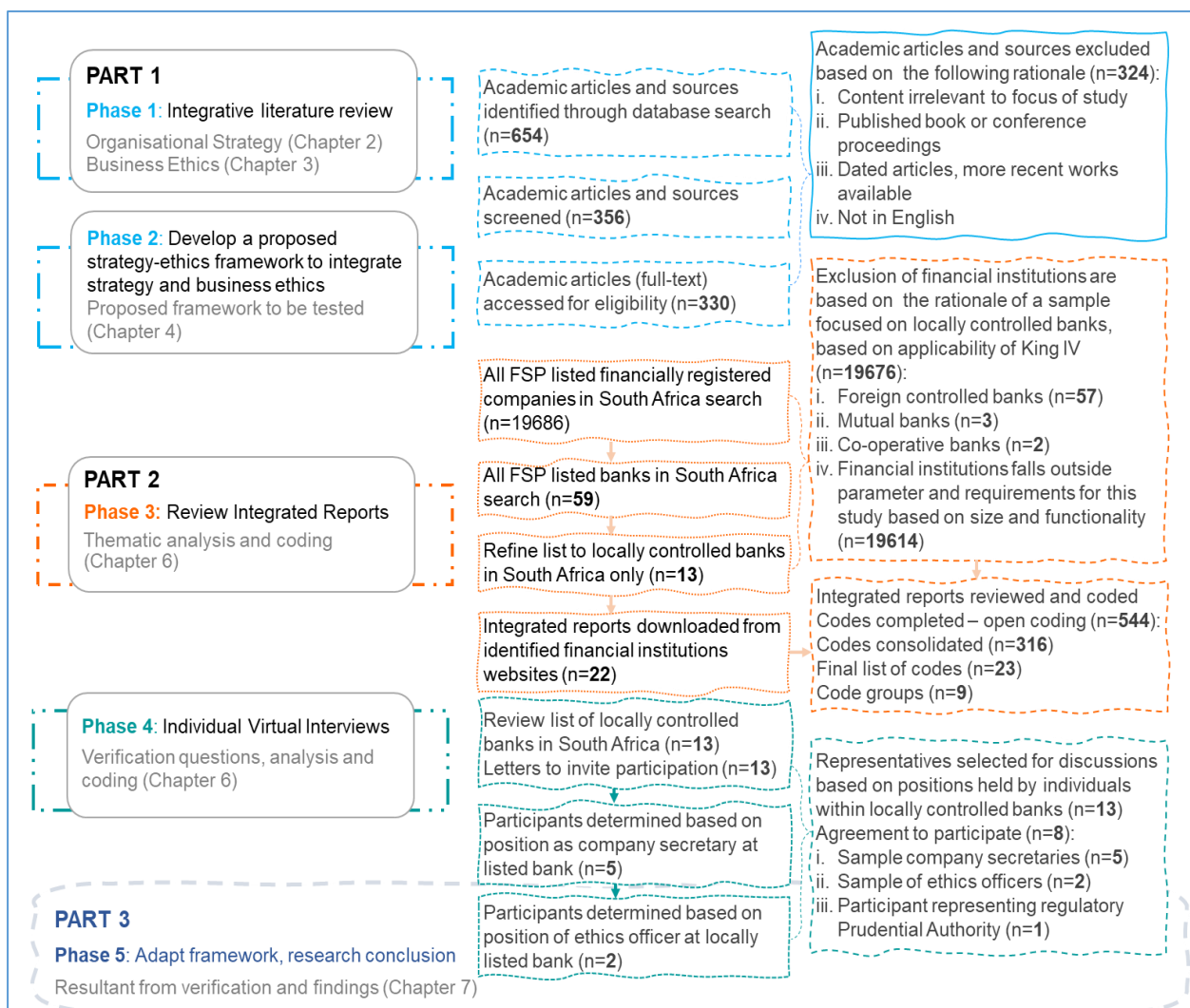
Source: Own compilation

In part one of the study, an extensive desktop research was conducted. Access to an online library provided admission to a multitude of virtual databases. The virtual

journals and resources accessed on up-za, included availability of 384 worldwide databases. Of these databases, a search was conducted to determine relevant business management, business sciences, social science, business ethics, corporate governance, and strategic management related journals. The academic journals served as an initial screening platform for relevant peer-reviewed articles to determine scholarly works and study findings related to the integration of organisational strategy and business ethics.

Table 6.1. reflects resources accessed by the researcher, with the word search function, the title of the e-journal or e-magazine and the international standard serial number.

Table 6.1: Resource lists assessed by researcher to conduct the literature review – Academic Journals or Magazines

Search words	Resource Title	Type of Resource	The International Standard Serial Number
Search Business Management / management science	Business Management / Biznes Upravlenie	eJournal, eMagazine	ISSN: 0861-6604
	Business Management Analysis Journal	eJournal, eMagazine	ISSN: 2623-0690
	Business management review	eJournal, eMagazine	ISSN: 0856-2253
	Business Management Dynamics	eJournal, eMagazine	
	Management Science	eJournal, eMagazine	ISSN: 0025-1909
Search Business Ethics Quarterly	Business Ethics Quarterly	eJournal, eMagazine	ISSN: 1052-150X
	Business Ethics, the Environment and Responsibility	eJournal, eMagazine	ISSN: 2694-6416
	Business Ethics: A European Review	eJournal, eMagazine	ISSN: 0962-8770
Strategy	Strategy	eJournal, eMagazine	ISSN: 1187-4309
	Strategy and Leadership	eJournal, eMagazine	ISSN: 1087-8572
	Strategic Management	eJournal, eMagazine	ISSN: 1821-3448
	Strategic Management Journal	eJournal, eMagazine	ISSN: 0143-2095
Ethics	Ethics	eJournal, eMagazine	ISSN: 0014-1704
	Ethics and Behavior	eJournal, eMagazine	ISSN: 1050-8422
	Ethics and Human Research	eJournal, eMagazine	ISSN: 2578-2355
	Ethics and International Affairs	eJournal, eMagazine	ISSN: 0892-6794
Search Corporate Governance	Corporate Governance	eJournal, eMagazine	ISSN: 1472-0701
	Corporate Governance Advisor	eJournal, eMagazine	ISSN: 1067-6163
	Corporate Governance eJournal	eJournal, eMagazine	ISSN: 1836-1110
	Corporate Governance Law Review	eJournal, eMagazine	ISSN: 1449-9029
	Corporate Governance: An International Review	eJournal, eMagazine	ISSN: 0964-8410
Search Financial Management	Financial Management	eJournal, eMagazine	ISSN: 0046-3892
	Financial Management	eJournal, eMagazine	ISSN: 1471-9185

Source: Own compilation

The search for relevant scholarly contributions included the list of journals as outlined above, however, additional, but not limited resources also included International Journal of Management Reviews, International Journal of Sustainable Strategic Management; Research Journal of Business Management; Journal of Cleaner Production; International Journal of Business and Social Research; Journal of Business Strategy; Journal of Management and Governance; Accounting, Auditing and Accountability Journal; International Journal of Learning and Change; Management Science; Business Strategy and the Environment; International Journal of Financial Services Management; SA Journal of Industrial Psychology; The Leadership Quarterly and Academy of Management Perspectives and Strategy Science.

6.3 PART 1 – Phase 1: The literature review process

This study applied both exploratory and descriptive principles to investigate if business ethics is integrated in the organisational strategies of South African commercial banks. The literature review offered in chapters two - organisational strategy - and three considering business ethics is followed in chapter four by a proposed framework. These three chapters reiterated the intent of this study to meaningfully contribute to the body of knowledge based on elements of the grounded theory paradigm, rather than an overview or review of existing academic contribution.

6.4 PART 1 – Phase 1 & Phase 2: Research design and methodology

The first phase of the research served as the opportunity to evaluate existing theories underpinning organisational strategy and business ethics. During the literature review and data collection phases of the study, theoretical sensitivity formed part of the underlying knowledge sifting process. Hussein *et al.*, (2017:1203) explain the concept of theoretical sensitivity as the manner by which a scholar manipulates gathered information to best explain the data in an attempt to reflect reality. Throughout the data analysis process, the use of professional experience and existing knowledge enabled the researcher to critically consider the collected data available within the sourced peer-reviewed academic articles, published e-magazines and e-books. The researcher followed an integrative approach whereby relevant data was summarised and analysed, with continuous consideration of the research questions (Noble &

Smith, 2018:42). An integrative literature review and systematic research process provided the methodological foundation for the research process (Snyder, 2019:335).

A total of 544 articles were marked for review as potential value resources during the initial desktop search activity. In total of the 544 scanned academic articles, 336 were selected for closer review based on appropriateness and relevance of the content. Furthermore, this dissertation referenced 128 articles, excluding books and additionally reviewed publications which formed part of the arguments, theory explanations, understanding of constructs and building on the researchers' approach to reflect on the integration of organisational strategy and business ethics.

6.4.1 Synopsis of constructs: Organisational strategy and business ethics

As part of the research process, it is necessary to offer a summative overview of the two key constructs and supporting themes of relevance. The two key constructs, being organisational strategy and business ethics was investigated during the literature review. Within organisational strategy, a strategy-as-practice perspective provided the foundational approach for the theoretical integration of business ethics. Furthermore, the literature review, brought forward that a value-based approach (business ethics) included social and economic elements to inform organisational strategy (Abdallah *et al.,* 2017:335). An important finding from theory is that the result of a value-based approach in strategy-as-practice directly impacts on organisational sustainability (Rahman *et al.,* 2014:20). The integration of organisational strategy and business ethics within this dissertation, therefore, considers a strategy-as-practice perspective when reflecting on the construct of organisational strategy. A strategy-as-practice reflection in business ethics therefore results in a value-based approach, by practitioners, who are the doers of strategy, organisational practices internal and external to the organisation and the praxis. The strategy-as-practice lens of this study aligns with the foundational elements of business ethics as a construct, being social norms, values, rules, identities, beliefs, symbols, discourses, roles, principles, and morals (Burgelman *et al.,* 2018:12; Carter & Whittle, 2018:2)

A high-level overview of organisational strategy and business ethics, and relevant referenced resources are reflected in table format for ease of reference.

Table 6.4.1. provides an illustrated overview of strategy-as-practice, organisational strategy, business ethics and organisational sustainability. The purpose of this illustration is to provide an overview of the interrelationships and linkages of the core constructs.

Table 6.4.1 Reflection of key constructs identified during literature review.

Focus	Determine the integration of organisational strategy and business ethics		
Concepts / constructs	**Definition**	**Linkage**	**Resource**
Organisational Strategy	Purpose of strategy serves as a declaration of organisational values	Strategy, strategic management, hierarchy of statements, strategic drivers for sustainability "Strategy is what people do"	Hautz, Seidl, & Whittington, 2017:2; Jarzabkowski & Spee, 2009:71
Strategy-as-practice	The composition of strategy-as-practice consists of numerous elements including social norms, values, rules, identities, beliefs, symbols, discourses, roles, principles, and morals	The strategy-as-practice theory concentrates on strategic actors, what these actors essentially do and the actions they apply when developing strategy	Carter & Whittle, 2018:2; Burgelman, Floyd, Laamanen, Mantere, Vaara & Whittington, 2018:12
Corporate Governance	Corporate governance includes all aspects, internal and external to a business, focused on a holistic integration of the interests of both management and shareholders	Corporate Governance and ethics underpin value-based relationships with all stakeholders. Principles include accountability, transparency, responsibility, fairness, and independence	Choudhury & Petrin, 2018:384 Macaulay & Arjoon, 2013:566 Naimah, 2017:1
King Report on Corporate Governance	Serves as a standard and guides the accountability of companies and their directors and assigns to the governing body the responsibility to ensure ethical cultures are moulded within organisations beyond a mere compliance-based approach	Corporate governance is the exercise of ethical and effective leadership by the governing body towards the achievement of the following governance outcomes: ethical culture, good performance, effective control, and legitimacy	De Villiers, Unerman & Rinaldi, 2014:6 IODSA, 2016 www.iodsa.co.za
Business Ethics	"What is good that guides the business and its interaction with others"	Level of trust is reflected within organisational culture; ethical behaviour of an organisation serves as a cornerstone of trust	Rossouw and Van Vuuren, 2013:5; Audi *et al.,* 2016:560; McMurrian & Matulich, 2016:87; Choudhury & Petrin, 2018:414
Organisational Sustainability	Organisational sustainability strategies focus on mitigating a balance of the social, environmental, and economic requirements instilled by both the organisation and society	Considerations given to ethics, values and sustainable development is needed within an organisation	Thakhathi, le Roux and Davis, 2019:261

Source: Own compilation

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Upon completion of the literature review, the two key constructs were integrated to develop a proposed framework (phase two) from the theories identified during the literature review. The third phase focuses on a comparative narrative analysis, followed by phase four which provides an overview of virtually conducted interviews of pre-identified representatives from financial institutions. The dissertation concludes with part three reflected as phase five whereby the proposed framework for the integration of organisational strategy and business ethics is updated to reflect findings subsequently covered in this chapter.

6.5   PART 2 - Phase 3: Analysis of integrated reports

The study aimed to understand to what extend organisational strategy and business ethics are integrated in commercial banks in South Africa, given recent financial sector failures within this context, such as VBS Bank (Holtzblatt, *et al.,* 2019:48; Young, 2019:111). The selection of the industry as motivated earlier in the study, stems from the impact brought about by recorded failures as a result of unethical or unprincipled business practices within the financial sector, and the direct and indirect impact brought upon society (Duffie, 2018:4838; Gilbert, *et al.*, 2009:47; Kock *et al.,* 2002:83).

6.5.1 Selection of the research sample

South Africa, as part of the global financial system hosts ten locally controlled banks, seven foreign controlled banks, three mutual banks and two co-operative banks. The sample selection process for the research started by means of a desktop review of locally controlled banks in South Africa, considering publicly available data posted on Wikipedia as a starting point. To ensure legitimacy, accuracy, and to verify the validity of Wikipedia as a resource, a second step was taken, and a comparative desktop review was conducted of the South African Reserve Bank listings, with the latter serving as the Prudential Authority. Within the South African context, the Prudential Authority serves as an established, independent regulatory body, for all locally controlled listed banks (Chitimira & Ncube, 2020:10).

The motivation for selecting locally controlled banks as the sample group for the study, was partially based on the unique regulatory environment, and foremost motivated by the mandatory listing requirements as set out in King IV Report on Corporate

Governance, applicable to listed entities within South Africa. The King IV Report on Corporate Governance focuses extensively on the institutionalisation of business ethics and corporate citizenship of companies, whereby business ethics is a required foundation for institutions. King IV stipulates the requirements within its principles to institutions to be accountable in all their business conduct (IODSA, 2018).

Table 6.5.1 provides the process followed during the determination of the sample selection, and which financial institutions qualify to be included within the study. The selection of process of potential banks to be researched included the following:

Table 6.5.1: Overview of locally controlled commercial banks in South Africa

PRUDENTIAL AUTHORITY: LIST OF COMMERCIAL BANKS IN SOUTH AFRICA
ABSA GROUP LIMITED
AFRICAN BANK LIMITED
BIDVEST BANK LIMITED
CAPITEC BANK LIMITED
DISCOVERY BANK LIMITED
FIRSTRAND BANK LIMITED / FIRST NATIONAL BANK LIMITED FIRSTRAND BANK LIMITED – A SUBSIDIARY OF FIRSTRAND LIMITED
GRINDROD BANK LIMITED
INVESTEC BANK LIMITED
NEDBANK LIMITED
IMPERIAL BANK SOUTH AFRICA
SASFIN BANK LIMITED
THE STANDARD BANK OF SOUTH AFRICA LIMITED
TYME BANK LIMITED
UBANK LIMITED
SOURCES: SA RESERVE BANK WEBSITE HTTPS://WWW.RESBANK.CO.ZA/PRUDENTIALAUTHORITY/DEPOSIT-TAKERS/BANKS/PAGES/SOUTH-AFRICAN-REGISTERED-BANKS-AND-REPRESENTATIVE-OFFICES.ASPX (ACCESSED 16 APRIL 2020)

Source: Adapted from Makrelov, Bell & Morule, 2021:8

The list of identified financial institutions was sourced as a start from non-academic

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origin. To ensure validity of the listing and legitimacy of the web-based information, additional modes of verification were applied to. In addition to the locally controlled listing as published by the South African Reserve Bank, the researcher also reviewed the status of each of the entities on the JSE listing to confirm legitimacy of the financial institutions' status. This systematic process of verification ensures that the selected sample data which is reviewed is based on legal requirements (JSE listing requirements) and the applicability within the regulatory environment (South African Reserve Bank Regulations – Prudential Authority) and the relevant King IV principles. The listings as per Table 6.5.1. served as the first step in the systematic research process to identify the list of qualifying financial institutions. As a final step to verify the listings, an academic paper published by Makrelov, *et al.,* (2021:8) was reviewed. The listed banks respective websites were reviewed, and necessary integrated reports were accessed and downloaded. Downloading each of the banks' integrated reports was necessary to determine if a set of comparative documents were available. The integrated reports were retrieved from the various financial institutions' websites which are publicly accessible.

The publications included were selected by means of a two-part process, first a review of 2015/2016 published documents (serving as a baseline data set), compared to the same institutions 2019/20 (current) integrated reports. A total of ten baseline and ten current integrated reports were analysed. The impetus for not using all integrated reports as part of the study is explained subsequently.

Based on the data, three financial institutions have only been in existence for, or less than four years (since 2017), and was excluded as part of the review process to maintain the integrity of the comparativeness of the data sets. Eccles and Saltzman (2011:58), state that integrated reports are an effective communications channel to stakeholders and shareholders on the strategic imperatives and progress of an organisation. The importance to review the narrative of the integrated reports therefore assisted to determine what the strategic imperatives of the communications are.

A final list of the banks included as part of the research is presented in the subsequent section. The column indicating "yes", confirms the inclusion in this study and where "no" is indicated, a brief explanation for exclusion is provided within the notes column.

First National Bank is a subsidiary of FirstRand Bank Limited and will therefore not be treated as a separate entity. Imperial Bank South Africa is a subsidiary of Nedbank Limited, and the integrated report data of Imperial Bank is incorporated within the Nedbank Limited reporting.

Table 6.5.2 provides the final lists of the banks included as part of the research sample, based on the qualifying parameters of this study.

Table 6.5.2: Final list of locally controlled banks which formed part of this study

Locally controlled banks	2015/16	2019/20	Yes/No	Notes
Absa Group Limited	2015	2019	Yes	Barclays - changed names
African Bank Limited	2015	2019	Yes	
Bidvest Bank Limited	2015	2020	Yes	
Capitec Bank Limited	2015	2020	Yes	
First National Bank	2016	2020	Yes	A subsidiary of First Rand Bank Limited
FirstRand Bank	N/a	N/a	Yes	
Grindrod Bank Limited	2016	2019	Yes	
Imperial Bank South Africa	N/a	N/a	Yes	A subsidiary of Nedbank since 2009
Investec Bank Limited	2016	2020	Yes	
Nedbank Limited	2016	2019	Yes	
Sasfin Bank Limited	2016	2020	Yes	
Standard Bank of South Africa	2016	2020	Yes	
Discovery Bank Limited	None	2020	No	No baseline data set
TymeBank	None	2020	No	No baseline data set/Africa Rainbow Capital
Ubank Limited	None	2019	No	No baseline data set

Source: Own compilation

Three banks were excluded from the narrative analysis, being Discovery Bank Limited, TymeBank and Ubank Limited. The reason for exclusion is based upon the availability of the baseline integrated reports, as these three banks were established within the timeframe between 2016 and 2019.

6.5.1.1 Motivation for sample exclusions

The final sample of the selected financial institutions for the study was therefore based on the period that the institutions has been economically active. Three financial institutions were excluded from the sample as they were established within the past

three years, and no reasonably comparative data set based on King IV requirements would be possible. An additional two financial institutions were also excluded, based on the institutions being incorporated under the umbrella of holding companies or larger financial entities. These exclusions left the sample set for the integrated report analysis to a total of ten baseline reports and ten current reports which were analysed.

6.5.2 Integrated report areas of focus

All the selected integrated reports serving as data set documents, key focus areas reviewed aligned to most (or some) of the index divisions included below, as follows:
Introduction

- Charmain's message
- Managing Director / Chief Executive Director's Report
- Integrated operational overview

Organisational profile

- Key performance indicators / operational overview
- Our People / Human Capital

Board committee reports

- Risk, capital management and compliance
- Governance Outcomes / Report
- Social, ethics and transformation committee
- Director's affairs and governance committee

Delivering the strategy and the value drivers

- Strategy / Strategic Objectives
- Corporate Social Investment / Responsible Corporate Citizenship
- Stakeholder Engagement
- Leadership.

The relevant index sections served as an integral part of the narrative presented by leadership to its stakeholders. The anecdote within these sections, explains how effectively strategy is developed and business success achieved to ensure continued support from stakeholders and shareholders.

6.5.3 Categorising the narrative.

Suddaby (2006:636) built upon Glaser and Strauss (1967) grounded theory principle, stated that the aim of grounded theory is to actively interpret reality and discover theory from the data and part of the comparative model is the assessment of vital constructs. Content analysis and word counting may be used as techniques during a grounded theory study (Suddaby, 2006:636). The assignment of a code may be based on a particular word, sentence, section, or graphic section of qualitative data (Lochmiller, 2020:2031). Lochmiller (2021:2031) defines a code as an expression, brief phrasing that figuratively provides a collective, relevant, principle focused for a section of semantic-based or graphic data. Cloete (2019:516) explains that codes reflect specific meaning, or serves as label during data collection, and that this data is then organised and/or clustered in portions of content to develop specific themes.

To ensure a systematic process is followed whilst effectively managing the data, the researcher opted to use a computer assisted qualitative data analysis software (Friese, 2016:34). Friese, Soratto and Pires (2018:12) motivate that the application of AtlasTi is well suited for grounded theory studies. Friese *et al.,* (2018:12) clarifies that AtlasTi is an abbreviation for "Archive for Technology, the Life World and Everyday Language, with the extension Ti as text interpretation."

The selected sample of integrated reports were added to the database by means of a non-disclosing documentation process, to ensure that no distinguishable information reflects actions, activities or implicate a specific financial institution. The application of AtlasTi v9.0 as qualitative research software, simplified the documentation, sorting of baseline and current data sets, eased the narrative analysis, coding, network compilation, and allowed subsequent reporting. The thematic analysis provided a reflective interpretation of the extend communications to stakeholders affirms the integration of organisational strategy and business ethics within locally controlled commercial banks.

6.6   REFLECTIVE INTERPRETATIONS

Considering the application of the grounded theory and interpretation of the data by Suddaby (2006:238) the aim served to interpret the intricacies of reporting by

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leadership to all organisational stakeholders by means of the integrated reports.

Figure 6.6. reflects the total number of quotations of each comparative data set. The reflection of the two data sets reveals the number of applicable quotations per financial institution's report, marked as relevant using AtlasTi.

Figure 6.6: Comparative data set based on number of quotations.
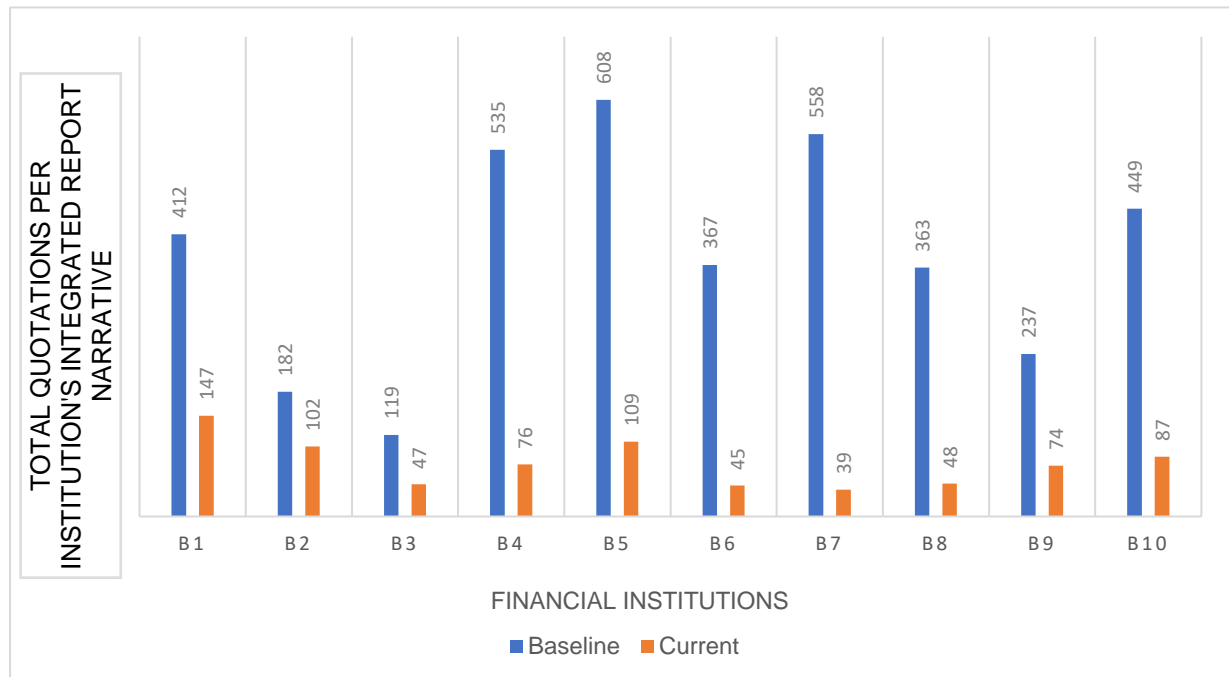
The original quantity of quotations represents the number of times references are documented. The quotations reflect either business ethics and organisational strategy and associated narrative within the integrated reports of commercial banks in South Africa. It is noteworthy to mention that the baseline data set reflects a higher number of relevance in quotations compared to the current integrated reports. The review of the data started with an overview of the most frequently used words, and a representation of the words as part of the systematic research process.

6.6.1 The relevance of word frequency

A visual summation of the comprehensive word list provides prevalence to word frequency, and the significance of the identified words (Wang, Zhao, Guo, North, & Ramakrishnan, 2020:151). Smit and Scherman (2021:2) motivate the use of AtlasTi

as a practical application to conduct word frequency counts and present word cloud from data sources. The frequency of words is easily determined by using AtlasTi mitigating human error as much as possible. The data was exported from AtlasTi into excel worksheets, whereby filters were applied to enable data sorting. Based on the complexity of the data, a total of 544 words were marked as part of the data set, and only the most frequently used words prior to open coding and grouping are reflected.

Table 6.6.1. provides a calculative comparison of the frequency count of specific words within the data sets.

Table 6.6.1: Calculative comparison between key constructs based on word frequency.

Construct/Themes	Word/code	Frequency
Organisational Strategy	Business processes, policies, or systems	72
	Compliance	135
	Corporate values	70
	Environmental factors	56
	Leadership	79
	Long-term returns	63
	Organisational capitals	64
	Organisational values	64
	Performance	53
	Risk Management	132
	Risks	52
	Stakeholder Engagement	82
	Strategy	244
	Sustainability	141
	Value for stakeholders	55
	Value proposition	106
	Total frequency score organisational strategy	**1478**
Business Ethics	Accountability	87
	Business conduct	81
	Corporate Citizenship	52
	Corporate Governance	144
	Effective/Good Corporate Governance	84
	Effectively managing risks	92
	Environmental Impact	57
	Environmental, Social, Governance (ESG)	52
	Ethical behaviour	68
	Ethics	54
	Integrity	55
	King IV	73
	Organisational culture	72
	Regulatory requirements	141
	Responsibility	110
	Social impact	55
	Transparency	89
	Trust	69
	Value-based	50
	Total frequency score business ethics	**1485**

Source: AtlasTI data - Own compilation

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The comparison in Table 6.6.1 is based on the frequency of construct related words, indicate that business ethics reigns as the 35 most used words with a lead of 7 more frequently used words than organisational strategy. It is, however, not significant nor a complete score of all the words within each construct but serves as a high-level reflection on the importance of the narrative.

Figure 6.6.1.1 unveils the words with a frequency base of 50 as a start, up to 244 times counted in narratives of financial institutions' leadership to its stakeholders.

Figure 6.6.1.1: Frequency of codes, used more than 49 times, and up to 244 times in the data

Word (codes) Frequency

Word	Frequency
Value-based	50
Environmental, Social, Governance (ESG)	52
Corporate Citizenship	52
Performance	53
Ethics	54
Value for stakeholders	55
Social impact	55
Integrity	55
Environmetal factors	56
Environmental Impact	57
Risks	62
Long-term returns	63
Organisational values	64
Organisational capitals	64
Ethical behaviour	68
Trust	69
Corporate values	70
Organisational culture	72
Business processes, policies or systems	72
King IV	73
Leadership	79
Business conduct	81
Stakeholder Engagement	82
Effective/Good Corporate Governance	84
Accountability	87
Transparency	89
Effectively managing risks	92
Value proposition	106
Responsibility	110
Risk Management	132
Compliance	135
Sustainability	141
Regulatory requirements	141
Corporate Governance	144
Strategy	244

Number of times word were used within complete data sets

Frequency   Linear (Frequency)

Source: Own Compilation from data set as retrieved by AtlasTi

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The figure presented above offers a summary of the frequency of specific words being strategy and business ethics, as well as key supporting constructs compared to the strength of the themes as generated from AtlasTi. The data is based on the codes of integrated reports, both baseline document set (2015/2016) and the current dataset (2019/2020). Significant to mention that the word strategy is mentioned a hundred times more than corporate governance, indicating the focus in the communications to stakeholders remains on strategy.

Figure 6.6.1.2. serves as a summary of the grouped themes, whereby each theme strength was measured based on the construct.

Figure 6.6.1.2: Construct frequency compared to strength of themes.

Construct Frequency reflecting theme strength
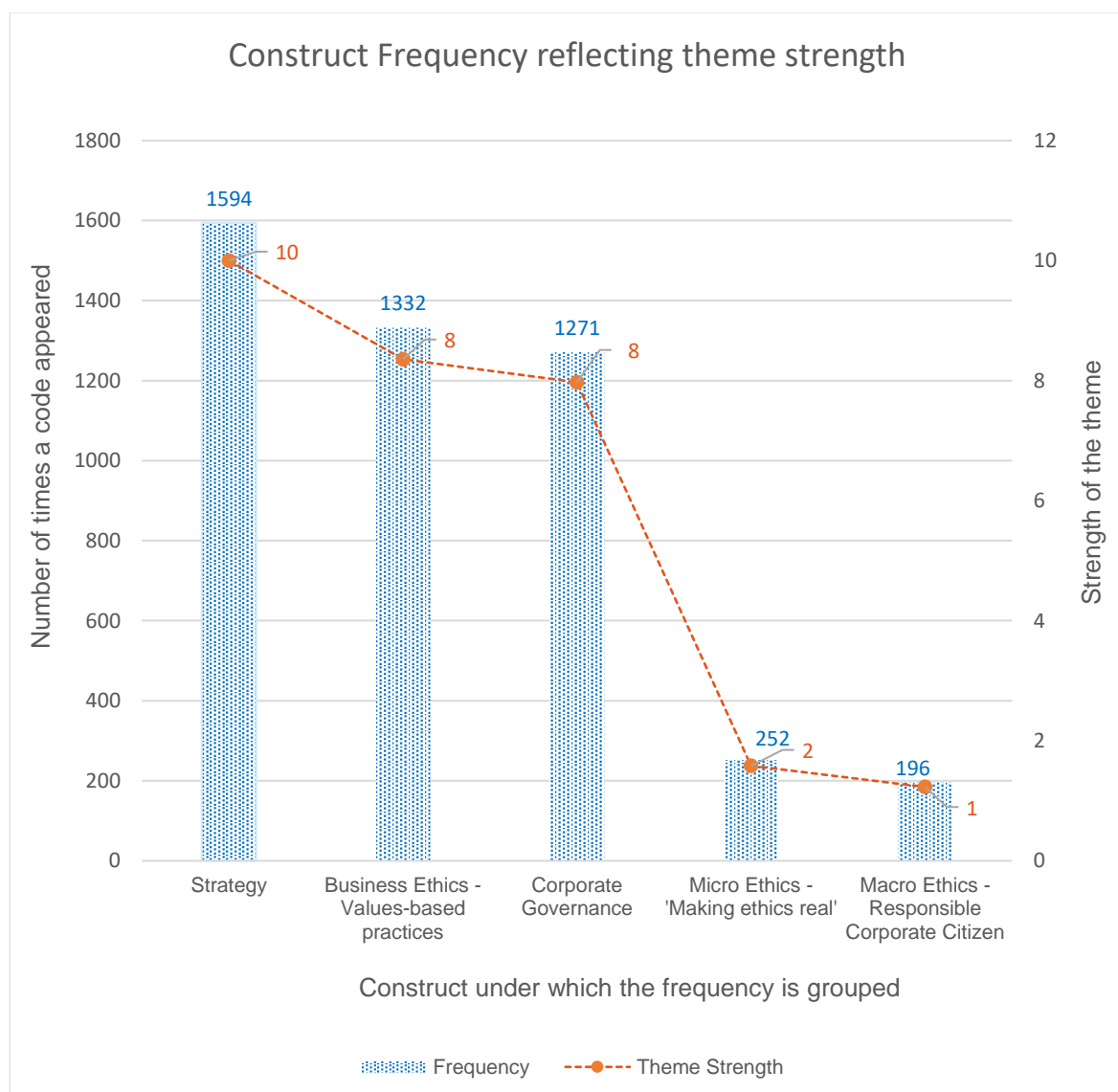
Source: Compiled from AtlastTi data

The strength of each construct compared to word frequency as detailed in Figure 6.6.1.2. suggests that the narrative from the selected quotations (data sets) is more focused on business ethics. Considering that business ethics, micro and macro ethics are grouped as part of the same construct, compares favourably with organisational strategy. Strategy as a standalone theme reflects a score of ten on the theme strength, this comparison is in alignment with business ethics. Scholars Patterson and McEachern (2018:490) stated that for a financial institution to be considered as an ethical organisation, honesty, customer service, culture and real economic elements are required. References to relevant words formed part of the quotations which contributed to codes subsequently building towards the constructs on business ethics.

6.6.2 Aesthetic word visualisation

The requirement for instruments to ease the interpretation and presentation of data continues to grow, therefore driving the development of programmatic frameworks to represent this data (Yang *et al.,* 2020:982). Word clouds are increasingly being applied in informal and academic research, serving as an effective reflection of word propagation in documents or compilation (Dörk & Knight, 2015:83). Yang *et al.,* (2020:982) prompts the researcher to ensure considerations are given to the quality of a generated word visualisation whereby the semantic meaning of the data needs to be produced accurately.

The purpose of using word clouds, aims at summarising a comprehensive list of codes in a succinct and precise manner (Wang *et al.,* 2020:151). The list of codes from the integrated reports requires an effective and precise reflection to be generated, to ensure validity in the interpretive analysis thereof. The use of a word cloud generator serves as a useful supplementary instrument to analyse data sets. Even though it does not offer a precise comparison of primary information, it provides a synopsis of the more complex topic (Seyfert & Viola, 2017:1).

The researcher selected using Wordle among other word cloud instruments as an automatic analysis for word occurrence (Seyfert & Viola, 2017:1). Wang, Chu, Bao, Zhu, Deussen, Chen, and Sedlmair (2017:647) motivates Wordle as an involved and popular tool which allows for aesthetically pleasing images. Wang *et al.,* (2017:647) furthers that Wordle as a word cloud instrument does not offer an accurate

representation of underlying data. To test the validity of representation of the underlying data argument by Wang *et al.,* (2017:647) four independent word cloud virtual creators were conducted for the study, using the exact same word list for each analysis, as generated from the quotations in AtlasTi.

Figure 6.6.2.1 provides the first of the aesthetic visualisation of the list of words as retrieved from AtlasTi, created a word cloud by using Wordle as the generator tool.

Figure 6.6.2.1: Word cloud created in Wordle

Source: EdWordle; Wang, Chu, Bao, Zhu, Deussen, Chen and Seldmai, 2017:647

Figure 6.6.2.1. the prominence of the words ethics, corporate, culture, risk, policy, strategy, and governance appear stronger than strategic, management, social, conduct and performance. This implies that the focus is stronger on ethics that strategy.

Figure Figure 6.6.2.2. represents the word cloud created from the exact same word list as retrieved from AtlasTi, using WordItOut as the generating tool.

Figure 6.6.2.2: WorditOut word cloud created from AtlasTi data set

Source: https://worditout.com/word-cloud/create

Figure 6.6.2.2. places the emphasis on ethics, governance, corporate and social. The prominence given to words such as ethics, governance, corporate and culture is similar to Figure 6.6.2.1, using Wordle compared to Worditout.

Figure represents the word cloud created from the exact same word list as retrieved from AtlasTi, using free word cloud generator as the visual producing tool.

Figure 6.6.2.3: Word cloud created from freewordcloudgenerator – AtlasTi data set.

Source: https://www.freewordcloudgenerator.com/

The proposed word cloud above articulates ethics and culture as the most prominent

words, followed by conduct, ethical, governance, risk, corporate and strategy. It is therefore possible to consider that ethics and organisational culture is dominating the narrative and a predominant focus within the data.

Figure 6.6.2.4 articulates ethics, culture, corporate, strategy, responsible, risk social, governance, and policy as the highest-ranking words.

Figure 6.6.2.4: EdWordle word cloud created from AtlasTi data set

Source: http://www.edwordle.net/create.html

The use of EdWordle provided a similar processing and style as Ewordle to generate the word cloud. The focus remains on ethics as the most prominent communicated narrative, followed by culture, corporate, governance, strategy, policy, responsible, social and risk. By comparison, both Ewordle and EdWordle generated word clouds focuses on ethics and culture as the two most important areas of focus within the narrative.

Considering a publication by Wang *et al.,* (2017:647) the validity of the underlying data when utilising word cloud generating tools needs to be closely investigated. There is an indication that the depth of the data may be more complex than what is presented in word cloud generated by the various instruments (Wang *et al.,* 2017:647). A similar trajectory was conducted using AtlasTi, selecting only the code groups to generate a word cloud and the result thereof offers additional opportunity for interpretation and

discussion of the data.

Figure 6.6.2.5 provides an alternative perspective to the general narrative without considering the coded words of the entire integrated report dataset.

Figure 6.6.2.5: Word cloud created from all the data in AtlasTi

Source: Generated in AtlasTi

The figure above reflects the narrative, not considering any quotations or codes to create a word cloud in AtlastTi. From this perspective, risk and value is raised in prominence and mentionable consideration is given to business and management. The word cloud imitates the importance of risk, management, value, and business. Key words, particularly referring to strategy and governance albeit featured, is not as prominent as any of the other word cloud editions. The validity of this reflection is not questioned, whereby the words with high frequency within this word cloud representation is based on the entire narrative of the integrated reports and not just selected from the highlighted quotations.

It is of interest to note that ethics does not feature as a prominently used word within the narrative of the datasets. Furthermore, strategy does earn a place of visible importance, as does board of directors, employees, executives, and governance.

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Considering the impact of regulatory requirements within the financial sector, it is possible to deduct from this word cloud that liabilities, equity, conduct, compliance, and culture plays an important role within the organisational area of focus.

The outcome of the AtlasTi generated word cloud reflects a different perspective, validating the argument by Wang *et al.,* (2017:647) related to underlying data not considered in an analogous manner in the preceding word clouds as part of this dissertation. The purpose of this study, however, is not to argue the validity of the virtual conversion of the data, but rather to understand the degree to which business ethics is integrated (or not) within organisational strategy reflecting on the sample of financial institutions included in this research. Subsequently, the code cloud reflects only the constructs as it relates to the theme of the code when generated in AtlasTi.

Figure 6.6.2.6 signifies the code cloud from AtlasTi whereby the key themes of organisational strategy as coded within integrated reports are reflected.

Figure 6.6.2.6: Code cloud of organisational strategy and competitive advantage

Source: Compiled from data set from AtlasTi

Based on the integrated reports narrative, the codes within AtlasTi consist of corporate governance as a core part of organisational strategy, emphasises the forming of a long-term strategy, strategy-as-practice, and value-based practices to build a sustainable organisation. Corporate values and trust underscore the ethics management function (micro-ethics) of an organisation.

Figure 6.6.2.7 signifies the code cloud from AtlasTi whereby the key themes of business ethics or value-based practices were coded within integrated reports and

reflected.

Figure 6.6.2.7: Reflects the code cloud created for business ethics / value-based practices.

Source: generated from data set (codes) in AtlasTi

Based on the integrated reports narrative, the codes as generated from AtlasTi reflects the importance of value-based principles as a key area of focus in the narrative, strategy-as-practice, long-term strategy, and trust are also reflected as important to achieve organisational sustainability. Considering this narrative reflection, the importance of the integration of the two key constructs, organisational strategy and business ethics is strong. The themes arising from the code cloud compares constructively to the proposed theoretical framework for the integration of organisational strategy and business ethics.

6.6.3 Code grouping

Nelson (2020:7) states that during a process of inductive analysis of data, the purpose to determine the meaning of data may be conducted using best practice content analysis by means of computer-assisted tools. Pattern recognition and enhancement is proposed by Nelson (2020:9) whereby the data sources are coded with the use of computational tools. A systematic process to group open codes was followed, the first entailed the consolidation of the codes after all spelling errors and incorrect codes were removed. The next step resulted in the merging of codes, to determine themes arising from the narrative. Consequently, the codes were then categorised by naming a code group based on the representative constructs, focusing on organisational

strategy and business ethics, with a final outcome of 23 codes constructed from the narrative within the data sets and colour coded for ease of identification. The coding completed in AtlasTi is presented in Figure .

Figure 6.6.3.1 reflects the 23 subcodes, and relevant code groups which was created to signify the various constructs and whereby the thematic focus of the narrative was identified.

Figure 6.6.3.1: Summary of all codes and code groups

Codes	Grounded	Code Groups
● Long-term strategy Strategy-as-practice = 341 Dynamic forces = 138 Stakeholder inclusiveness = 75	284	● Organisational Strategy Making Strategy-as-practice: Analyse Complexity/Dynamic Forces/Environmental Factors ● Corporate Governance Corporate Governance: Regulatory Environment Corporate Governance: Ethical Organisational Culture ● Organisational Sustainability ● Business Ethics: Values-based practices Business Ethics: Macro Ethics - Responsible Corporate Citizen
● Business ethics / value-based practices Trust = 262 Quality = 142 Value-based = 87	487	● Organisational Strategy Making Strategy-as-practice: Organisational Aptitude ● Corporate Governance Corporate Governance: Ethical Organisational Culture Corporate Governance: Responsible Corporate Citizen ● Organisational Sustainability ● Business Ethics: Values-based practices Business Ethics: Micro Ethics - Institutionalise Ethics
● Corporate Governance Corporate governance principles= 464 Ethics management = 223 Policies and frameworks =141 Responsible Citizenship = 85	504	● Organisational Strategy Making Strategy-as-practice: Risks Strategy-as-practice: Competitive Advantage Strategy-as-practice: Analyse Strategy-as-practice: Organisational Capitals ● Corporate Governance Corporate Governance: Regulatory Environment ● Organisational Sustainability ● Business Ethics: Values-based practices Business Ethics: Micro Ethics - Institutionalise Ethics Business Ethics: Macro Ethics - Responsible Corporate Citizen
Corporate values Organisational culture = 180 Tone from the top = 173 Integrity = 60 Partnership Ecosystems = 10 Relationship focused = 2	215	● Business Ethics: Values-based practices Business Ethics: Micro Ethics - Institutionalise Ethics Business Ethics: Macro Ethics - Responsible Corporate Citizen ● Corporate Governance Corporate Governance: Ethical Organisational Culture ● Organisational Strategy Making Strategy-as-practice: Analyse Strategy-as-practice: Organisational Capitals Strategy-as-practice: Organisational Aptitude Strategy-as-practice: Competitive Advantage ● Organisational Sustainability
● Organisational Sustainability Sustainable development goals = 83	344	● Organisational Strategy Making Strategy-as-practice: Competitive Advantage Strategy-as-practice: Organisational Capitals Strategy-as-practice: Organisational Aptitude ● Business Ethics: Values-based practices Business Ethics: Macro Ethics - Responsible Corporate Citizen ● Corporate Governance Corporate Governance: Ethical Organisational Culture Corporate Governance: Responsible Corporate Citizen ● Organisational Sustainability
● Risks Reputation Risk Management = 3513 Risk Management = 174	174	● Organisational Strategy Making Strategy-as-practice: Analyse Strategy-as-practice: Risks Strategy-as-practice: Organisational Capitals ● Corporate Governance Corporate Governance: Regulatory Environment ● Organisational Sustainability ● Business Ethics: Values-based practices

Colour Legend: ● Organisational Strategy   ● Corporate Governance   ● Business Ethics
            ● Risks   ● Organisational Sustainability

Source: AtlasTi (Automatically generated)

The code groups are representative of the constructs of the study, being business ethics and organisational strategy. The definition of business ethics as indicated within this study, forms the basis of relevant words which constitutes business ethics. Business ethics is described by Rossouw and Van Vuuren (2017:6) as "what is good that guide the business and its interaction with others." Each of the code groups reflect the relevant words and the number of times the specific words are used within the narratives. The narrative reflects that corporate governance is the most frequently referred to in the narrative, with a strong articulation of business ethics and value-based practices.

Table 6.6. reviews the definition of business ethics into identifiable key words, the following words were categorised as positively reflecting business ethics in the context of this study.

Table 6.6: Identified words which reflects business ethics.

Key Themes	Identified Words	Verification / (Guiding Documents)
Ethics Synonyms "Miriam Webster Dictionary" Ethos Morality Morals Norms Principles Standards	Accountability Collaborative Credible Ethical Fairness Honesty Integrity Moral / Morality Respect Responsible Skills, Knowledge/Capacity Transparency Trustworthiness / Trust Values / Virtues	Aspiration Statement Behaviour Standards/Code Code of Conduct Code of Ethics Conflicts of Interest Policy Conviction Statement Confidentiality Policy Gifts / Entertainment Policy Reputation risk management Stakeholder Engagement Policy Values Statement
Organisational/ Corporate Values	Behaviour Tone at the Top Leadership effectiveness Strategic values Accountability Corporate culture / values Cohesiveness Effectiveness	Code of Conduct Misconduct Reporting Leadership Reputation Market Reputation Performance Indicators Governance Structure Leave Policy
Corporate Governance	Effectiveness Good corporate governance Effective governance principles Stakeholder inclusiveness Policies and frameworks	King Report on Corporate Governance King III / King IV Basel Best Practice Integrated Reporting Companies Act Basel Best Practices
Compliance	Regulatory Requirements	Fraud Policy South African Reserve Bank -Prudential Authority Compliance Anti-Corruption Policy Anti-Money Laundering Policy South African Companies Act Conduct Of Financial Institutions (Cofi) Act Banks Act

Source: Own compilation based on data set and Miriam Webster dictionary

Table 6.6. provided a high-level overview of words which formed part of the coding of the narrative. The guiding documents served as a verification of ethics management practices within the organisation, if references were made to these documents, policies, or procedures. Analysing the comparative data set through application of discursive evaluation determined the words forming part of business ethics. Within a strategy-as-practice approach, strategy making is considered a skill of actors and the importance of all tasks in strategy-making (Carrington *et al.*, 2019:977). Studying the construct of organisational strategy from a strategy-as-practice perspective, the definition of "Strategy is what people do" was used as the foundation for word and phrase linkages (Hautz *et al.,* 2017:2; Jarzabkowski & Spee, 2009:71; Jarzabkowski & Whittington, 2008:282).

Table 6.7. provides a reflection of organisational strategy indicating relevant words and verification references.

Table 6.7: Reflection of words related to organisational strategy.

SUMMARY OF KEY CONSTRUCTS AND RELATED WORDS		
Key Themes	**Identified Words**	**Verification (Guiding words)**
Strategy Synonyms "Miriam Webster Dictionary" Arrangement Blueprint Design Game Game plan Ground plan Master plan Plan Program Project Road map Scheme System	Organisational strategy Strategy Strategic Planning Long-term goals/objectives Strategy-as-practice Sustainability Risks Dynamic environment Environmental factors Organisational capitals Sustainable development goals Trust / Quality / Fairness Corporate Governance Frameworks Regulatory requirements Compliance Stakeholder engagement Organisational behaviour / values Organisational culture Leadership	Integrated report with references to: strategy strategic planning long-term sustainability good financial standing growth competitive advantage competitiveness vision mission values

Source: Own compilation based on data set and Miriam Webster dictionary

The reflection of the business ethics and organisational strategy constructs outlined in Table 6.6 and Table 6.7. serves as a basis of the data set investigation and forms part of the recommended systematic research process.

Figure 6.6.3.2. provides an overview of code groups, indicating the relevant number of phrases and subgroups under each of the groupings.

Figure 6.6.3.2: Code groups and subgroups
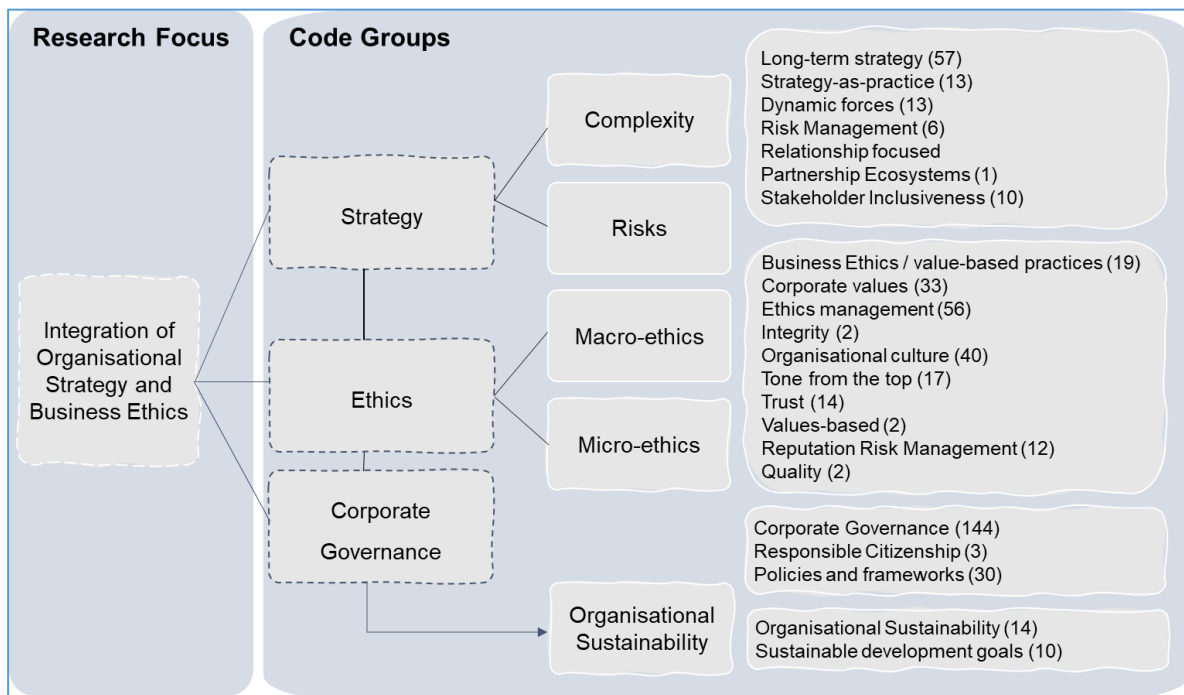
Source: Compiled from AtlasTi data set

The number of individual codes (words, phrases, or statements) associated with each of the code groups as identified within integrated reports are presented above. The relationships between the code groups and codes, is reflected by means of a network system and its linkages as created within AtlasTi from the data set. Networks consist of nodes, which represent a particular object of information, and the edges, which reflects the connections or relationships between these objects (Pokorny, Norman, Zanesco, Bauer-Wu, Sahdra, and Saron, 2018:171). Network visualisation aims to clarify and understand intricate connections and associations.

6.7   NETWORK MAPPING

Nelson (2020:10), proposes an in-depth understanding of the content including a

holistic interpretation thereof, which is then followed by a legitimacy test of inductively identified patterns. Computer-assisted narrative analysis practices suggested by Nelson (2020:10) applied during this study focused on a lexical-based technique. The first part provided reflection of word cloud and word frequency comparisons. Forming a part of the lexical-based method, network mapping was conducted focusing on key constructs.

6.7.1 The Lexical-based network map

Figure 6.7.1. reflects the network mapped from the data set coded in AtlasTi, focusing on the business ethics value-based practices theme.

Figure 6.7.1: Business Ethics Value-based practices Network
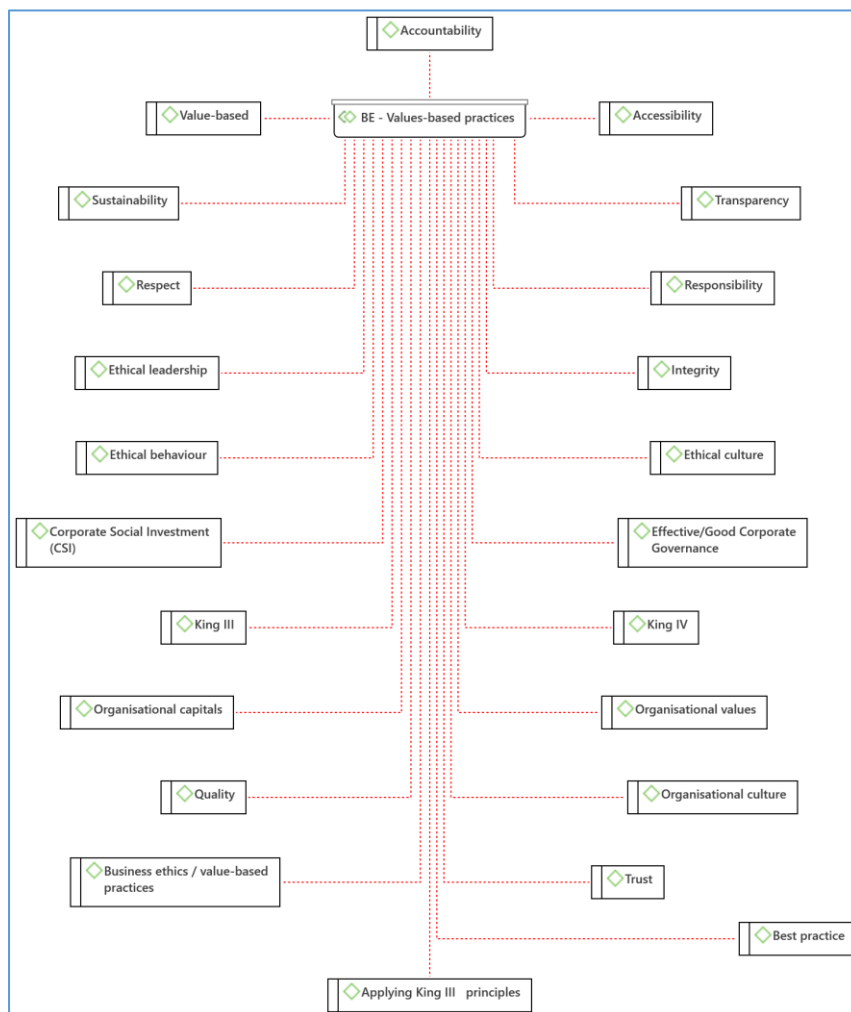
Source: Compiled from AtlasTi

The lexical map presented in Figure 6.7.1 related to business ethics, value-based

practices reflect the relevant codes represented as network map to represent the complexity of the linked nodes. In order to be considered as accountable, a value-based approach is necessary, including actions such as transparency, responsibility, a commitment to building an ethical organisational culture, behave ethically, dedicated ethical leadership, strong organisational values, implement best practices and trust among other constructs.

The codes reflected as part of the network focused on business ethics/value-based practices was formed by attributing codes to business ethics and importing all associated codes. Organisational strategy making is a very complex process, as reflected in the lexical map deriving from the data in AtlasTi. Figure 6.7.2. reflects the complexity relating to organisational strategy, based on the data documented in AtlasTi and gives an overview of the codes connected with organisational strategy.

Figure 6.7.2: Organisational Strategy Network
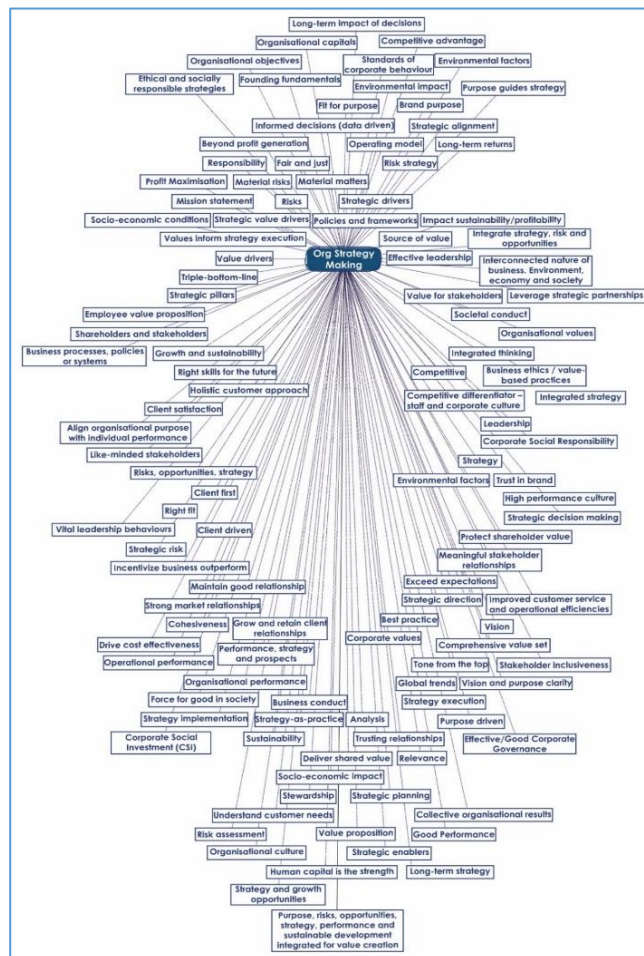
Source: Compiled from AtlasTi

Figure 6.7.2.1 provides a radial reflection of the codes, and an indication of the linkages between various constructs based on the data from the integrated reports.

Figure 6.7.2.1: Reflection of organisational strategy making based on the data sets.

Relation Type	Usage Layout Direction	Formal Property	Short Name
is a property of	10 down-up	Asymmetric	P
is a result of	1 left-right	Asymmetric	
is associated with	11 down-up	Symmetric	R
is cause of	6 down-up	Transitive	N
is considered as part of	6 left-right	Asymmetric	
is part of	12 down-up	Transitive	G
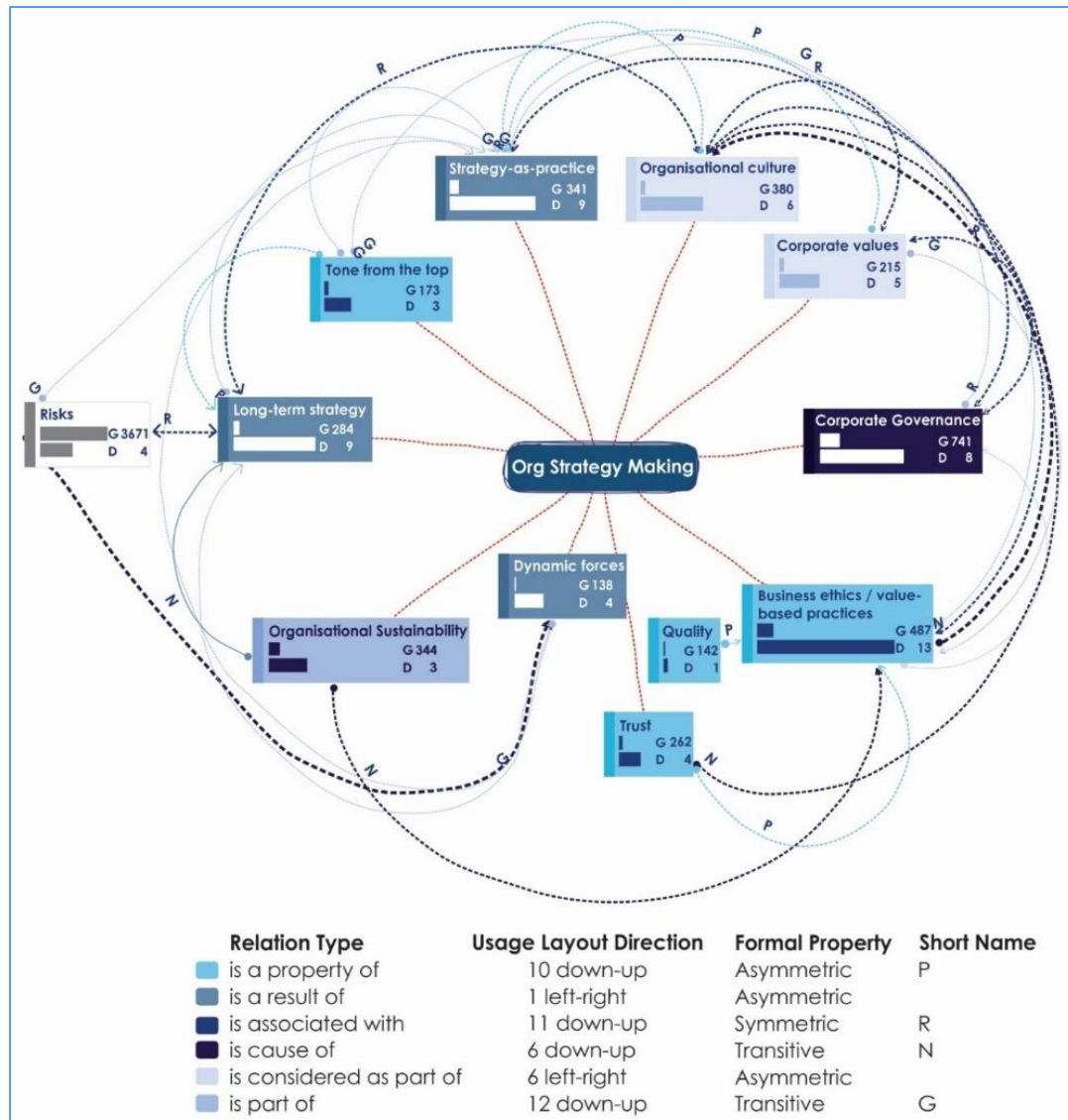
Source: Automatically generated and compiled in AtlasTi

Figure 6.7.2.1. outlines the nature of the relationships of constructs with organisational sustainability because of strategy. Organisational strategy from a strategy-as-practice perspective, the definition of "Strategy is what people do" was used as the foundation for word linkages (Hautz *et al.,* 2017:2; Jarzabkowski & Whittington, 2008:282; Jarzabkowski & Spee, 2009:71). The purpose of the radial layout is to present the nodes in circular spheres, starting with the root node within the centre of the circle. The node on the outer circle reflects as a subcategory of the centre node, providing a

visual interpretation of the data. The grounded frequency of each of the nodes are indicated, whereby the relation of each construct to organisational strategy making is considered. The radial layout reflects the root of the node, being organisational strategy making at the core of the circle, connected from the centre to the sub nodes, being trust, quality, business ethics / value-based practices, organisational sustainability, tone from the top, strategy-as-practice, corporate governance, organisational culture, dynamic forces, risks, corporate values, and long-term strategy. The links (relation type) as reflected in the graph reflects the following:

Risks are a cause of dynamic forces and influences decisions related to long-term strategy. Value-based practices is directly associated with the organisational culture, which informs and impacts long-term strategy. Organisational sustainability is a result of long-term strategy, and associated with trust, business ethics/value-based practices. The tone from the top is part of strategy-as-practice, as the practitioner cannot be separated from delivering the strategy and corporate governance practices within the organisation. The preferred direction of the network layout is automated within AtlasTi, whereby the nodes are arranged accordingly. Furthermore, 11 of the nodes are associated and symmetrically linked to organisational strategy making, meaning that it is a balanced linkage. The linkages reflect the relationship with organisational strategy, where 12 nodes (constructs) reflect the actions needed in organisational strategy making and is therefore associated with organisational strategy making.

The subsequent section provides an overview of the comparison between the baseline data set and the current data set, whereby the narrative of each of the financial institutions is evaluated in detail.

6.8   COMPARING THE BASELINE AND CURRENT DATA

Cloete (2007:923) suggests the application of context charts to present qualitative data in a non-textual way, reflecting interrelations within the data analysis. Howorko, Boedianto, and Daniel (2018:155) propose that using a stacked bar chart is principally effective to display sums of data qualities whilst not compromising the values of such qualities contributing towards the totals.

6.8.1 Data reflections – baseline data and current datasets

Figure 6.8.1.1 offers a stacked bar chart of specific key words related to the constructs of organisational strategy and business ethics, used within the narrative by each of the financial institutions.

Figure 6.8.1.1: Reflection of baseline data narrative
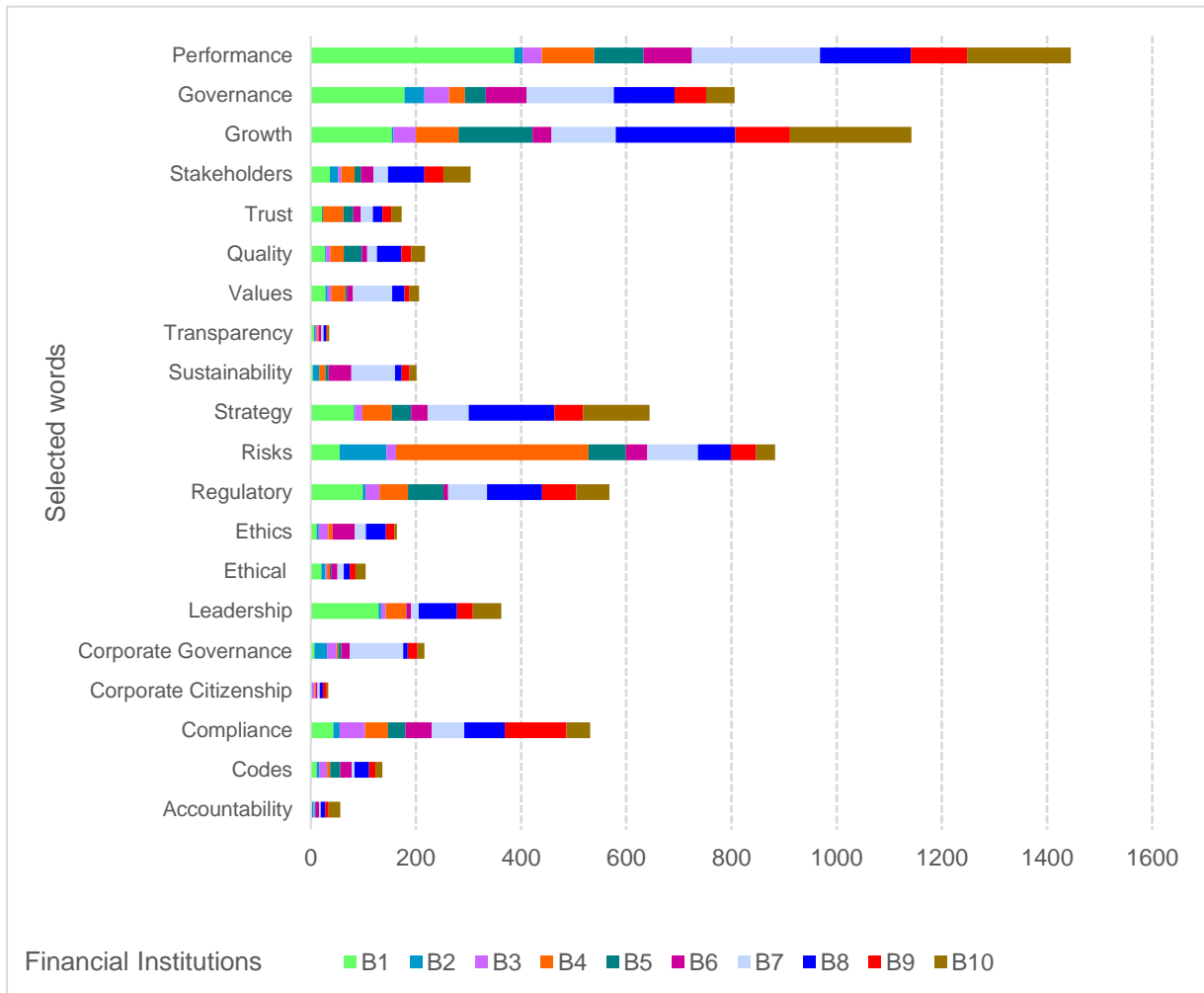
Source: Generated from codes in AtlasTi

Figure 6.8.1.1. articulates the focus on organisational strategy as an important message communicated to stakeholders in the first data set. The financial institutions data sets were automatically numbered to maintain confidentiality by using the abbreviation "B" for Bank 1 through Bank 10. The individual numbering is necessary for comparing the data baseline with current data. The words supporting a strategy narrative includes 'performance', 'growth', 'stakeholders', 'compliance', 'risks' and

'regulatory'. The graph reflects that a strategically focused message is conveyed to stakeholders and is prioritised over governance and ethics messaging in the baseline data captured during 2015/16. The data reflects that the overall narrative in the baseline dataset is focused firstly on performance and growth, followed by a focus on risks, governance, strategy, regulatory concerns, and compliance. Given the focus of the narrative, being performance driven, it reflects that ethics related matters, including corporate governance, trust, codes, accountability, values, quality, sustainability, ethical behaviour, corporate citizenship, transparency, and leadership are communicated as a lesser priority within the collective baseline data.

Figure 6.8.1.2 provides a comparable stacked bar chart of specific words used in the current data (2019/20) narrative by each of the financial institutions within the context of this study, whereby the sum of the data is displayed without compromising the value contribution to each of the data qualities.

Figure 6.8.1.2: Reflection of the current data set narrative
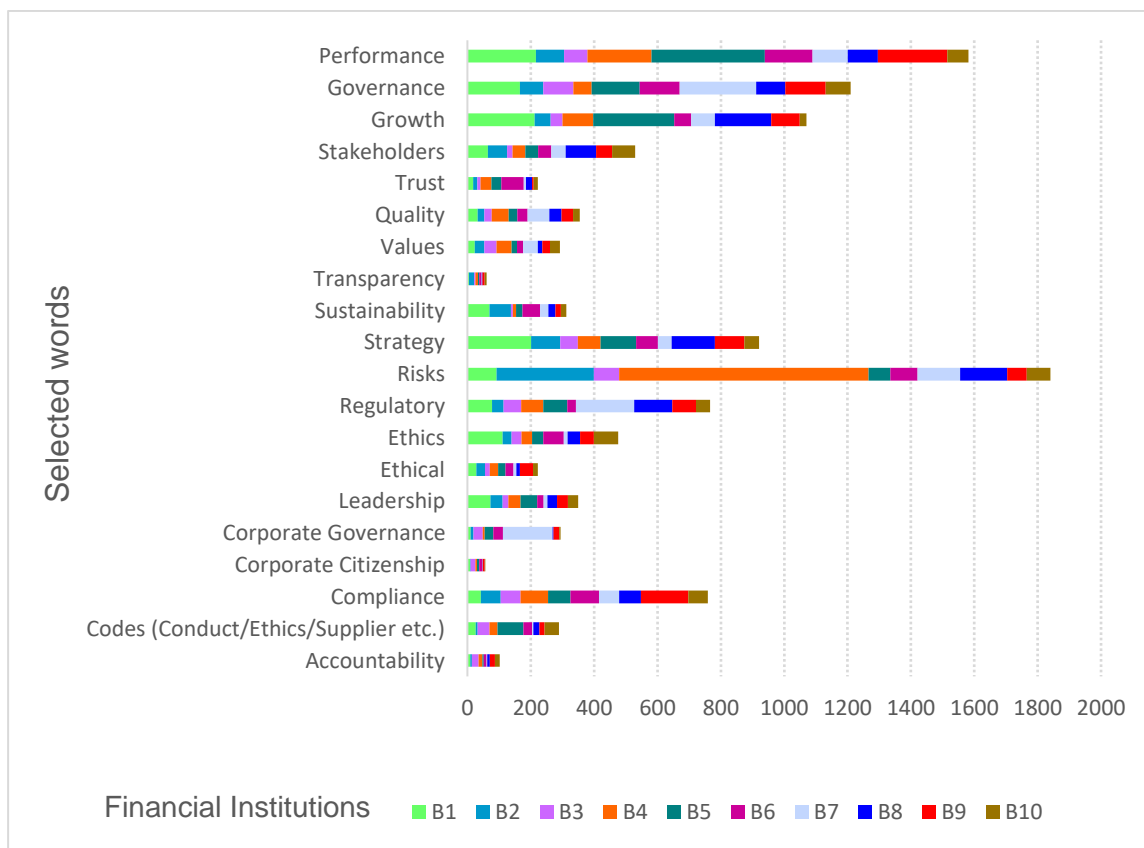
Source: Generated from codes in AtlasTi

Figure 6.8.1 presents an overview of the narrative within the current data set whereby

risks leads the discourse, followed by performance, governance, growth, strategy, regulatory and compliance. The financial institutions data sets were automatically numbered to maintain confidentiality by using the abbreviation "B" for Bank 1 through Bank 10. The individual numbering format of banks is done to enable comparisons within data baseline and current data. In terms of the narrative, the words ethics, ethical, corporate governance, quality, and trust forms part of the business ethics narrative and exemplified in the narrative, albeit not as strong as the focus on risks, strategy, and compliance. The graph reflects that banks are highly focused on risks and the communication thereof to their stakeholders.

Figure 6.8.1.3 serves as an image to provide an overall summation of the narrative whereby the baseline data is depicted in blue, and the current data depicted in red. This reflection provides a clear indication of the narrative focused on risks and performance, as key indicators to convey the importance thereof.

Figure 6.8.1.3: Frequently used words: comparison of all data - baseline versus current data

Source: Generated from codes in AtlasTi

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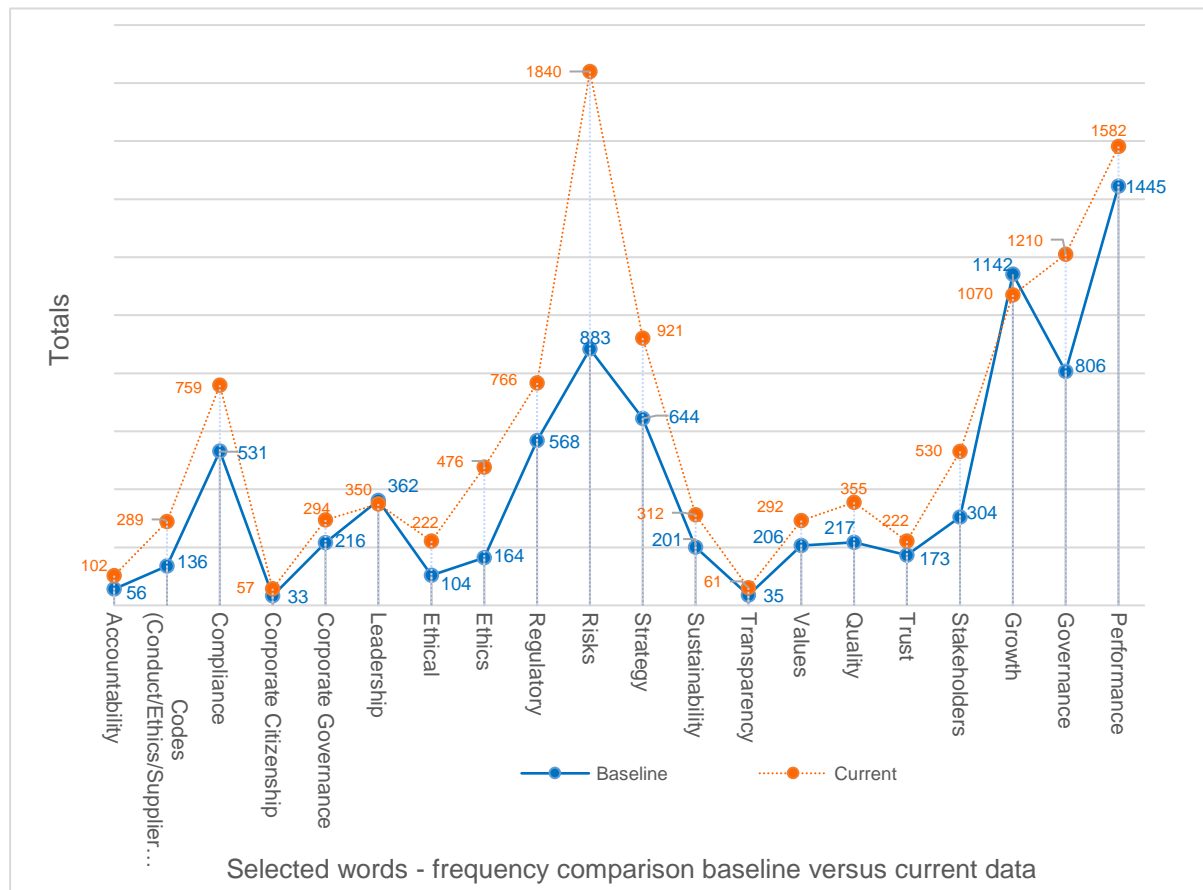
The data in Figure 6.8.1.3 presents the specifically selected words captured within the baseline and the current data of financial institutions that formed part of the sample. This contrast reflects on the focus, and grouping of specific words, providing clarity on the messaging important to organisations. Although the baseline data reflected the importance of compliance, the current dataset confirms that compliance remains topical. Overall, the focus of the financial sector in the communications to their stakeholders remains on the impact and various types of risks to consider. Risks are most focused within both datasets, followed by performance. Comparatively, there is an intensified focus reflected on governance and strategy in the current data.

Figure 6. focuses on the reference to two specific words as it reflects business ethics as a construct. Bank 1 to Bank 7 is coded numerically and referred to as "B" reflecting bank and allocated number, to a specific participant.

Figure 6.8.1.4: The comparison of the number of times ethics and ethical were documented on data.
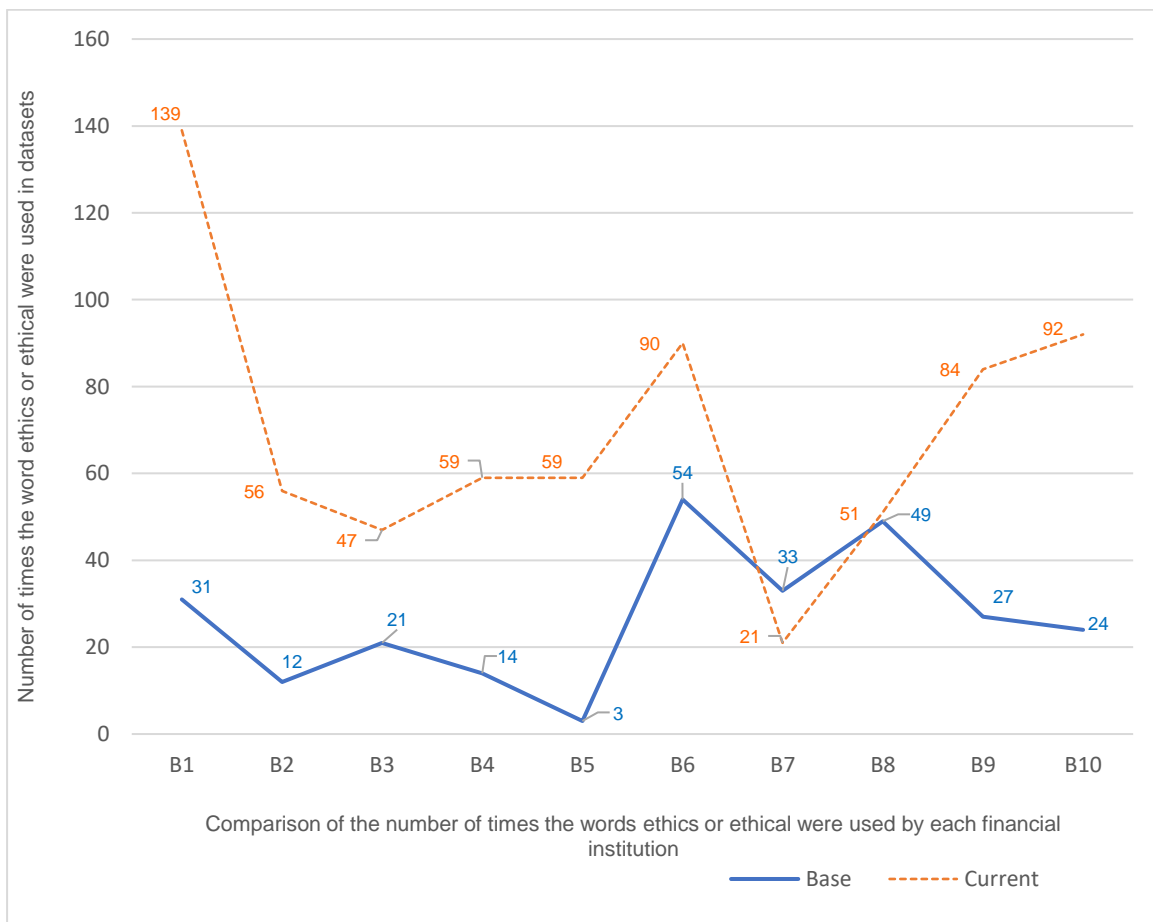
Source: Compiled from data set as retrieved from AtlasTi

Figure 6. delivers an overview of the number of times each financial institution referred to ethics or being ethical in the narrative. Reflecting on Bank 1 (B1), in the baseline year the ethics focus was 43% less than documented in the current data. Overall, the financial institutions reflect a designated effort to increase its focus on ethics, with one exception as is evident in the data for Bank 7 (B7). The graph above imitates that most financial institutions except for B7, having purposefully applied ethics/ethical awareness as part of the narrative. In the case of B7, their ethics/ethical perspective of their institution was articulated much stronger during the baseline year being 2015/2016 integrated reports, than in its current year being 2019/2020, which is juxtaposed with nine other financial institutions narratives.

A high-level review of this particular institution's communications revealed that this anomaly appears to reflect a compliance focus rather than ethics focused approach by its leadership. The specific driving force for its leadership's motivation to advance a compliance narrative will not be investigated as it falls beyond the scope of this study. Reflecting on bar charts created within AtlasTi based on the codes as they were grouped and the grounded-ness of the codes, two bar charts were drafted to reflect the narrative.

Figure 6.8.1.5 depicts the grounded-ness of each of the constructs as it forms part of organisational strategy based on the analysed data sets in AtlasTi.

Figure 6.8.1.5: Grounded reflection of organisational strategy construct and codes
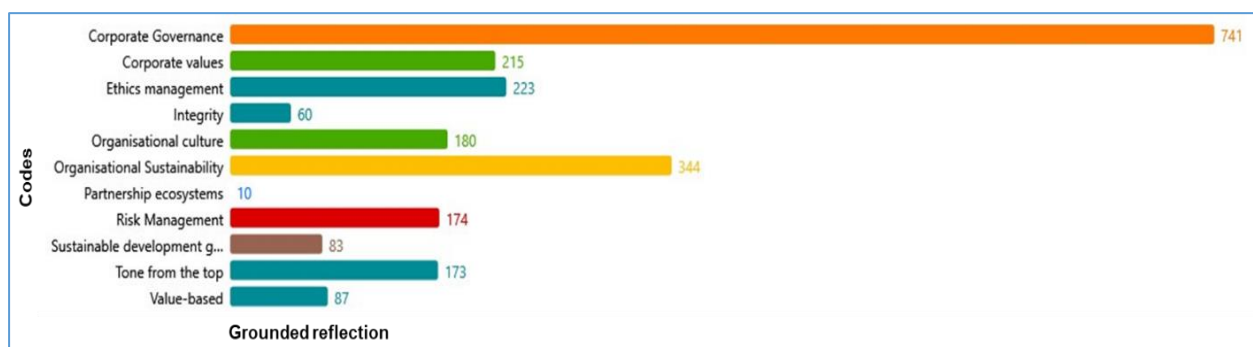
Source: Created in AtlasTi

Organisational strategy is grounded within corporate governance which indicates a count of 741 followed business ethics / value-based practices grounding the construct

with 487 counts. The grounded-ness reflects the frequency of the specific codes used within the integrated reports, whereby relevant organisational strategy narrative considers business ethics / value-based practices, corporate governance, and organisational sustainability as critical part of strategy narratives. Furthermore, strategy-as-practice, long-term strategy, corporate values, and the tone at the top, whereby leadership behaviour guides organisational culture and behaviour is considered important to the organisational strategy narrative.

Figure 6.8.1.6 reflects the grounded-ness of each of the constructs relevant to business ethics / value-based practices as per analysed data sets in AtlasTi.

Figure 6.8.1.6: Grounded reflection of business ethics / value-based practice construct and codes
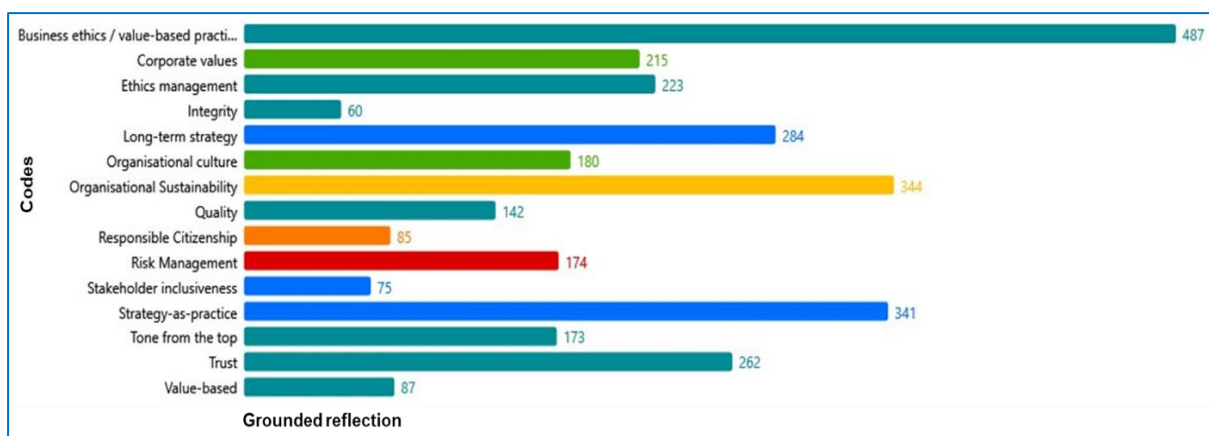
Source: Created in AtlasTi

It is noted that long-term strategy and strategy-as-practice is significantly grounded within business ethics among key themes such as corporate values, trust, ethics management and risk management to guide the organisation towards organisational sustainability.

6.8.2 Synopsis of the data sets

Figure 6.8.2.1. provides an overview of all the financial institutions' coded narrative whereby themes within the narrative are compared between baseline documents.

Figure 6.8.2.1: Comparison of narrative - baseline versus current data set current documents.
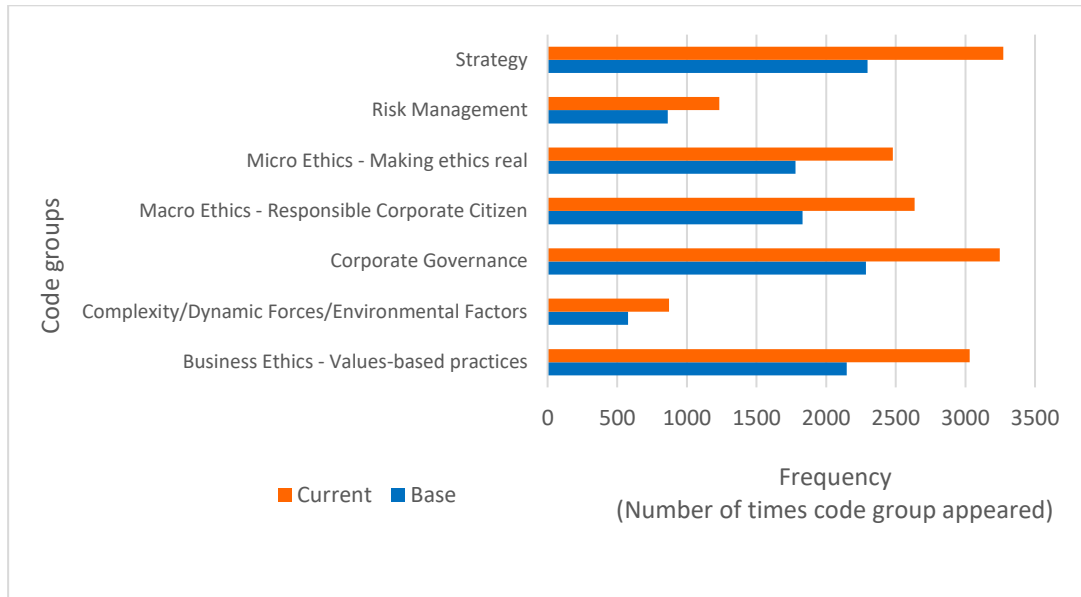
Source: Six Sigma Excel from AtlasTi data set

Figure 6.8.2.1 provides a summary of the code groups whereby the current data reflects an increase in the narrative when compared to the same code groups of the baseline data, as it related to business ethics, strategy, and value-based practices.

Figure 6.8.2.2 provides an overview of all the financial institutions proportional relation to each of the code groups.

Figure 6.8.2.2: Proportion of all bank's narrative – code group proportions of baseline versus current dataset

Source: Six sigma Excel compiled from AtlasTi data set

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The code group proportion provide insights as to how the focus of the narrative may have shifted when looking at the baseline data versus the current data. The complexity/Dynamic Forces/Environmental Factors are proportionally much higher than the baseline in the current dataset. Investigations to understand this shift, brought about two assumptions based on the narratives, being the global Coronavirus disease, which increased the importance of risks and risk management within the economy because of the pandemic. In addition, there is a proportionate shift in the focus on corporate social responsibility as well as strategy, corporate governance, and ethics management within organisations.

6.8.3 Comparison of the narrative per financial institution

Remaining focused on determining the integration of organisational strategy and business ethics, the narrative of each respective bank provides more detail as to the extent of integration. To define the level of the integration within commercial banks in South Africa, the narratives of each bank reflecting the two constructs were reviewed and is discussed in the subsequent section.

6.8.3.1 Bank 1 - Integration of organisational strategy and business ethics

Figure 6.8.3.1.1 provides the overview of the selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 1.

Figure 6.8.3.1.1: Reflection of Bank 1 narrative - baseline versus current data
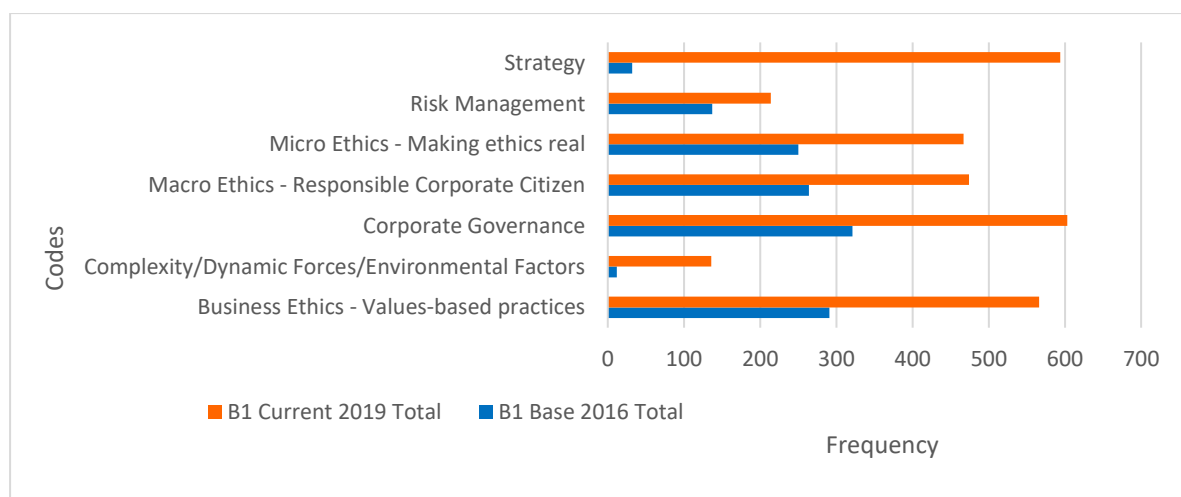
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.1.1 displays an increase in the narrative related to strategy, corporate governance, and business ethics in the current data set. In addition, it appears that the data reflects a focus on business ethics as part of the strategic narrative to its stakeholders.

Figure 6.8.3.1.2 provides a comparison of the two main constructs of this study, business ethics and organisational strategy, reviewing the change of narrative comparing the baseline and the current data and reflects how many codes appears in both constructs.

Figure 6.8.3.1.2: Bank 1 - Reflection of constructs organisational strategy and business ethics within the narrative
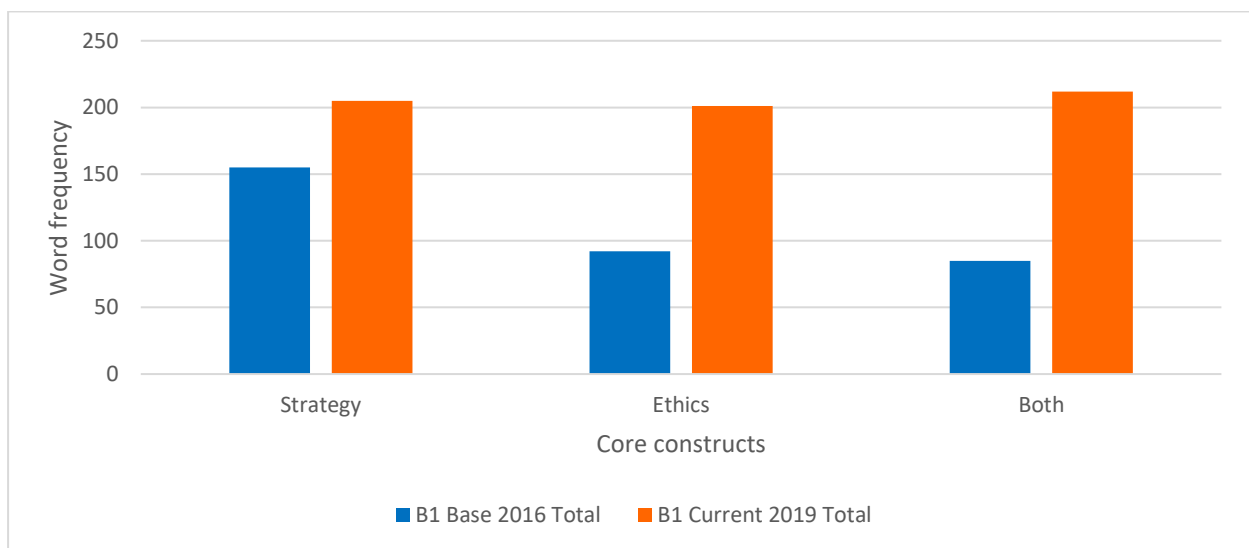
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.1.2 provides a visual summary of the increase within the narrative related to organisational strategy and business ethics within the current data set. There is a clear surge of narrative related to business ethics compared to the baseline data. Both categories as per the illustration, reflects the identified codes which are related to both strategy and ethics in the narrative, and includes words, statements or phrases such as competitive differentiator - staff and corporate culture; comprehensive value set; corporate citizenship; culture risk management; Environmental, Social, Governance (ESG); good conduct; efficiency; inspiring culture; improved customer service and operational efficiencies; leadership behaviour; policies and frameworks and values inform strategy execution among other documented codes within the data sets. The

current data set reflects an increase within the narrative whereby identified codes reflecting both organisational strategy and business ethics are conveyed with increased effort to stakeholders.

6.8.3.2 Bank 2 - Integration of organisational strategy and business ethics

Figure 6.8.3.2.1 provides the overview of the selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 2.

Figure 6.8.3.2.1: Reflection of Bank 2 baseline versus current dataset narrative

Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.2.1 displays a dedicated increase in the narrative related to all code groups, in particular to strategy, corporate governance, and business ethics in the current data set. In addition, the data reflects a focus on business ethics as part of the strategic narrative to its stakeholders. Reflections on the baseline data of Bank 2, the narrative is equally focused on strategy, corporate governance, corporate citizenship, and business ethics. There is a clear shift of focus and intensified communications by Bank 2 on strategy, governance structures and business ethics.

Figure 6.8.3.2.2 provides a comparison of Bank 2 of the main constructs of this study, business ethics and organisational strategy reviewing the change of narrative

comparing the baseline and the current data and reflects how many codes appears in both constructs.

Figure 6.8.3.2.2: Bank 2 - Reflection of constructs organisational strategy and business ethics within the narrative

Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.2.2 reflects a dedicated surge in the narrative in particular to organisational strategy within the current data set. There is also a clear increase of narrative related to business ethics compared to the baseline data. Both categories as per the illustration, reflect the identified codes which are related to both strategy and ethics in the narrative, and include words, statements or phrases such as competitive differentiator - staff and corporate culture; comprehensive value set; corporate citizenship; culture risk management; Environmental, Social, Governance (ESG); good conduct; efficiency; inspiring culture; improved customer service and operational efficiencies; leadership behaviour; vital leadership behaviours; tone from the top; transparency; the way we do things; policies and frameworks; unified and differentiated organisational culture and values inform strategy execution among other

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documented codes within the data sets. There is a clear surge of narrative related to business ethics compared to the baseline data.

6.8.3.3. Bank 3 - Integration of organisational strategy and business ethics

Figure 6.8.3.3.1 provides an overview of selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 3.

*Figure 6.8.3.3.1: Reflection of Bank 3 narrative*

Figure 6.8.3.3.1 reflects the commitment within the narrative to communicate a strong position on strategy, corporate governance, responsible corporate citizen, and

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business ethics to its stakeholders. There is a clear surge of narrative related to strategy and corporate governance compared to the baseline data.

Figure 6.8.3.3.2 provides a comparison of Bank 3 of the two main constructs of the study, business ethics and organisational strategy reviewing the change of narrative comparing the baseline and current data and reflects how many identified codes are applicable to both constructs.

Figure 6.8.3.3.2: Bank 3 - Reflection of constructs organisational strategy and business ethics within the narrative
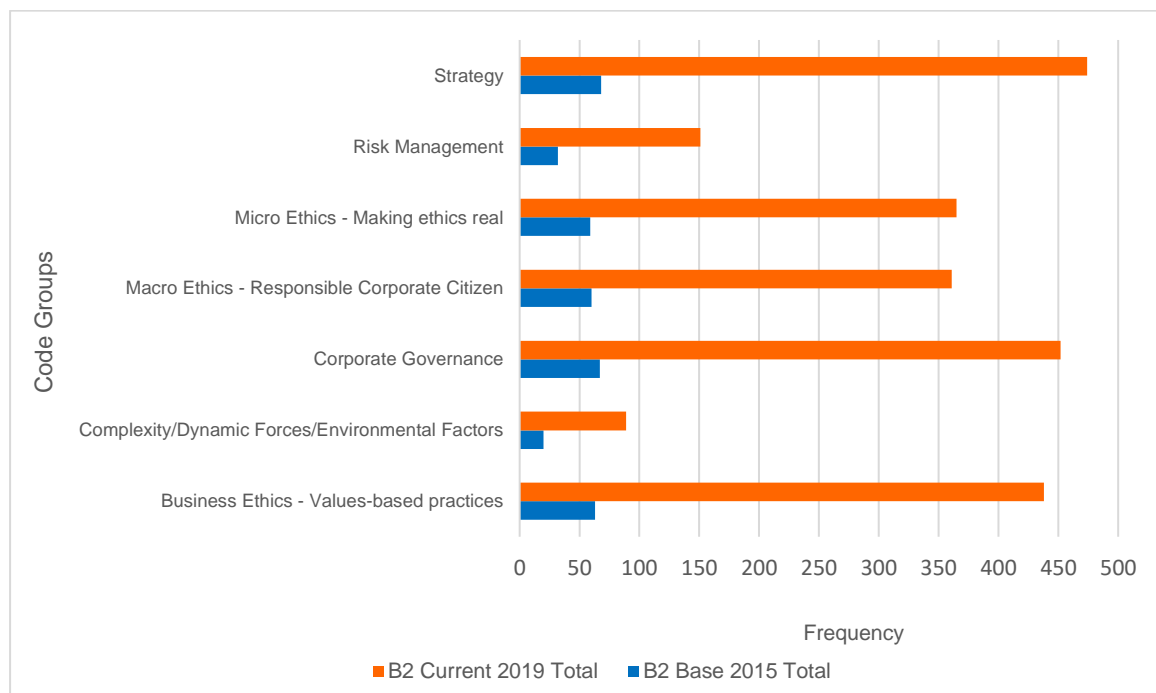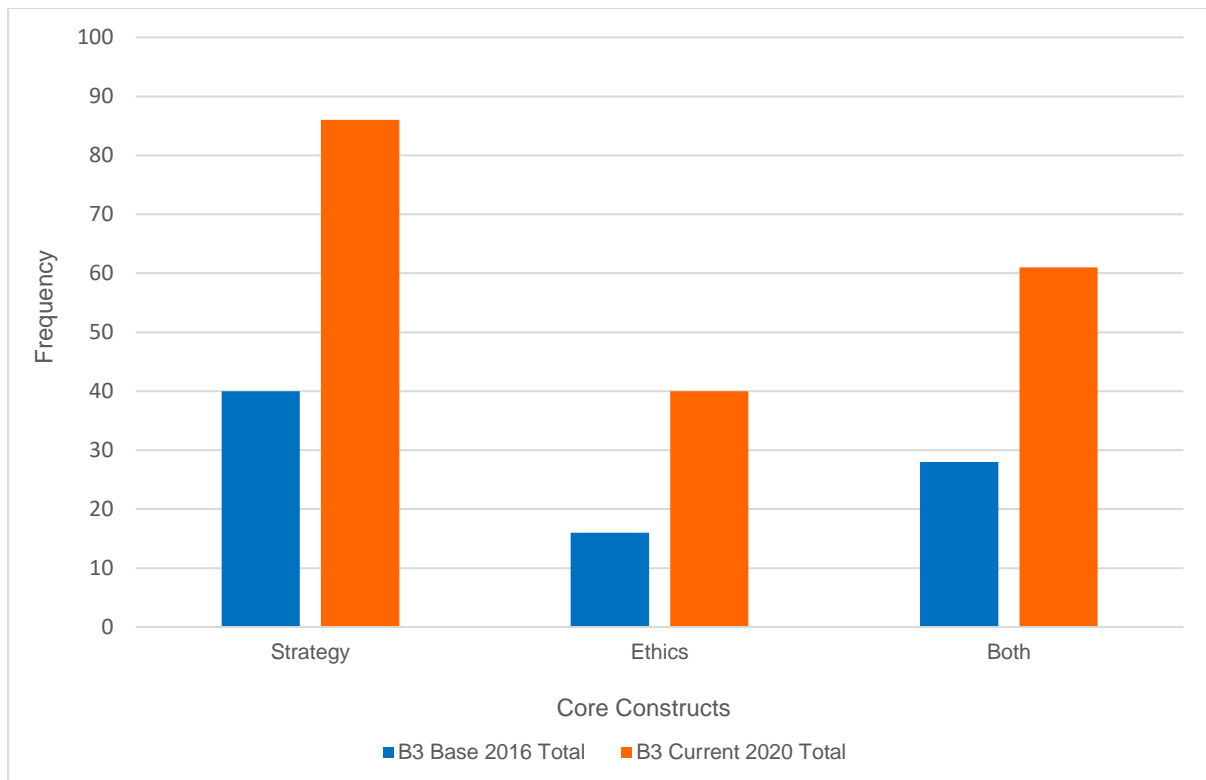

Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.3.2 reflects an increase in the narrative in particular to organisational strategy within the current data set. There is also a clear increase of narrative related to business ethics compared to the baseline data; however not as significant when compared to strategy or codes where both strategy and ethics are considered. Bank 3 is not however, as focused on the business ethics narrative when compared to Bank 1 or Bank 2, resultant from a much lower score on the related business ethics narrative, which may imply that Bank 3 does not have a strong ethics management

focus. There is a clear surge of narrative related to strategy compared to the baseline data.

6.8.3.4 Bank 4 - Integration of organisational strategy and business ethics

Figure 6.8.3.4.1 provides the overview of the selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 4.

Figure 6.8.3.4.1: Reflection of Bank 4 narrative
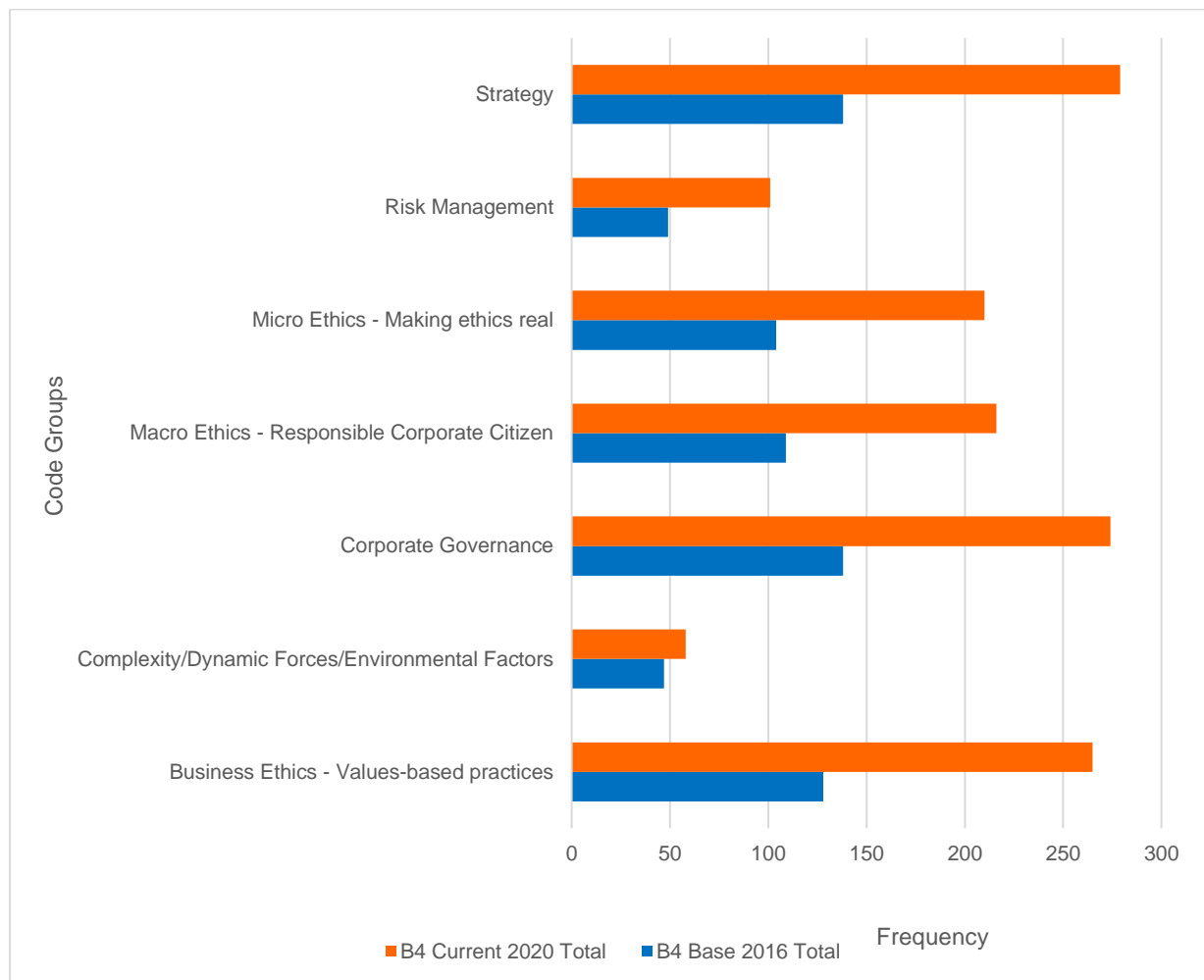
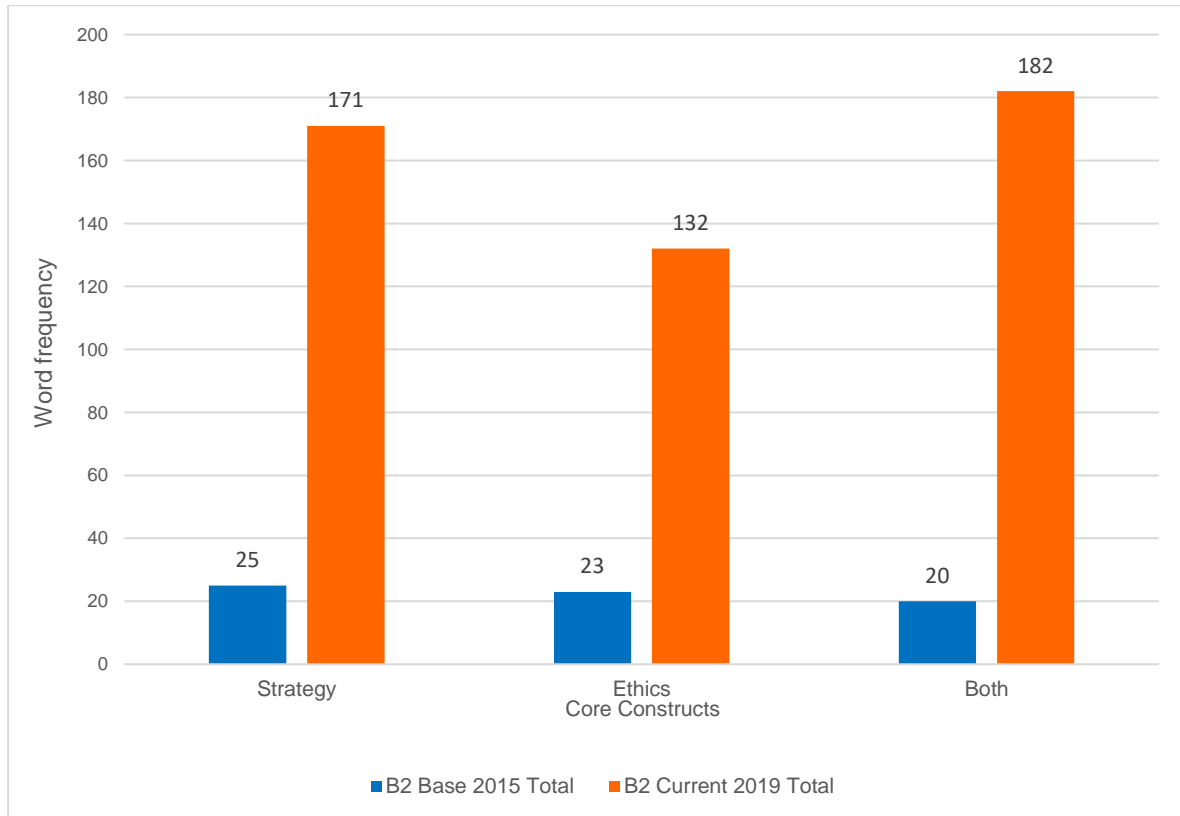*Source: Six Sigma Excel compiled from AtlasTi data set)*

Figure 6.8.3.4.1 reflects the commitment within the narrative to communicate a strong organisational position on strategy, corporate governance, and business ethics to its stakeholders. The graph also reflects a focus on macro and micro ethics, as well as risk management within the narrative of Bank 4 to its stakeholders. There is a clear

surge of narrative related to strategy, corporate governance and business ethics compared to the baseline data.

Figure 6.8.3.4.2 provides a comparison of Bank 4 of the two main constructs of this study, business ethics and organisational strategy reviewing the change of narrative comparing the baseline and current data and reflects how many of the identified codes are applicable to both constructs.

Figure 6.8.3.4.2: Bank 4 Reflection of constructs organisational strategy and business ethics within the narrative
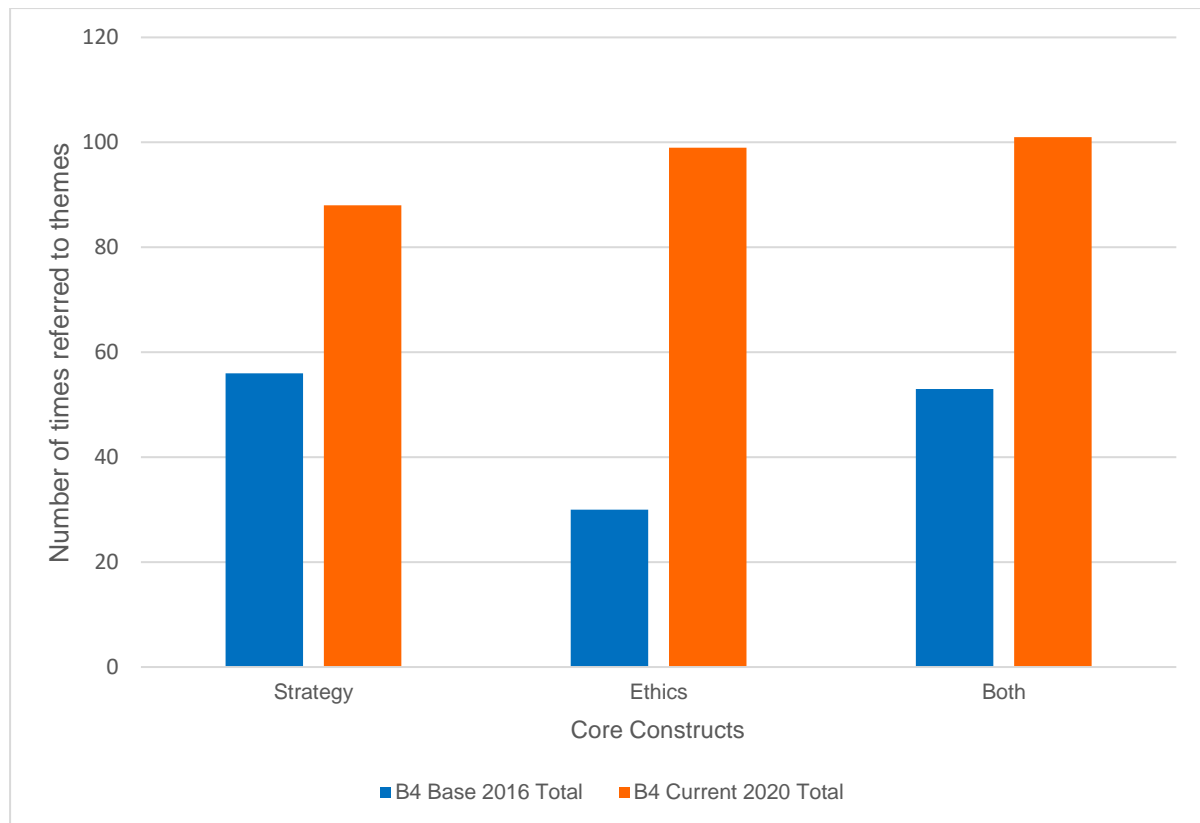
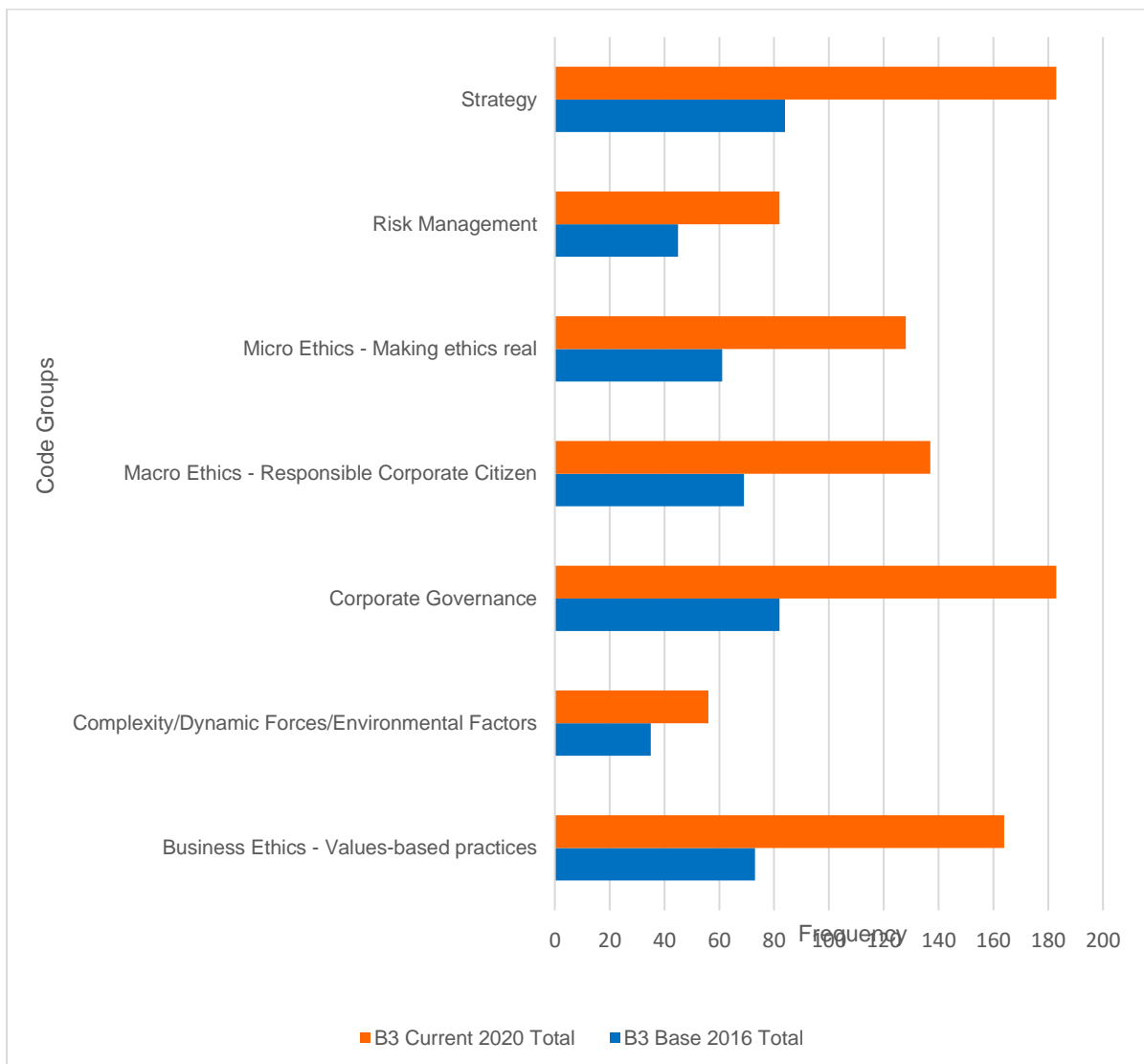*Source: Six Sigma Excel compiled from AtlasTi data set*

Figure 6.8.3.4.2 reflects an increase in the narrative in particular to organisational strategy within the current data set of Bank 4. The data of Bank 4 indicates a commitment to business ethics in its narrative, as well as in the category where codes were applied to be considered representing both strategy and ethics. The current data set reflects a visible increase in its business ethics narrative; however not as significant when compared to codes where both strategy and ethics are considered. Bank 4 reflects a stronger focus on business ethics narrative when compared to Bank 1, 2 or

Bank 3, as seen in the individual banks' comparisons. There is a clear surge of narrative related to business ethics compared to the baseline data.

6.8.3.5 Bank 5 - Integration of organisational strategy and business ethics

Figure 6.8.3.5.1 provides the overview of the selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 5.

Figure 6.8.3.5.1 Reflection of Bank 5 narrative
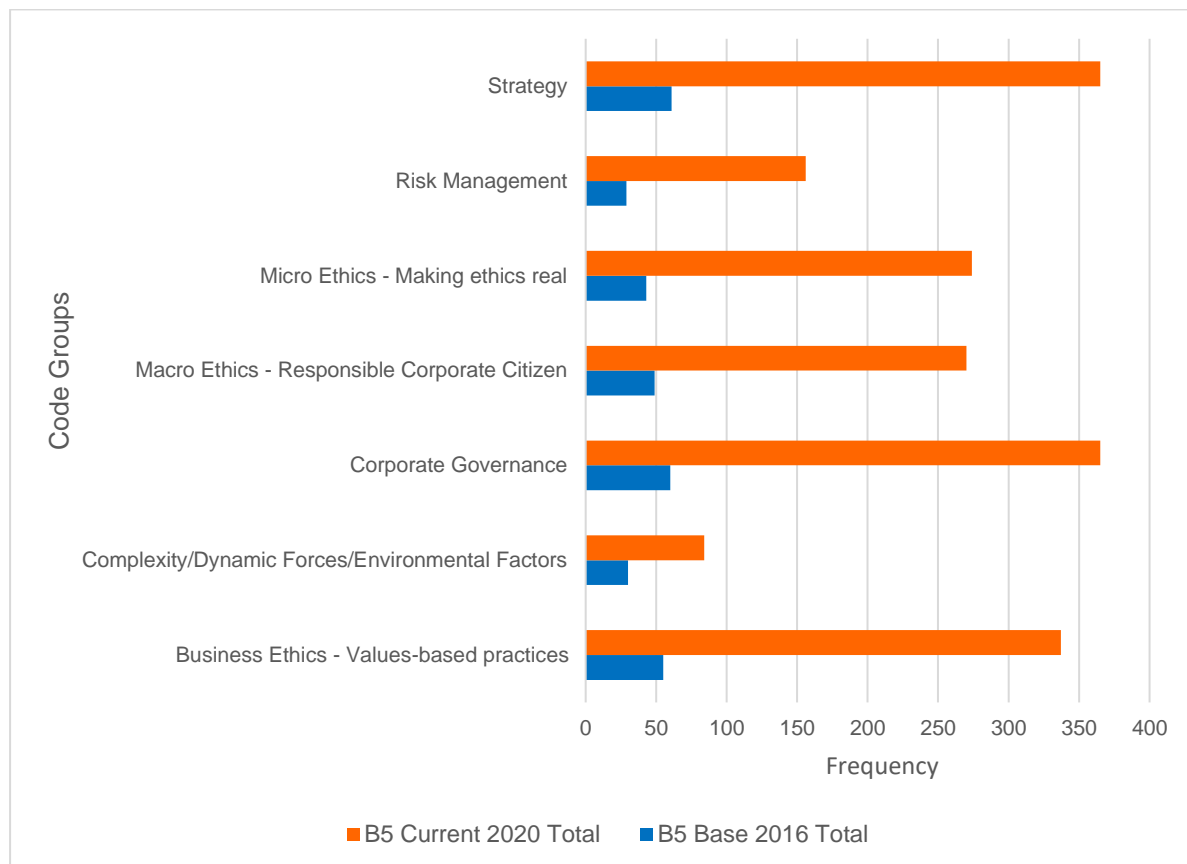
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.5.1 offers a reflection of the increase of all relevant code groups in the data of Bank 5, and a clear commitment to strategy and corporate governance compared to the baseline data set. There is a noticeable shift in Bank 5's tone and stakeholder messaging, based on the baseline versus the current data as portrayed in this graph, with a robust focus on strategy, business ethics and corporate governance.

Figure 6.8.3.5.2 provides a comparison specific to Bank 5, of the two main constructs of this study. The review in the change of the narrative compares the baseline and current data and reflects how many of the identified codes are applicable to both constructs.

Figure 6.8.3.5.2: Bank 5 Reflection of constructs organisational strategy and business ethics within the narrative
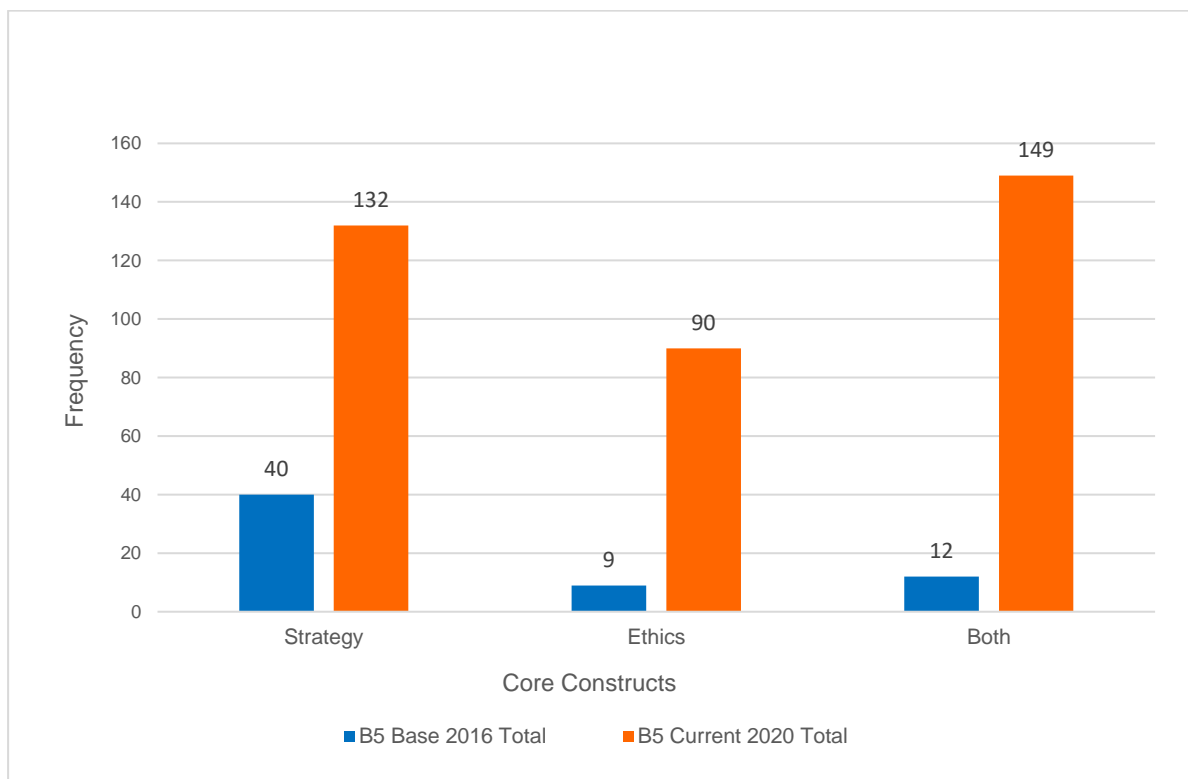
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.5.2 reflects an increase in the narrative of Bank 5 related to organisational strategy within the current data set. The data of Bank 5 indicates a commitment to strategy and business ethics in its current narrative, as well as in the category where codes were applied to be considered representing both strategy and ethics. The current data set reflects visible data. Moreover, the comparison of the codes where both strategy and ethics are considered appear much higher with and significant increase in the business ethics narrative compared to the baseline in the narrative of Bank 5. There is a clear surge of narrative related to business ethics compared to the baseline data.

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6.8.3.6 Bank 6 - Integration of organisational strategy and business ethics

Figure 6.8.3.6.1 provides an overview of the selected code groups and the focus of the narrative between the baseline data set and the current data for Bank 6.

Figure 6.8.3.6.1: Reflection of Bank 6 narrative

Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.6.1 reflects the data for Bank 6, whereby the baseline indicates an alignment in the communication on strategy, corporate governance, business ethics, ethics management and responsible citizenship to its stakeholders. The articulation and focus of the commitment to Bank 6's strategy and business ethics are less

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prominent in the current data set, juxtapose of what is seen in Bank 1, 2, 3, 4 and 5's narratives, with a stronger narrative on strategy and business ethics in the current data. There is a clear change and decline in the narrative related to strategy and business ethics compared to the baseline data.

Figure 6.8.3.6.2 provides a comparison specific to Bank 6 of the two main constructs of this study, being business ethics and organisational strategy. The review in the change of the narrative compares the baseline and current data and reflects how many of the identified codes are applicable to both constructs.

Figure 6.8.3.6.2: Bank 6 Reflection of constructs organisational strategy and business ethics within the narrative
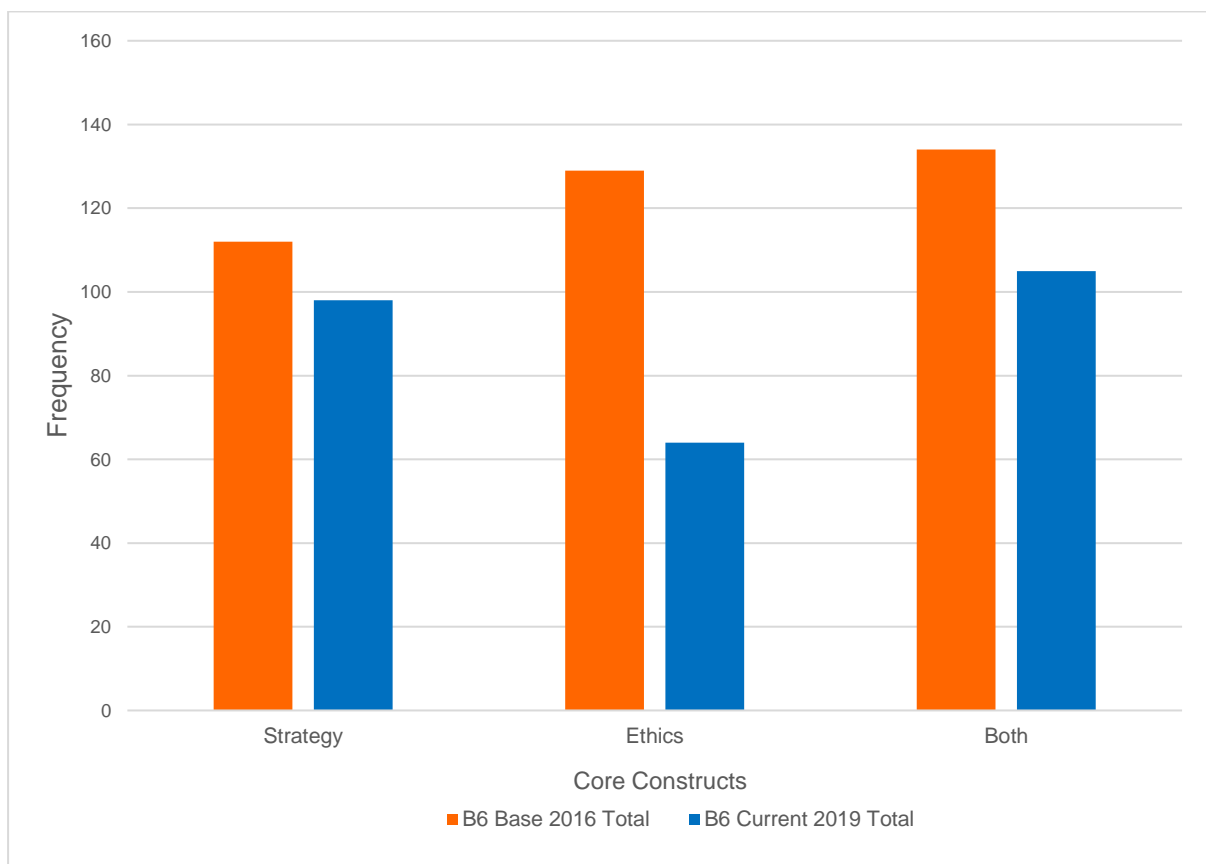
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.6.2 reflects an increase in the focus of the ethics narrative of Bank 6, within the current data set. The data of Bank 6 reflects a commitment to business ethics and strategy in its current data set narrative. The category where codes could

be applied to be considered both strategy and ethics suggests a more cohesive commitment by the bank.

The current data indicates an increase in the business ethics narrative compared to the baseline data. Moreover, the comparison of the codes where both strategy and ethics are considered appear much higher within the narrative of Bank 6.

6.8.3.7 Bank 7 - Integration of organisational strategy and business ethics

Figure 6.8.3.7.1 provides an overview of the selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 7.

Figure 6.8.3.7.1: Bank 7 Reflection of Bank 8 narrative
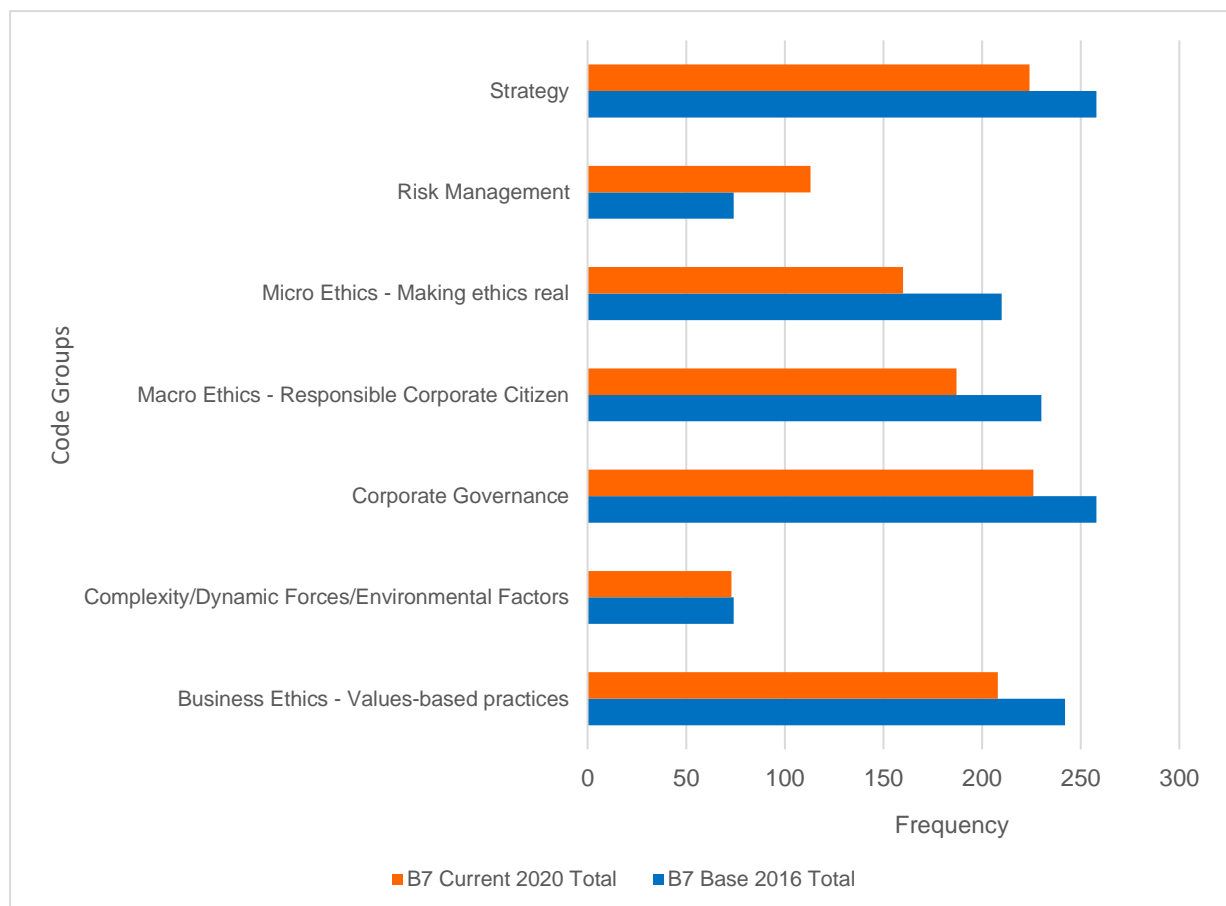
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.7.1 reflects Bank 7's narrative, whereby the baseline data set displays a stronger alignment in the communication on strategy, corporate governance, business ethics, ethics management and responsible citizenship to its stakeholders. The

articulation and focus of the commitment to Bank 7's strategy and business ethics are less prominent in the current data set albeit still reflecting a strong position, and juxtaposed with what is seen in Bank 1, 2, 3, 4 and 5's narratives. There is a focus on risk management which is more pronounced within the narrative of Bank 7.

Figure 6.8.3.7.2 provides a comparison specific to Bank 7 of the two main constructs namely business ethics and organisational strategy. The change of the narrative compares the baseline and current data and reflects how many of the identified codes are applicable to both constructs.

Figure 6.8.3.7.2: Bank 7 Reflection of constructs organisational strategy and business ethics within the narrative
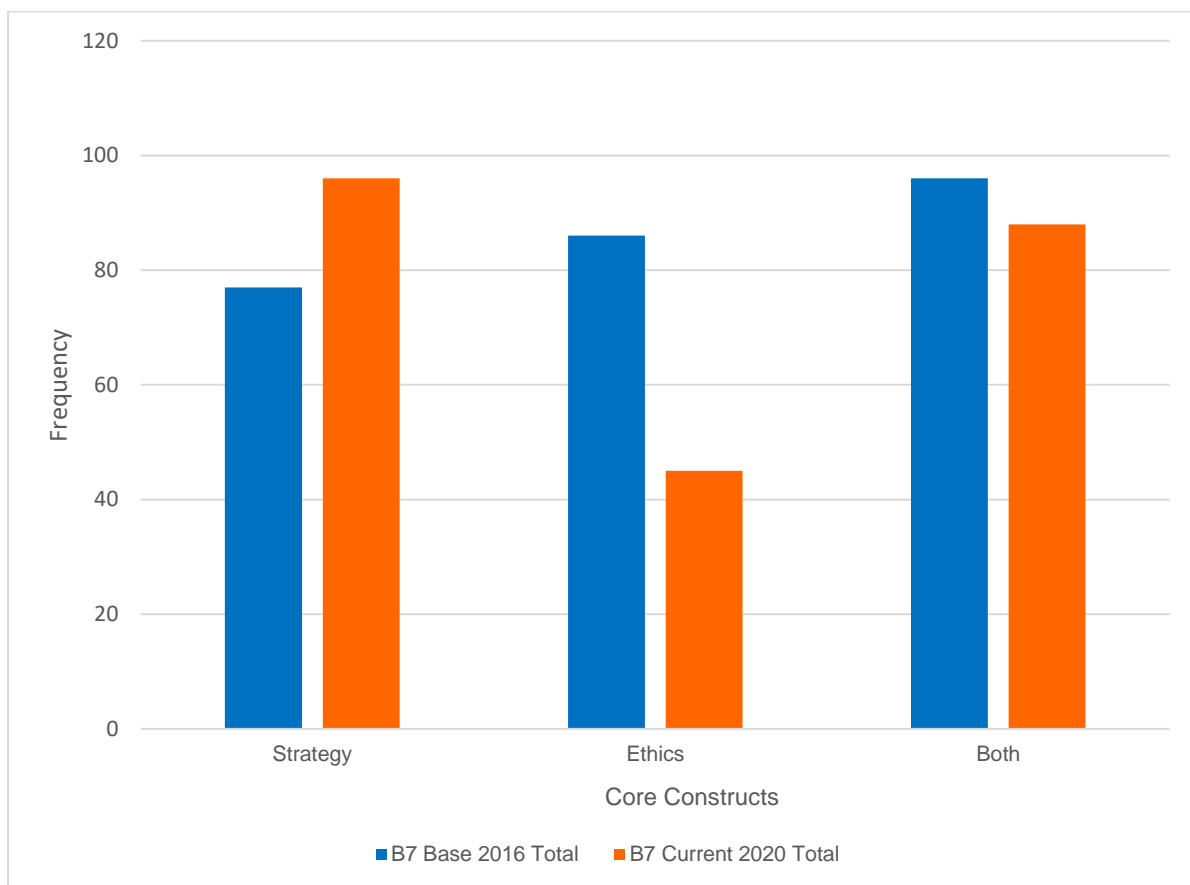
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.7.2 reflects a visible decrease in the narrative of Bank 7 in particular to ethics within the current data set, and an increase in the narrative on strategy. The data of Bank 7 reflects a commitment to the banks' strategy in its current narrative and a lessened focus on business ethics when compared to the baseline data. The

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category where codes reflects both strategy and ethics indicates a more consistent commitment by Bank 7. Moreover, the comparison of the codes where both strategy and ethics are considered appear much higher within the narrative of Bank 7. There is a clear surge of narrative related to strategy compared to the baseline data.

6.8.3.8 Bank 8 - Integration of organisational strategy and business ethics

Figure 6.8.3.8.1 provides an overview of the selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 8.

Figure 6.8.3.8.1: Reflection of Bank 8 narrative
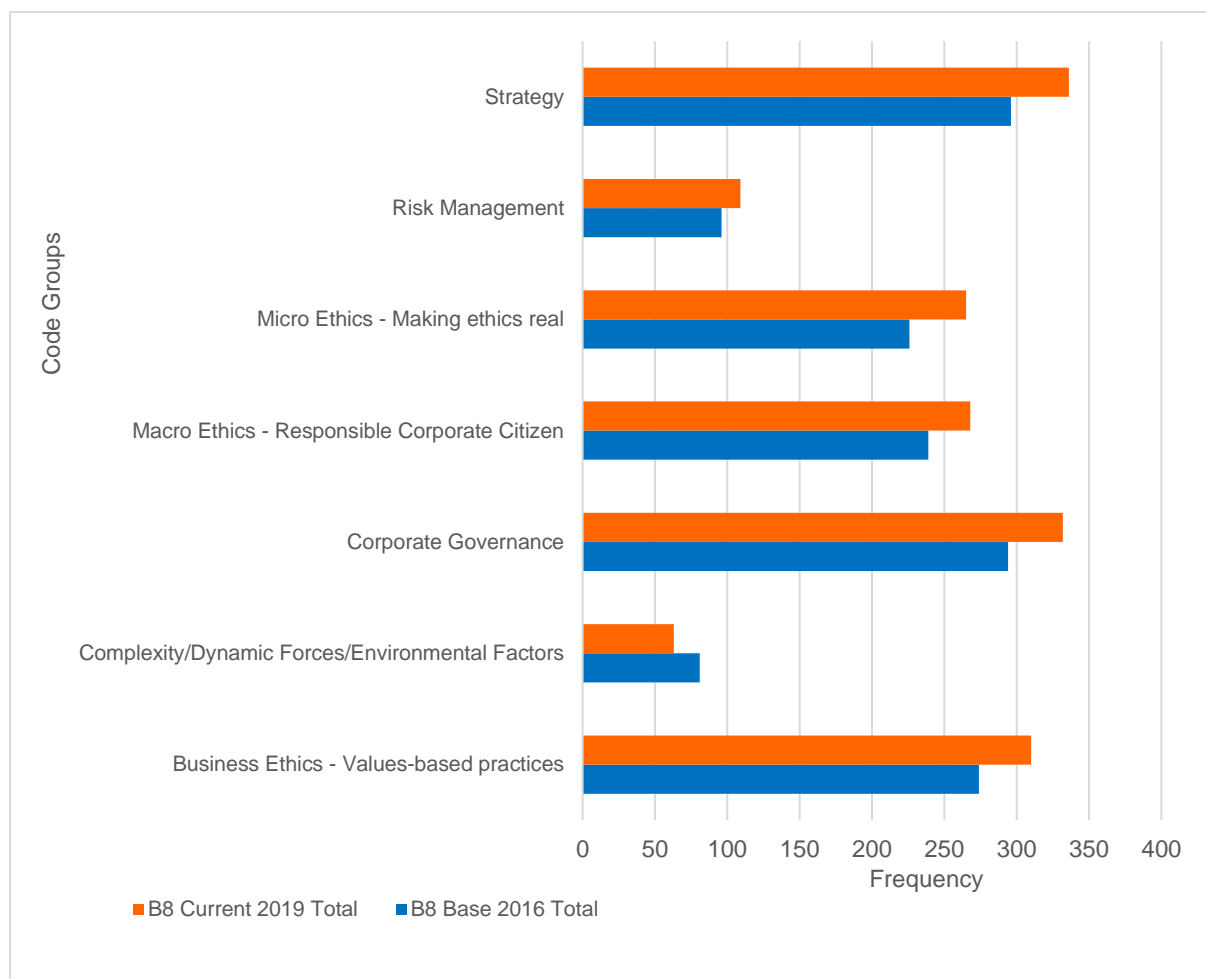
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.8.1 reflects the increase of relevant narratives related to strategy, corporate governance, and business ethics to Bank 8's stakeholders.

Figure 6.8.3.8.2 provides a comparison specific to Bank 8 of the two main constructs

of this study, being business ethics and organisational strategy. The review in the change of the narrative compares the baseline and current data and reflects how many of the identified codes are applicable to both constructs.

Figure 6.8.3.8.2: Bank 8 Reflection of constructs organisational strategy and business ethics within the narrative
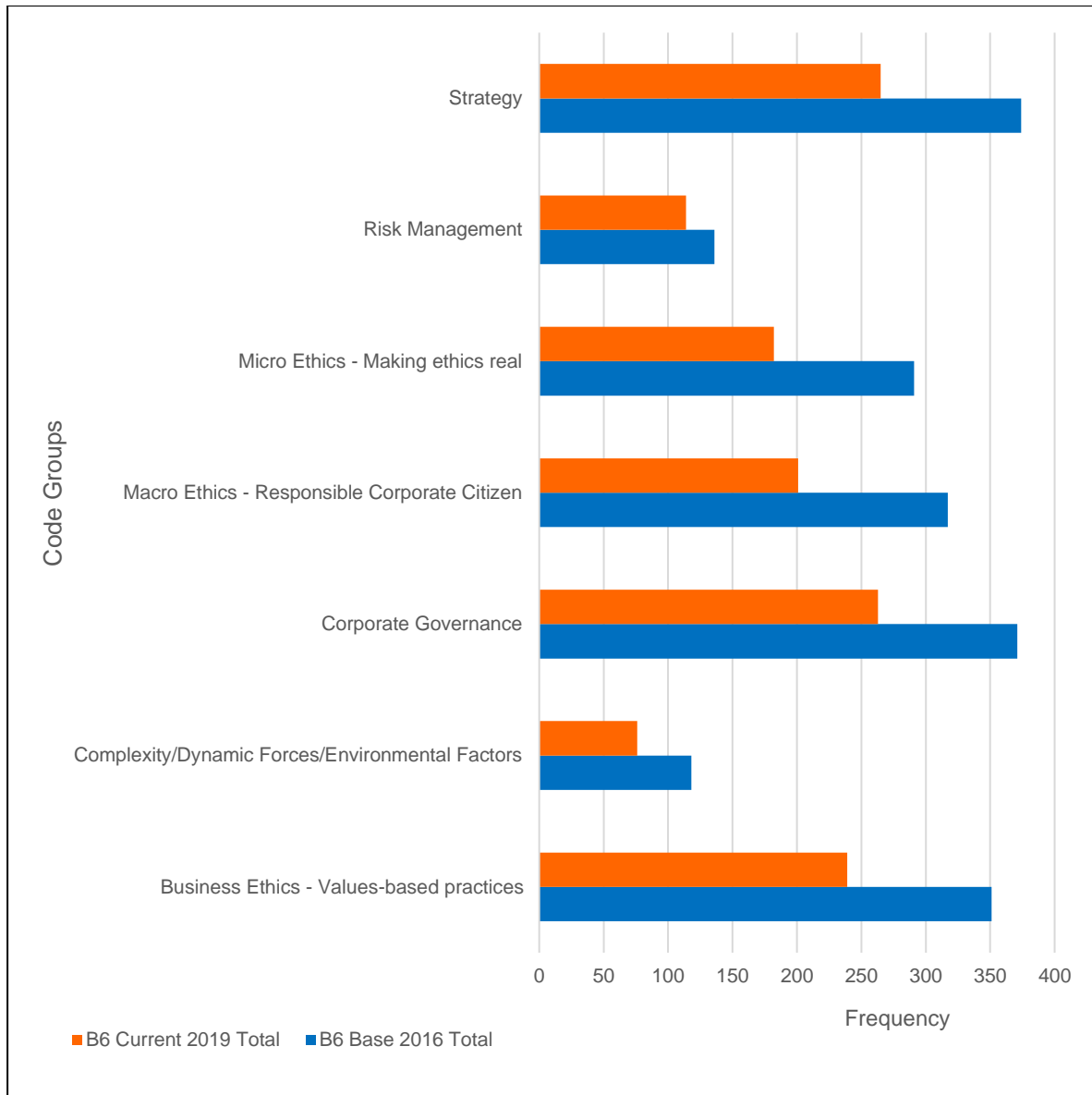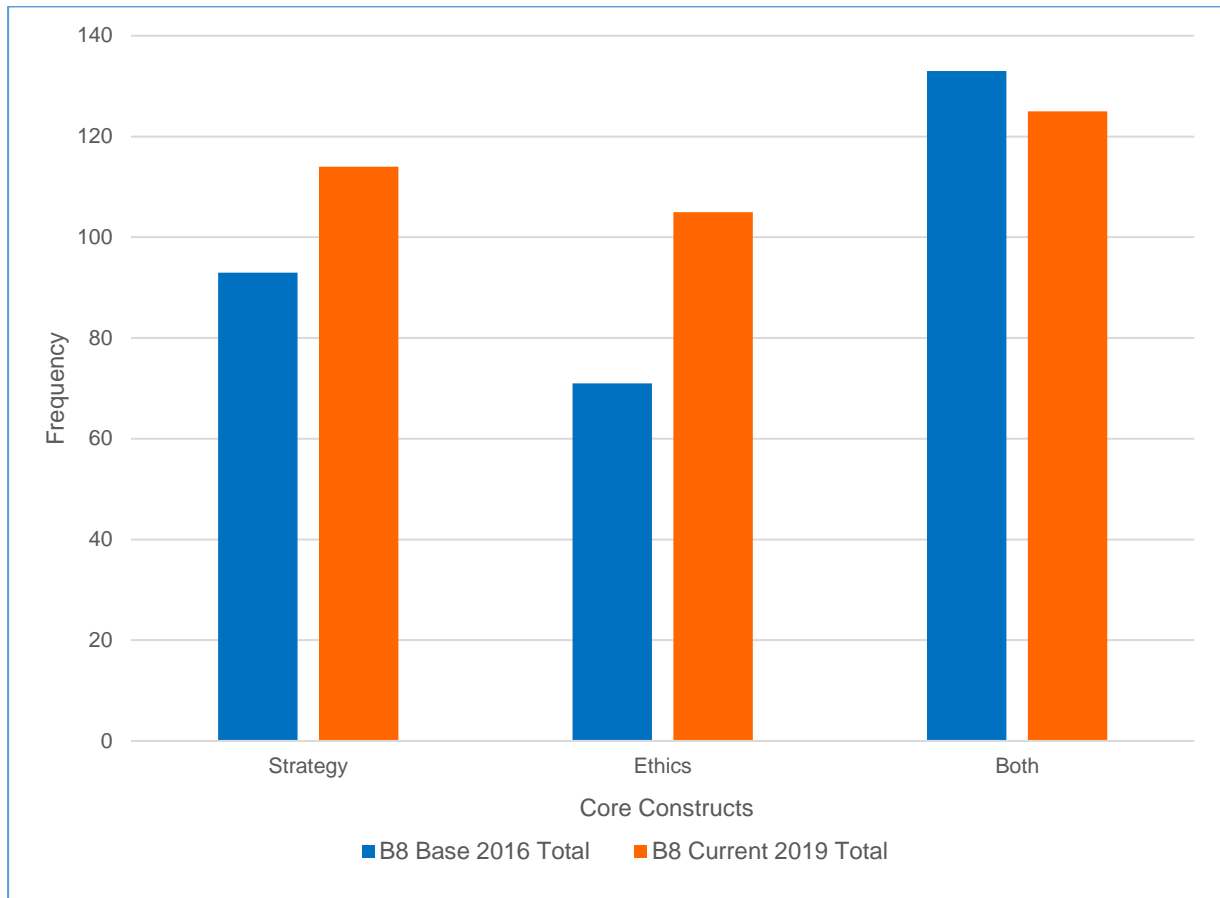

Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.7.3.8.2 reflects a dedicated increase in the narrative in particular to ethics in the current data of Bank 8. The data of Bank 8 reflects the commitment to business ethics and strategy in its current data set narrative, with both being higher when comparing to the baseline data. The category where codes reflects both strategy and ethics indicates reflect a cohesive commitment by the bank. Within the current data set, a significant increase in the business ethics narrative is visible compared to the baseline data. Moreover, the comparison of the codes where both strategy and ethics are considered are lower in the current data than in the baseline of Bank 8.

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6.8.3.9 Bank 9 - Integration of organisational strategy and business ethics

Figure 6.8.3.9.1 provides an overview of the selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 9.

*Figure 6.8.3.9.1: Reflection of Bank 9 narrative*
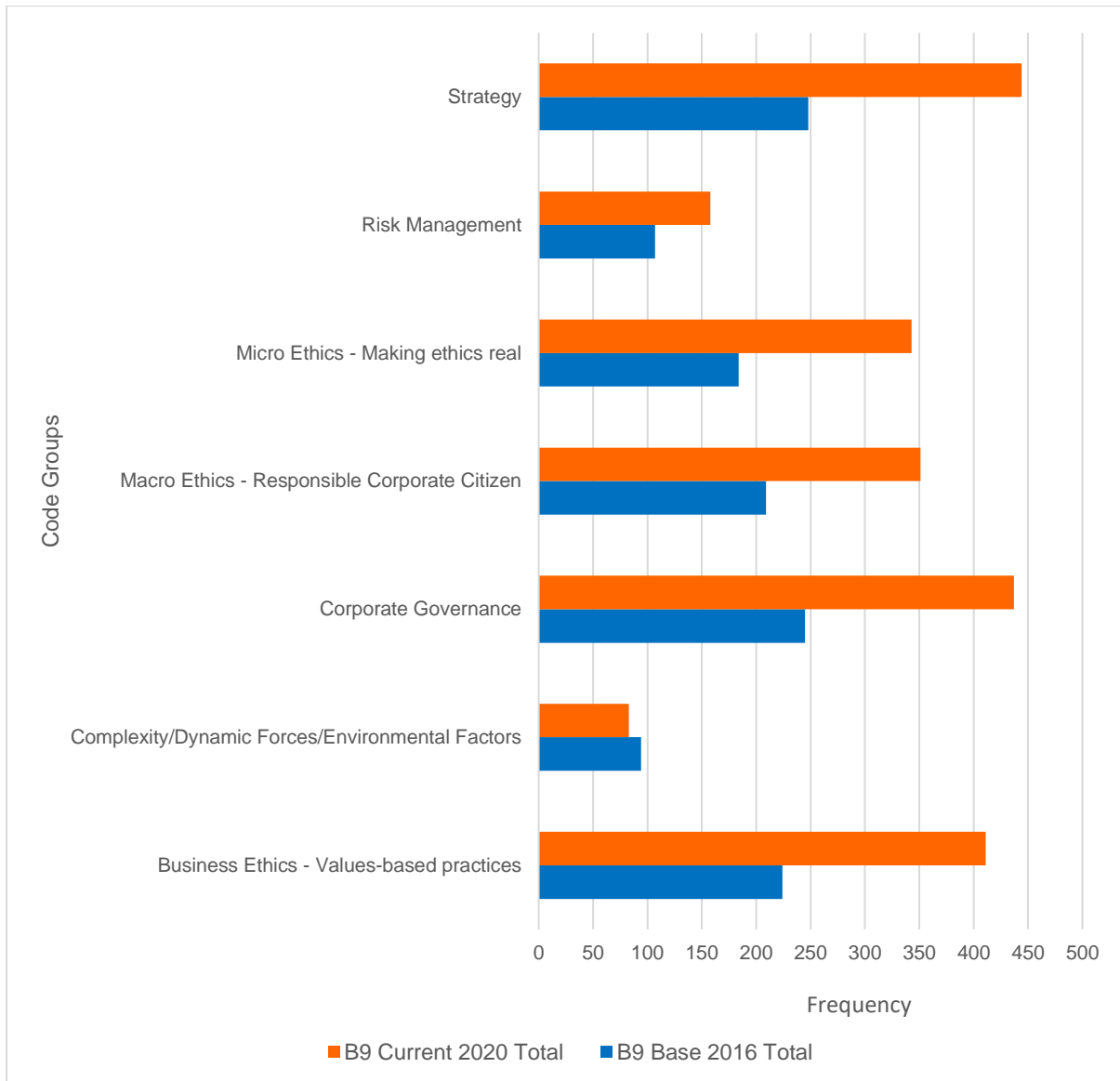
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.9.1 illustrates an increase in the relevant code groups when comparing the baseline and the current data of Bank 9 of all code groups except the complexity/ dynamic forces/environmental factors narrative.

Figure 6.8.3.9.2 provides a comparison specific to Bank 9 of the two main constructs being business ethics and organisational strategy. The review in the change of the narrative compares the baseline and current data and reflects how many of the identified codes are applicable to both constructs.

Figure 6.8.3.9.2: Bank 9 Reflection of constructs organisational strategy and business ethics within the narrative
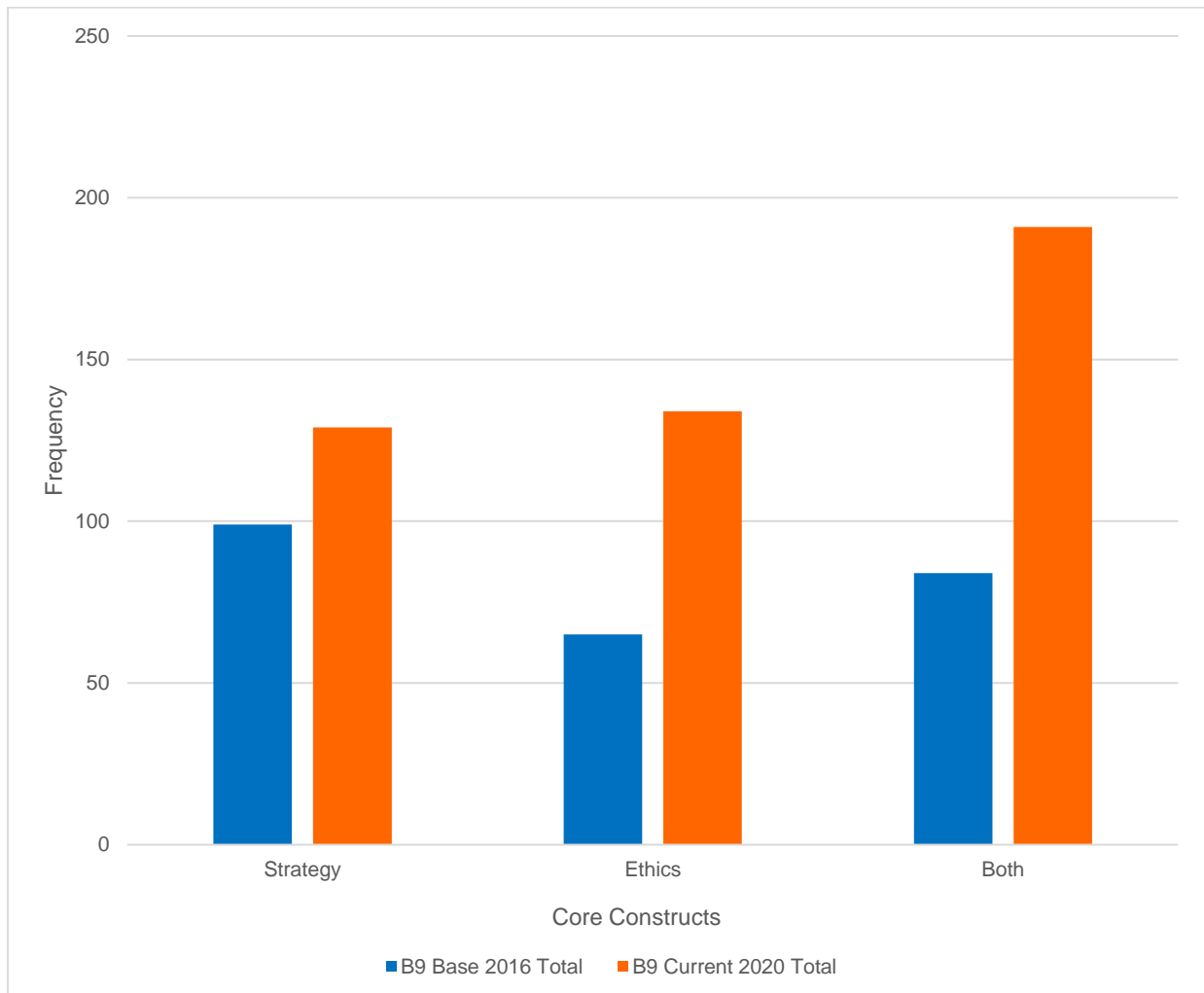
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.9.2 reflects an increase in the narrative in particular ethics and strategy within the current data set. The data of Bank 9 reflects the commitment to business ethics and strategy in its current narrative and is therefore visible as an increase in the current data set. Where codes could be applied to be considered both strategy and ethics reflects a stronger commitment by Bank 9 measured against its baseline data.

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6.8.3.10 Bank 10 - Integration of organisational strategy and business ethics

Figure 6.8.3.10.1 provides the overview of the selected code groups and the focus of the narrative between the baseline data set and the current data of Bank 10.

Figure 6.8.3.10.1: Reflection of Bank 10 narrative
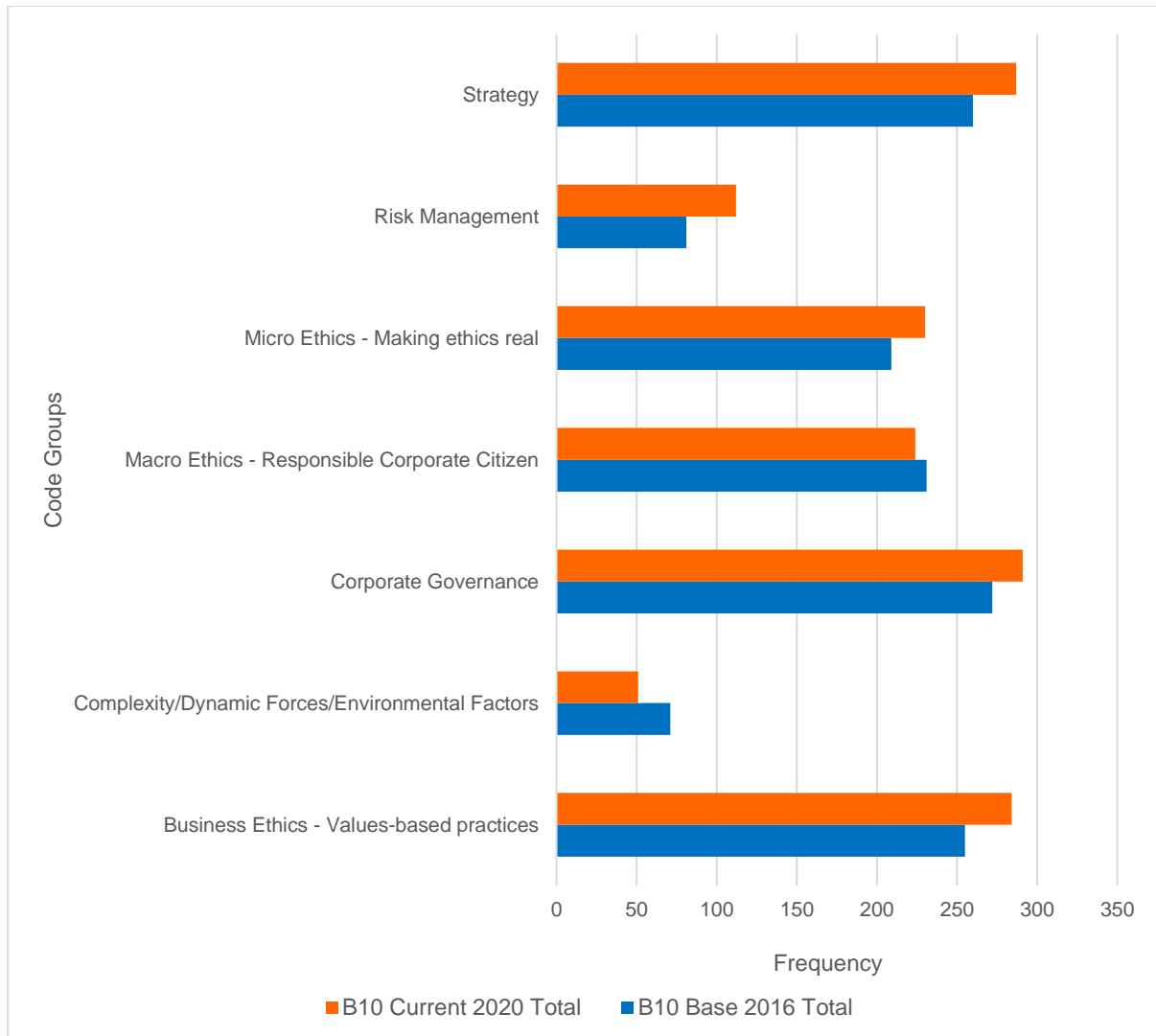
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.10.1 reflects the code groups with no significant difference between the baseline and current data in the narrative. A lesser focus is placed on responsible corporate citizenship and the complexity environment in the current narrative. Bank 10 does however, reflect a slight increase in the narrative focus related to strategy and ethics.

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Figure 6.8.3.10.2 provides a comparison specific to Bank 10 of the two main constructs of this study, being business ethics and organisational strategy. The review in the change of the narrative compares the baseline and current data and reflects how many of the identified codes are applicable to both constructs.

Figure 6.8.3.10.2: Bank 10 Reflection of constructs organisational strategy and business ethics within the narrative
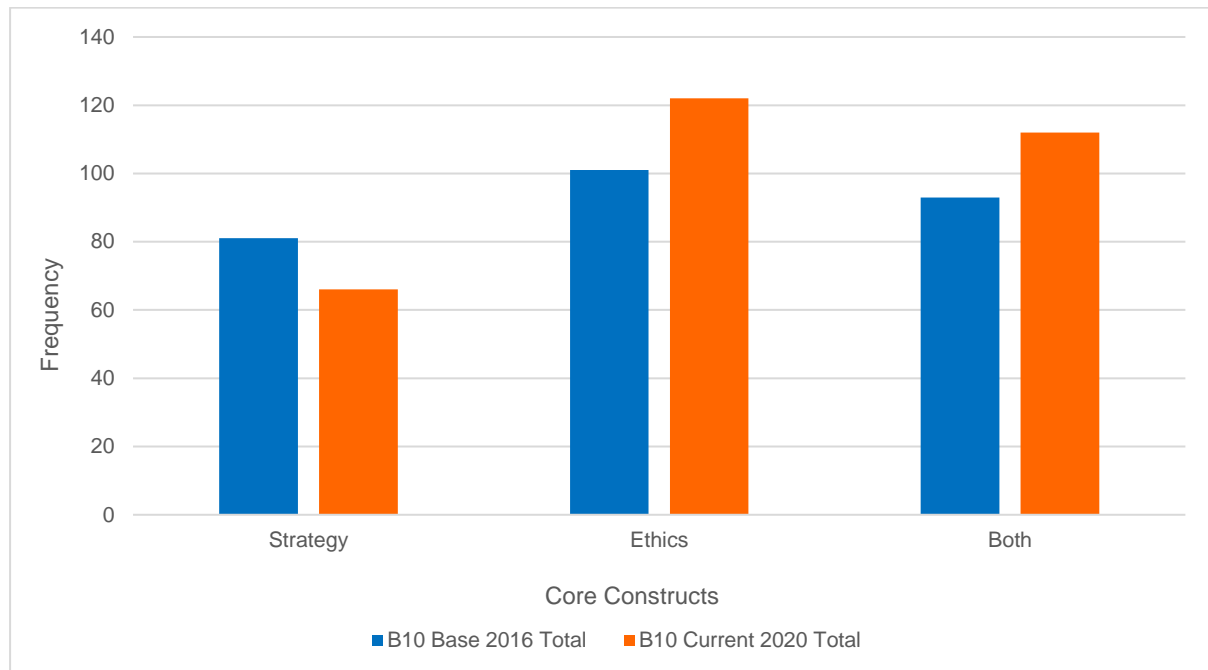
Source: Six Sigma Excel compiled from AtlasTi data set

Figure 6.8.3.10.2 reflects a dedicated increase in the narrative in particular to business ethics within the current data set, and a slight lesser focus on strategy in its narrative. The of data Bank 10 indicates the commitment to the codes applicable to both strategy and ethics and indicates the dedication by Bank 10 in the current narrative, measured against its baseline data.

6.8.4 Summary of the individual banks' narratives

In summary, each of the banks are reflecting considerations of organisational strategy and business ethics to its stakeholders. Except for Bank 6 and 7, all the other banks are focused on the articulation of their position on strategy and business ethics within the current data.

6.9   DATA ASSESSMENT

O'Conner and Joffe (2020:1) recommend the application of a best practice within a qualitative study, that the researcher consider intercoder reliability (ICR) of the coding structure. Castleberry and Nolen (2018:812) echoes the recommendation for researchers to validate coding of unstructured and complicated qualitative data. In the case of this study, the coding structure or frame is reflected in the identified code groups, capturing the analytical importance of the elements of the data (O'Conner & Joffe, 2020:2). O'Conner and Joffe (2020:2) motivate ICR to advance transparency and consistency of the coding structure and the application thereof. During this study, the coded narrative was grouped in AtlasTi, serving as a code book which was used as the data set. The codes and code groups, as presented in the preceding section, whereby the individual banks narratives were individually compared and analysed and subsequently, a Two-proportion test was done by means of using Sigma XL to further analyse the data sets and test its proportions and confidence intervals.

6.9.1 The Two-Proportion tests

A Two-Proportion Test identifies if there is a significant change between the first and second proportion of the data. The bigger the sample size, the smaller the difference will be that can be classified as significant between two proportions. The difference is consequently not due to random variation or chance (Thisted, 1998:5). As part of the reflection of the measures of the strength of two sets of data against each other the p-value reflects the probability whereby the null hypothesis is true, and a result equal to or more severe than observed is obtained (Solla *et al.,* 2018:385).

6.9.1.1   Two-Proportions test: organisational strategy

Table 6.9.1.1 presents the Two-Proportion Test conducted to verify the proportions of the data of organisational strategy. The data set derived from the codes in AtlasTi, a Two-Proportion Test was applied using Sigma XL as the tool to conduct the test.

The P-value for the test of the two samples for Strategy (Base versus Current) is less than 0.05. Solla *et al.,* (2018:385) defines the P-value as the quantification of the probability that the result is due to chance and does not measure the association or the difference.

There is thus a 95% confidence that the two proportions are different and therefore can conclude practically that across all banks, the reference (identification of codes) towards strategy in the cases analysed, has increased significantly from base period to current period.

Table 6.9.1.1: Two-Proportion Test and confidence interval of Organisational Strategy

Sigma XL	2 Proportions Test and Confidence Interval			
Sample Data (user inputs):			**Sample 1**	**Sample 2**
Number of Events	x		2,298	3,272
Sample Size	n		354,393	369,096
Null Hypothesis (hypothesized difference)	$H_0: P_1 - P_2 =$		0	
Alternative Hypothesis	$H_a: P_1 - P_2$		Not Equal To	
Confidence Level (enter .95 for 95%)	$100*(1-\alpha)\%$		95.0%	
Hypothesis Test Method			Fisher's Exact	
Confidence Interval Method			Newcombe-Wilson Score	
Results:				
Sample proportion (x/n)			0.0065	0.0089
Sample proportion difference			-0.0024	
alpha			0.0500	
Minimum expected value (should be >= 5 for normal approximation)			2,728.4022	
Fisher's Exact probability P-Value (2-sided)			0.0000	
Upper Confidence Limit (2-sided)			-0.0020	
Lower Confidence Limit (2-sided)			-0.0028	

Source: Derived from dataset by means of using Sigma XL

Sample 1 reflects the baseline data, and sample 2 reflects the current data set. The number of events reflects the number of times a certain criterion is fulfilled. The total number of samples observed (as is the case with strategy, how many opportunities were there for a 0 to be classified as a 1, thus, how many opportunities were there for the specific code/construct to be identified in all the cases).

The null hypothesis reflects the base theory, as is the case with strategy, that the proportion for the base cases are equal to the proportion for the current cases. The hypothesis test method used was Fisher's exact method. The confidence level confirms the extend of the confidence that the result is shown is accurate, based on the sample size, as is the case with strategy, being 95% confident.

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6.9.1.2   Business ethics

Table 6.9.1.2 presents the Two-Proportion Test conducted to verify the proportions of the data of business ethics. The data set is resultant from the codes in AtlasTi, and a Two-Proportion Test applied using Sigma XL as the tool to conduct the test.

Table 6.9.1.2: Two-Proportion Test and confidence interval of Business ethics

2 Proportions Test and Confidence Interval			
Sample Data (user inputs):		**Sample 1**	**Sample 2**
Number of Events	x	2,148	3,030
Sample Size	n	328,530	342,160
Null Hypothesis (hypothesized difference)	$H_0: P_1 - P_2 =$	0	
Alternative Hypothesis	$H_a: P_1 - P_2$	Not Equal To	
Confidence Level (enter .95 for 95%)	$100*(1-\alpha)\%$	95.0%	
Hypothesis Test Method		Fisher's Exact	
Confidence Interval Method		Newcombe-Wilson Score	
Results:			
Sample proportion (x/n)		0.0065	0.0089
Sample proportion difference		-0.0023	
alpha		0.0500	
Minimum expected value (should be >= 5 for normal approximation)		2,536.3854	
Fisher's Exact probability P-Value (2-sided)		0.0000	
Upper Confidence Limit (2-sided)		-0.0019	
Lower Confidence Limit (2-sided)		-0.0027	

Source: Sigma XL

The P-value for the test of the two samples for Business Ethics (Base versus Current) is less than 0.05. There is thus a 95% confidence that the two proportions are different and therefore it can be concluded that practically across all banks included in the study, the reference (based on codes derived from the narrative) towards business ethics in the data analysed, increased significantly from base period to current period.

6.9.1.3   Corporate governance

Table 6.9.1.3 presents the Two-Proportion Test conducted to verify the proportions of the data of corporate governance. The data set derived from the codes in AtlasTi as well as a Two-Proportion Test was applied using Sigma XL as the tool to conduct the test.

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Table 6.9.1.3: Two-Proportion Test and confidence interval of corporate governance

2 Proportions Test and Confidence Interval			
Sample Data (user inputs):		**Sample 1**	**Sample 2**
Number of Events	x	2,287	3,247
Sample Size	n	344,607	358,904
Null Hypothesis (hypothesized difference)	$H_0: P_1 - P_2 =$	0	
Alternative Hypothesis	$H_a: P_1 - P_2$	Not Equal To	
Confidence Level (enter .95 for 95%)	$100*(1-\alpha)\%$	95.0%	
Hypothesis Test Method		Fisher's Exact	
Confidence Interval Method		Newcombe-Wilson Score	
Results:			
Sample proportion (x/n)		0.0066	0.0090
Sample proportion difference		-0.0024	
alpha		0.0500	
Minimum expected value (should be >= 5 for normal approximation)		2,710.7680	
Fisher's Exact probability P-Value (2-sided)		0.0000	
Upper Confidence Limit (2-sided)		-0.0020	
Lower Confidence Limit (2-sided)		-0.0028	

Source: Sigma XL

The P-value for the test of the two samples for Corporate Governance (Base versus Current data) is less than 0.05. There is thus a 95% confidence that the two proportions are different and therefore it can be concluded, that practically across all banks included in the study, the reference (based on codes derived from the narrative) towards corporate governance in the data analysed, increased significantly from base period to current period.

6.10   PART 2: PHASE 4 – VIRTUAL INTERVIEWS

Confirming participation of bank representatives was challenging albeit having signed agreements to support the study. The scheduling of interviews was done based on a two-week advance notice and a formal meeting request with a Microsoft Teams link was shared with each representative. The participants were selected based on a purposive and judgemental sampling method.

The reason for selecting this methodology is based on the specific skills and knowledge of the participants to enable a verification of the existing organisational strategy and business ethics principles being applied within the institutions. Both the company secretary and the ethics officers were invited at each of the ten commercial

banks to participate in the study. Some of the banks did not have a dedicated ethics officer, therefore a request to the individual responsible for the ethics function was made.

6.10.1 Structuring the interview process.

The research strategy for this study was based on two phases of data collection. The complexity of the constructs of the study required a discourse analysis of the integrated reports as the primary method and first step of data collection.

Following the comparative discourse analysis of integrated reports, structured interviews with pre-selected individuals within the bank hierarchy were scheduled. The data collection for the interview process was completed in a systematic, phased approach.

Figure 6.10.1 presents the steps followed in the preparation and analysis of data collected during the interview phase of the research.

Figure 6.10.1: Phased steps taken during interview process.
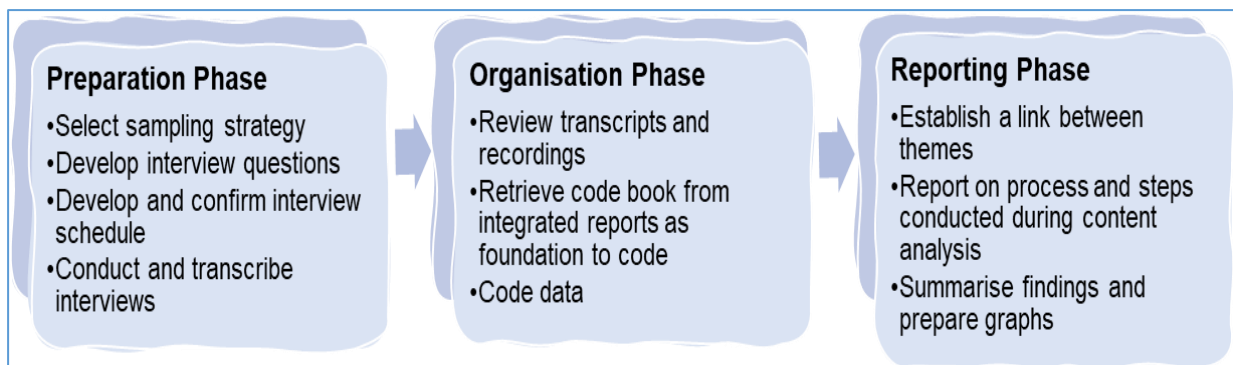
Source: Adapted from Assarroudi, Heshmati Nabavi, Armat, Ebadi, and Vaismoradi, 2018:45

The systematic process to conduct the interviews provided structure to ensure that the interview process is managed based on ethical research requirements.

6.10.2 Sample selection

All thirteen commercial banks identified within the South African financial sector, received a formal letter of invitation to participate in the study addressed to the company secretaries and known ethics officers. The qualifier for participation was

based upon a purposive sampling technique to interview specific individuals. The motivation for the selection of purposive sampling is based on the special knowledge and expertise of the specific individuals, being the company secretary and ethics officers of the respective commercial banks (Lune & Berg, 2017;39). The company secretary is privileged to provide insights as to the perspectives of the board on the considerations given to business ethics when the strategy is formalised.

The ethics officer can provide information as to the alignments of both micro and macro ethics and organisational strategy. Understandably, a purposive sampling method offers a limitation of generalisability of this study, however, the argument can be substantiated that the general workforce may not have access to the strategic ethics management plan as implemented.

6.10.3 Interview questions

The interview questions were brief, focusing on the verification of the integration (or the extent thereof) of organisational strategy and business ethics. The questions were provided to the respective participants ten business days in advance, some participants were required to submit the questions to their legal divisions for approval prior to confirming participation. The interview questions and related responses will be detailed in a subsequent section.

6.10.4 Research schedule and participation summary

Table 6.10.4 provides an overview of the interview schedule which was concluded. Interview schedule with confirmed participants conducted virtually and recorded by means of Microsoft Teams.

The interviews were all scheduled and conducted between May 2021 and July 2021. The geographic location of the participating representative was not a concern, as all the interviews were conducted virtually, and the discussions were recorded following required protocol.

Bank	Date and Time	Position/Title as Company	Note
Prudential Authority	19 May 2021 09:30 am	Banking Supervision	Important perspective to consider based on Corporate Governance and Regulatory mandate on local banks
B 4	23 June 2021 10:00 am	Company Secretary	
B 5	8 June 2021 11:00 am	Ethics & Governance Officer	Part 1 – Did not complete session
B 5	9 June 2021 11:00 am	Ethics & Governance Officer	Part 2
B 6	8 June 2021 14:00 pm	Company Secretary	
B 8	20 July 2021 15:00 pm	Ethics Officer	
B 9	9 June 2021 10:00 am	Company Secretary	Both company secretary and Internal Audit joined session (Internal audit fulfils Ethics Officer function)
B 9	9 June 2021 10:00 am	Internal Audit	
B 10	22 June 2021 10:00 am	Company Secretary	
B 11	30 July 2021 11:00 am	Company Secretary	Incorporated, albeit not included in narrative review

Source: Own compilation

Table 6.10.4 reflects the dates and position of the representative who participated in the study, by means of a virtual meeting on Microsoft Teams.

6.10.5 Conduct and transcribe interviews.

Of the thirteen commercial banks, total of seven locally controlled banks did participate in the interview process. A total of 8 individuals participated, of which 5 were holding the position of Company Secretary, and 3 fulfilled the role of ethics officers or had the responsibilities of managing ethics within the bank. An additional discussion was conducted with a senior member directly responsible for the oversight and supervision of banking, at the Prudential Authority, bringing the conducted interviews to a total of 7. The goal to secure 8 to 12 representatives, either the company secretary or an ethics officer from the 10 selected banks was not met. The non-participation feedback received was a consequence of internal permissions and processes. It took several months in some instances to secure the required support for the study which was not realised in a timely fashion by some of the participants. The delay in responses resulted in a total of 8 banking representatives participating in the study.

The following question were posed to be answered by participating representatives:
Main study objective: To determine whether and how business ethics is integrated

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with organisational strategy.

Secondary objective: How and where is business ethics reflected in the organisational strategy of commercial banks in South Africa?

Figure 6.10.5 provides an illustration of the participants positions within the financial sector and the number of individuals who completed the interviews.

Figure 6.10.5: Number of individuals and respective positions within the banks who participated in the study
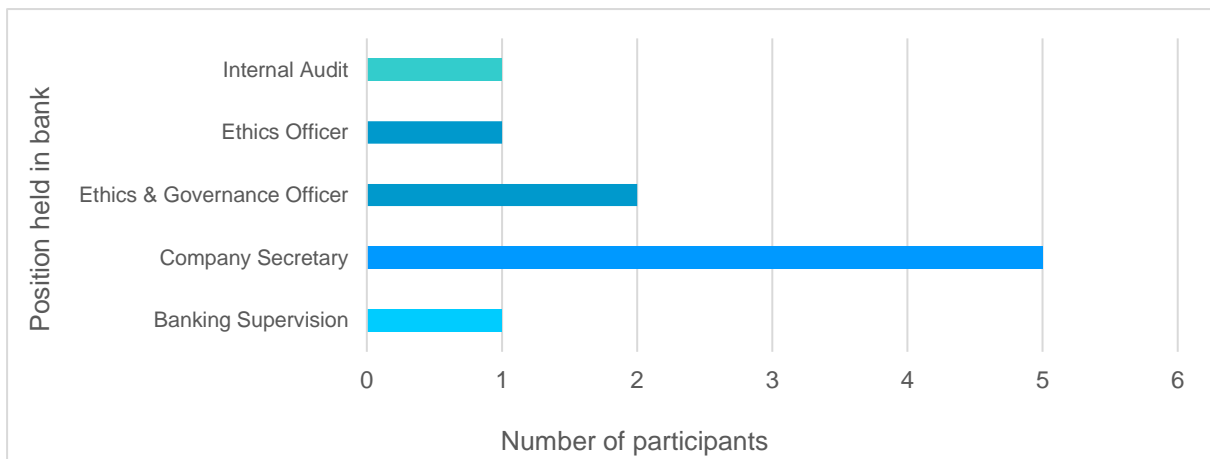
Source: own compilation

Each of the interviews began with the same questions to ensure that the same guidance and questions were provided to participants of the study. The content acquired during the virtual interviews were transcribed to ensure accuracy and that appropriate interpretation of the participants comments were documented. This was done to prevent the loss of any nuances during the interviews. The recording as MP4 file format allowed coding and analysing in more detail after conclusion of interviews by means of AtlasTi, allowing additional opportunity to the researcher to revisit and re-evaluate the information of the discussions. Transcripts served as a second mode of verification and recordkeeping of the data according to best practice standards. The recordings and transcripts were added as 'documents' to AtlasTi, whereby quotations were created, and the content coded accordingly. The codebook which was organically generated during the coding of the integrated reports was used as a starting point for the coding of the recordings.

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6.10.6 Configuration of the interview data

6.10.6.1 Review transcripts and recordings

Recording was transcribed by means of a formal online service provider named Otter (https://otter.ai/). The transcriptions were then reviewed by the researcher for accuracy and once finalised, the transcripts were added to AtlasTi as a dataset to be coded. The dataset followed an identity free numbering, to ensure anonymity of the participating institutions.

6.10.6.2 Retrieve code book from integrated reports as foundation to code

A total of 319 codes originated from the integrated report and was important as a platform to continue with coding. The transcripts of the virtual interviews were prepared for coding, consistent with existing codes as derived from the integrated reports.

6.10.6.3 Coding of interview data

Each recording was replayed and coded in AtlasTi, assigning a code from imported codebook, or alternatively open coding was applied during this step. The grounded indicators reflect the frequency of the words and/or phrases used within the data gathered during the virtual interviews.

The virtual interview narratives reflected a strong focus on the importance of integrated reporting and ethics which both scored an eight. Furthermore, it is worthwhile to note that the importance of risks, combined with ethics reporting, accountability, codes of ethics, social and ethics committee as well as group, transformation, social and ethics committee are very relevant to the banks who participated in the virtual interviews.

Figure 6.10.6.3 provides a summary of all codes assigned when coding was completed in AtlasTi, with a grounded total between 2 and 8.

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Figure 6.10.6.3: Overview of most frequently used codes (key words and phrases) during interviews
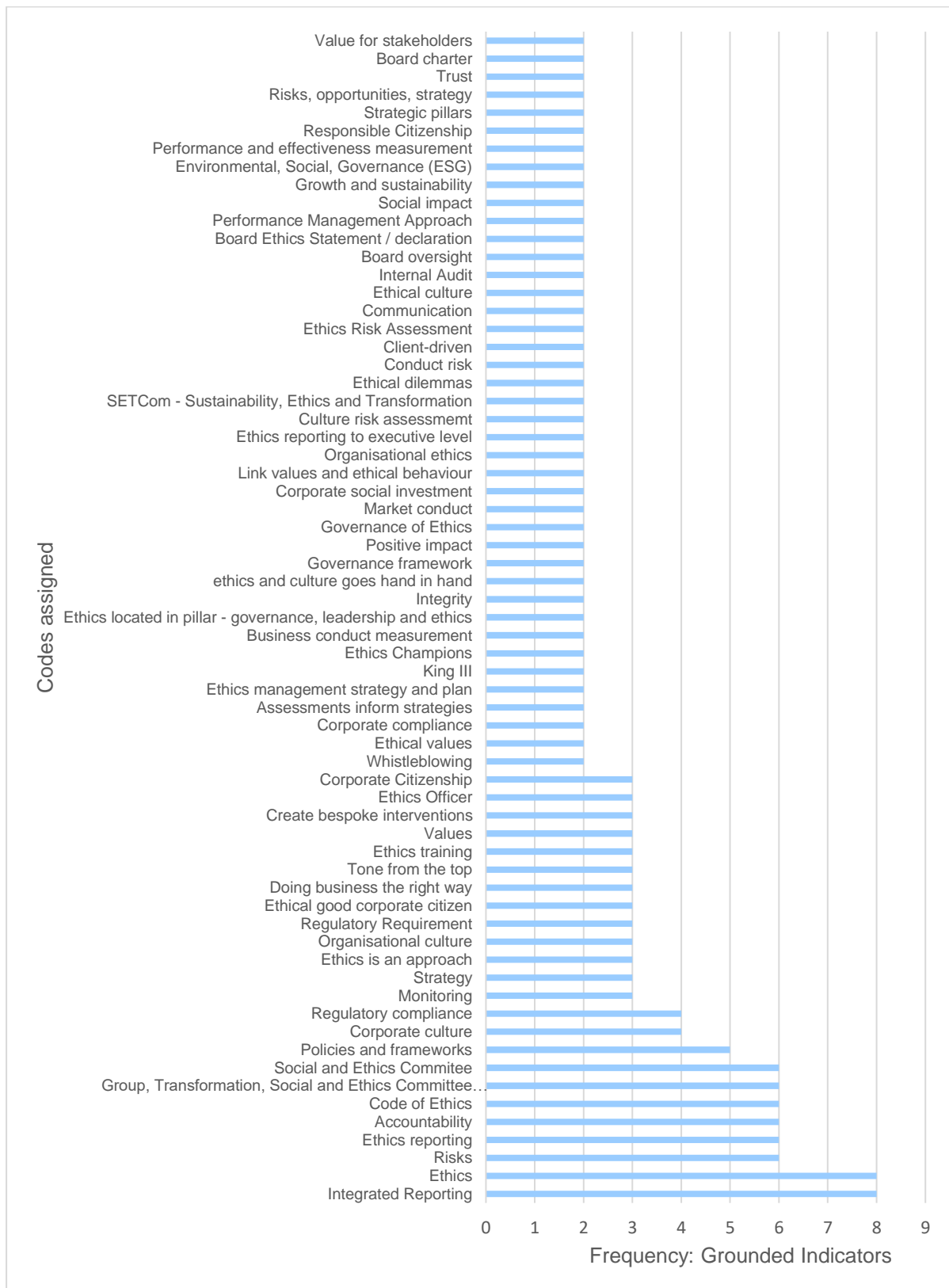
Source: Compiled from AtlasTi Report

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Based on the data captured during the virtual interviews, the indication is clear that ethics is prominently reflected within the strategic considerations of the banks.

6.11   REPORTING PHASE

6.11.1 Report on process and steps conducted during content analysis.

The recorded files were added as documents to AtlasTi, whereby it enabled the researcher to create quotations of the discussions. These quotations were then coded, Important statements and comments were also documented to ensure that the context of the discussions are accurately reflected when analysing the data. Identification of the themes in the data is based on an expanded definition published by Morgan and Nica (2020:2): "A theme is a meaningful, recurring pattern that researchers first develop from the data, and then use to interpret that data for an audience." Morgan and Nica (2020:2), introduces an Iterative Thematic Inquiry as a qualitative analysis method whereby the researcher can build themes as patterns within the data followed by the communication of identified patterns to audiences. The advantage of applying an iterative thematic analysis method during the data assessment, is the persistent development of themes as a structuring tenet. This approach provides for a systematic method of theme development based on the data.

Morgan and Nica (2020:4), proposes that the researcher follows four steps during a thematic inquiry. The researcher first considers the evaluation of preconceived prejudices of the themes. During this step, the researcher reviewed her personal assumption that ethics in the banking environment is merely a compliance exercise; whereby the themes to be identified were focused on compliance activities rather than values or ethics-based actions. The second step focuses on the development of current themes, whereby the creation of new principles during the data gathering process is identified. During this step, the researcher identified themes of particular importance such as risk management, regulatory compliance, client-first emphasis, and ethical hackers. In addition, how ethics is reflected within the banking institution's strategy, appears in the foundational statements, such as the mission, vision, convictions, purpose, and values statements, and not necessarily as a dedicated strategic focus. The third step provides for the tentative themes to be drafted and the development of a provisional statement of final themes. During the attempt to address

this step, a matrix was developed which assisted the researcher to list themes, ending with a consolidated statement of final themes. The final step as Morgan and Nica state (2020:4), provides for the theme assessment and theme appropriateness by means of coding. During this step, the researcher reviewed the codes applied during coding, and its alignment with the matrix used to compare the data to ensure its appropriateness.

The data is presented as a summarised matrix, forming part of the code finalisation, and providing a clear measurable and comparative set of criteria to enable data analysis. The following questions guided responses to enable the researcher to complete the comparative matrix:

1. Describe the extent to which and how business ethics is incorporated within the organisational strategy of the bank?
2. In which focus area of strategy is business ethics included?
3. Describe the extent and depth to which the bank's Social and Ethics Committee at Board level have strategic oversight of the management of ethics risks and ethics interventions?
4. Describe the extent to which the management of ethics are accounted for in key performance indicators in executives' performance management systems?
5. How is ethics strategy monitored to ensure that goals and objectives are met?
6. What are the reporting mechanisms for ethics and how frequently does reporting occur on ethics in the bank?
7. How is the reporting done both within the bank (ethics goals and objectives), and externally (the bank as Corporate Citizen) - Is it independently assessed/audited and are CSI/CSR programmes in place?
8. Where does it fit within the reporting of organisational strategy?
9. Describe if any ethics related assessments are performed to inform the ethics strategy?
10. Describe ethics management actions/interventions within the bank (make ''ethics real'')?
11. How do you monitor the ethics management performance of the organisation?
12. Describe the bank's ethics management performance reporting lines and processes?

In the instances where the participants answered a question in tandem with another question, the specific matter was not raised separately, and many answers were consolidated by participants during the discussions.

Table 6.11.1. is the result of the final themes supported by codes to provide an overview of Bank one through Bank seven's interview data.

Table 6.11.1: Matrix of final identified themes serving as a comparative data set from interview data.

ORGANISATIONAL STRATEGY		B1	B 2	B 3	B4	B5	B6	B 7
	Strategy document includes ethics	Yes	Yes	No	Yes	Yes	Yes	No
	Values/Convictions/Purpose statements including ethics	No	Yes	No	Yes	No	Yes	Yes
	Meaningful stakeholder engagements	Yes	Yes	No	Yes	Yes	Yes	Yes
	Mode of Ethics Management (MEM) Model in strategy*	R	C	R	TA	C	I	I
	*(R=Reactive; C=Compliance; I=Integrity; TA = Totally Aligned)							
BUSINESS ETHICS								
Micro Ethics		B1	B 2	B 3	B4	B5	B6	B 7
	Ethics strategy	No	No	No	Yes	No	Yes	Yes
	Ethics Code / policies / guidelines	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Ethics Office(r) / Team	No	Yes	No	Yes	No	No	Yes
	Ethics Champion	No	Yes	No	Yes	No	Yes	Yes
	Ethics Assessments	No	Yes	No	Yes	No	Yes	Yes
	Key Performance Indicators Executives	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Key Performance Indicators All Staff	Yes	No	Yes	Yes	Yes	Yes	Yes
	Ethics Programmes/interventions	No	Yes	Yes	Yes	Yes	Yes	Yes
	Ethics reporting mechanisms	No	Yes	No	Yes	No	Yes	Yes
Macro Ethics		B1	B 2	B 3	B4	B5	B6	B 7
	Responsible Corporate Citizenship	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Corporate Social Investment	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Market conduct code	Yes	Yes	Yes	Yes	Yes	Yes	No
	Stakeholder engagement policies	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Corporate Governance		B1	B 2	B 3	B4	B5	B6	B 7
	Clear Governance Framework	No	Yes	Yes	Yes	No	Yes	Yes
	Ethics Reporting Mechanisms	No	Yes	No	Yes	No	Yes	Yes
	Regulatory compliance	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Structured social and ethics Committee mandate	No	Yes	No	Yes	No	Yes	Yes
	Environment, Social and Governance Commitment	Yes	Yes	Yes	Yes	Yes	Yes	Yes
	Ethical organisational culture – King IV Principle 2	Yes	Yes	No	Yes	No	Yes	Yes

Source: Interpreted from interview data; based upon the MEM (Rossouw and Van Vuuren, 2017:54)

The summarised matrix provides for a greater understanding of the information provided during the interview process and serves as an overview of the data, without having to repeat and detail each comment. The links between each of the themes were reviewed to provide insights as to the researcher's interpretation and representation of the data. Impressive to note that one bank achieved a totally aligned mode of ethics management, which implies that ethics is entrenched as part of the organisations purpose and ethics is therefore integrated in the organisational culture (Rossouw &

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Van Vuuren, 2017:54).

6.11.2 Establish a link between themes.

As stated, the identified themes provide a set of comparative topics which became clear during the analysis process. Within organisational strategy, the first subtheme is centred around the inclusion of ethics as part of the strategic pillars and/or the strategy document of the bank. Participants were asked if the strategic document includes ethics as part of strategy, with a yes or no answer. The position of ethics was indicated based on the appearance thereof being in either the banks vision, mission, purpose, convictions, or value statements.

The second subtheme is based on the foundational statements including but not limited to the purpose, convictions and value statements, the mission, and vision which reference ethics concepts, and/or refer to value-based principles. The participants were asked where business ethics was referenced as part of the strategy of the bank, which assisted with the identification of the various foundational statements. Due to the ease of identification of the bank, and the nature of these statements, these documents will not be included as part of the data. Meaningful stakeholder engagement policies, procedures and narrative around the partnership ecosystem provides a comparable platform as a subtheme – mostly referring to the banks' engagement with both external and internal stakeholders.

The mode of ethics management of each bank was investigated, indicative from the interview data. One identifier of the mode of ethics management is based on the engagement of leadership and support provided to an ethics management program. The types of policies and the maturity of the ethics program in the bank assist with the classification of the mode of ethics management. Four modes of ethics management were identified in the data, being reactive mode, whereby an ethical standard is not enforced and the compliance mode where unethical behaviour is identified and disciplined. The integrity mode reflects the identification and recognition of ethical conduct, followed by a totally aligned mode whereby ethical business is ingrained as the norm (Rossouw & Van Vuuren: 2017:54).

6.11.3 Summarise findings and present graphs.

The participants were asked to answer high-level open-ended questions to enable the researcher to understand each of the bank's relevant strategy and ethics knowledge. Reflecting on the incorporation of business ethics and organisational strategy, 5 participants indicated that ethics is included as part of the strategy of the bank. They motivated this statement by citing applicable foundational statements albeit the mission, vision, purpose of value statements, and indicated whether or not there is a strategic pillar which includes ethics.

6.11.4 Reflection of organisational strategy as a theme

Figure 6.11.4.1 provides an overview of the themes supporting organisational strategy as a bar chart.

Figure 6.11.4.1: Reflection of organisational strategy themes identified from the interview
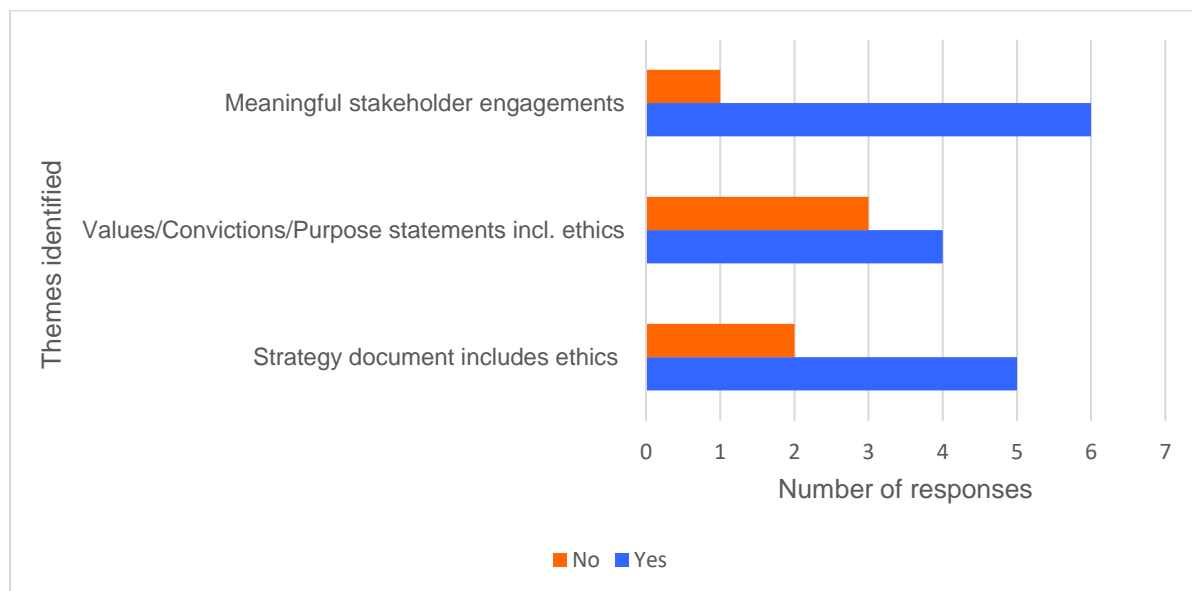
Source: Own compilation

The graph reflects whether or not ethics is inculcated as part of organisational strategy, whereby two participants indicated that the strategy did not include ethics. Five banks indicated that ethics were included in the strategy document. Three of the participants indicate that the values or purpose statements does not prioritise ethics as part of these statements, compared to four banks where the statements do have value-based

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or ethics relevant content. Interestingly, six out of the seven participants indicated that meaningful stakeholder engagements did form part of their organisational strategy. To interpret this statement, meaningful stakeholder engagement is one of the foundational blocks of building trust and value creation.

The themes are represented in the data in the form of statements by the respondents. Highlighted statements from participants are as follow:

Bank 3: "You won't easily get a gross misalignment in values or disregard of rules in our bank."

Bank 4: "If you look at documents such as our vision and our purpose statements, they are aligned with doing good for society and business alike. We have an ethics philosophy and a set of values; we do seek to do good for society in all we do. Ethics underline all our decisions and is not just documented in our codes and policies."

Bank 5: "In one of our strategic objectives (people and culture); we look at components related to culture and ethics - how we run our business and how we manage our people."

Stakeholder engagement is reflected in statements such as the following:

Bank 1: "Strategy – all about what is good for the client – something where ethics is very relevant; all strategic decisions are about what is in the best interest of the client."

Bank 2: "There is a realisation that there needs to be value creation at broader stakeholder level, business ethics and strategy is strengthening in this organisation."

Bank 6: "Our strategic purpose is to drive Africa's growth. We can only do if all stakeholders see us as a trusted partner to drive Africa's growth. Trust to us is doing the right business the right way."

Figure 6.11.4.2 presents the mode of ethics management within each of the participating banks.

Figure 6.11.4.2: Mode of ethics management reflective of participating banks
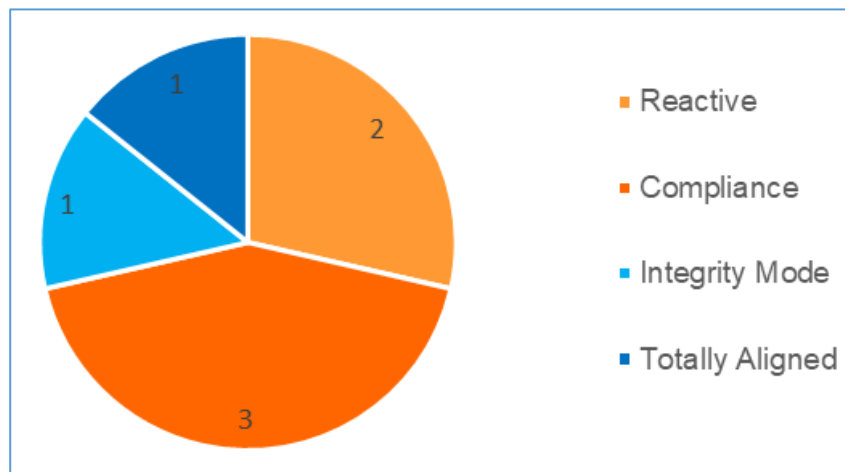
Source: Own compilation from interview data, based upon the modes of ethics management model as proposed (Rossouw & Van Vuuren, 2017:54)

The mode of ethics management within each bank, resulted in 3 of the banks being identified as being in a compliance mode. The integrity mode represents 2 of the banks. Both totally aligned and reactive modes measured at one each.

Reflecting on the levels of ethics within the organisation, the matrix was compiled based on the definitions of micro, meso and macro ethics (Mgutshini & James, 2019:93). Mgutshini and James (2019:93) states that micro ethics focuses on personal conduct and decisions of the individual. Within the context of this research, micro ethics therefore represents the individual's role and their engagement related to ethical behaviour within the organisation. Meso ethics focuses on specific profession or organisation related requirements and rules for behaviour within the banking sector (Mgutshini & James, 2019:93). For the purpose of this study, the requirements placed upon South African banks by the Prudential Authority will be mentioned but not focused on in-depth. Macro ethics reflects a systems approach of the organisation's impact on its community and society (Baugher *et al.,* 2019:2). Rossouw and van Vuuren (2017:13) explains macro ethics as a study and assessment of societal, environmental, and cultural frameworks, including the interrelationships among these perspectives that forms business practices. Based on both Rossouw and van Vuuren (2017:13) and Baugher *et al.,* (2019:2) explanation of macro ethics, references made by the participants regarding the bank's role as responsible corporate citizen, and corporate social investment were included as part of macro ethics. The impact the

banks have on their stakeholder as it relates to engagements, and the market conduct code also forms part of the macro ethics data.

Reflecting the mode of ethics management from the data, the following statements are highlighted, showcasing the commitment to ethics management as part of the strategy.

Bank 2: "Business ethics is considered integral to risk management in particular conduct risk, compliance and that it stays top of mind with decision makers."

Bank 3: "The bank is still very compliance driven and compliance focused. There is no inherent ethics commitment per se."

Bank 4: "Starting from business ethics perspective – we look at what is legally required. You cannot say you are doing the right thing if you do not follow the laws of the land, the laws in South Africa, however, are unjust to the extent that it may merit to be unethical. From a legal risk management perspective, we are following laws, paying taxes, setting standards for ourselves, aspirations what we want to be."

Bank 5: "Management believes that everyone should be ethical, they are realising that this is not the case. As time progresses, management is seeing the importance of initiatives that will be based on ethical assessments such as integrity testing prior to employees joining the organisations."

From the documented statements, it appears that compliance remains a key area of focus, in particular as a result regulatory requirements, both international and local, within which banks are required to operate. The fact that business ethics is highlighted in these statements as risk management considerations is reflective of compliance mode as outlined by Rossouw and Van Vuuren (2017:54).

6.11.5 Reflection of macro ethics as theme

Figure 6.11.5 reflects the commitment of corporate social responsibility within the banking sector, as well as specific codes and policies related to the sector.

Figure 6.11.5: Macro ethics themes identified in the interview data
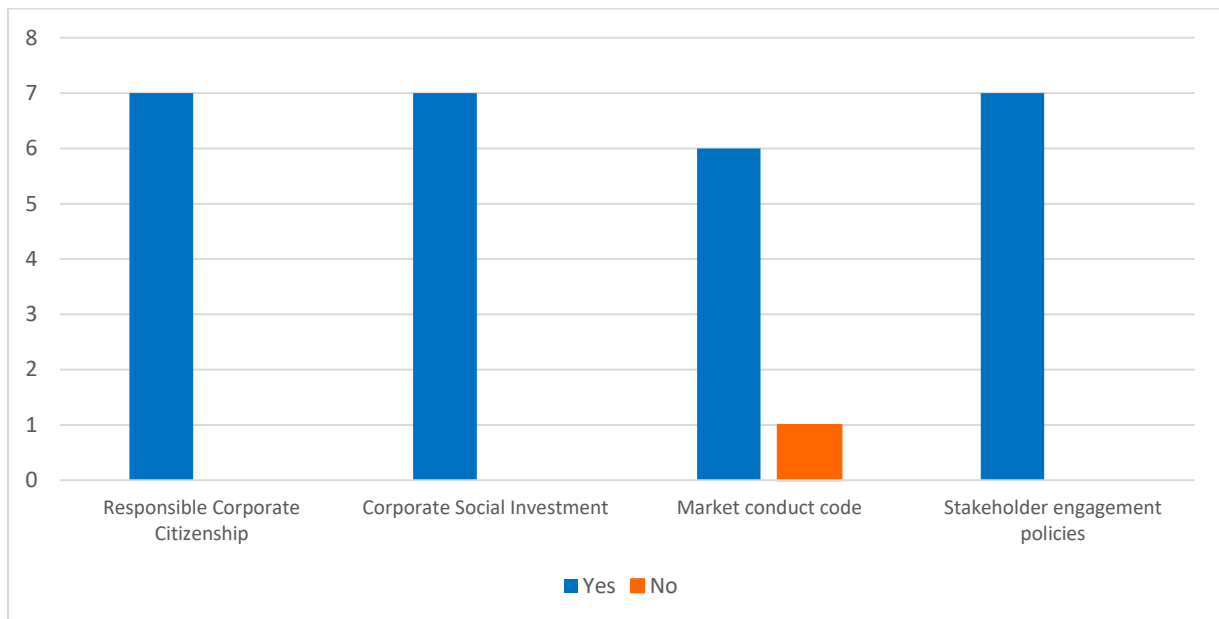
Source: Own compilation derived from virtual interview data

From figure 6.11.5. there is a clear and undeniable commitment by the banking sector to responsible citizenship. All banks participating in the interviews indicated that they have a corporate social investment program; 100% of the banks indicated that they have existing stakeholder engagement policies to ensure their external engagements are value based and 90% of the participants specified that there is a market conduct code to guide their business behaviour.

Bank 2: "Board has oversight of business and market conduct risk management."

Bank 3: "Serves as a thought leader in sustainability. If you work for an organisation, you can only be ethical if you show respect to all levels of society, and the environment."

Bank 4: "Inclusion of ethics report as part of integrated report. There is also a standalone governance report which is detailed on ethics and human rights - to all actions, corporate social initiatives, reporting channels, investigations, and insights on our internal and external engagements."

Bank 6: "Conduct dashboards produced quarterly for the board with range metrics number grievances, whistleblowing, staff turnover, banking ombuds performance,

etc."

Bank 6: "We show up in society as an ethical corporate citizen, how we think about stakeholders, the environment, communities etc. These pillars infuse our ethics and tie it to strategy and our purpose."

Bank 6: "We have the integrated report and a report to society. The society report provides insights to our impact areas and the pillars we focus on. Comprehensive ESG report on all policies, how we deal with ethics, compliance, conduct etc. Ethics function resides in corporate citizenship reporting to chief risk."

Bank 7: "CSR and CSI are centrally driven, and is Independently reviewed, the reporting forms part of the integrated report."

6.11.6 Reflection of micro ethics as theme

Figure 6.11.6 provides an overview of nine themes identified from the interview analysis which constitutes micro ethics. These identified themes reflect the institutionalisation of ethics.

Figure 6.11.6: Micro ethics themes identified from interview data.
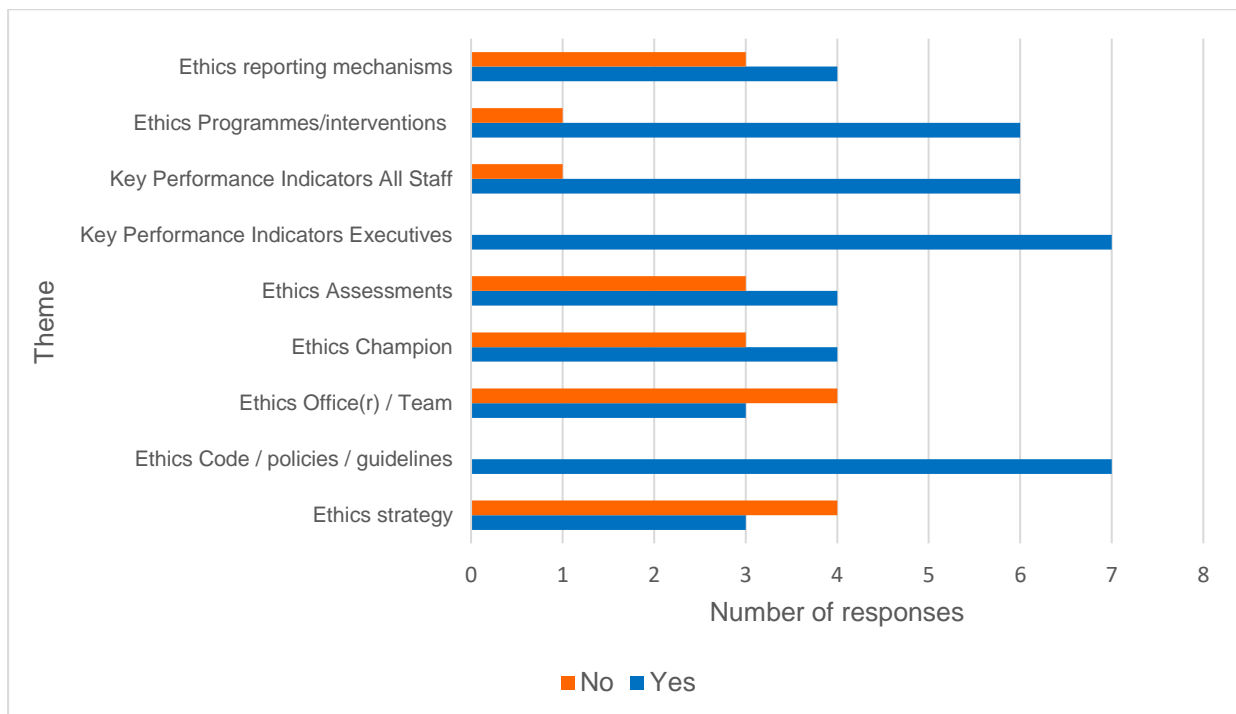
Source: Own compilation

Figure 6.11.6 provides an overview of the activities, programs or interventions by the banks related to the institutionalisation of ethics, in no specific order. An ethics strategy is guided by the findings of ethics related assessments, which provides insights as to the ethics interventions needed within the bank. Ethics codes, policies and guidelines provides clarity as to the expected ethical behaviour, with key performance indicators serving as a measure of accountability of behaviour. The ethics officer and ethics champion maintain awareness of ethics active and provides reports to reflect the status of the ethics program within the bank.

Responses by participants included the following:

Bank 1: "When people talk about ethics, they want to see a piece of paper, a policy, but also consider what is right and what is wrong, and cultural differences. Even the best written paper does not matter, it is how you live it, what is relevant, that is important."

Bank 1: "The word ethics will not feature in KPI/KPA's of executives. The performance is evaluated on behavior and outcomes such as: Professionalism; Team Unity; Service; People-Values; being a role model demonstrates all the time and help. These items speak to our organisational culture - we had a drive to ensure that everyone understands the organisation's culture."

Bank 1: "No separate ethics function or ethics officer at the bank. Considering to potentially add such a function, more from a tick box (compliance focused) approach."

Bank 2: "Point of departure is about the values and culture of this organisation. The values (philosophy) every employee be it leader of self or leaders of others is the foundation of our values. All are accountable to make decisions, but making sure that decisions they made, are made in the right way, and doing it the right way. Ensuring that the values are lifted from the page - that is the trickiest. In the management of ethics - to ensure that values are lived. You can have all codes, statements, values, making sure they live it is important."

Bank 2: "Vital part of informing strategy is to use assessments to understand what is needed and then create bespoke interventions. Different interventions are

needed, it cannot be a cut and paste exercise, it needs to be made up of the culture and align with who you speak to."

Bank 2: "We also – in terms of reach, need arms and legs throughout the organisation, we need people on the ground by means of ethics champions creating dialogue and keep connectedness."

Bank 2: "We have also developed key risk indicators and metrics for ethics - we have been able to develop a set of agreed upon indicators to measure from assessment and reporting perspective, this serves as our guide."

Bank 4: "Everyone is assessed on a personal integrity management check internal and external check. Leadership culture and values statement forms part of performance indicators, rolled out throughout the organisation, as part of the performance assessments, and then measured against ethical conduct. Same applies for renumeration policy, also measured against ethical behaviour."

Bank 5: "We have key value indicators which speaks to values related items - if you meet all KPI and key risk indicators, but you score poorly on your key value indicators - you will be moderated down on performance bonus etc."

Bank 5: "We currently do not have an ethics strategy, ad-hoc engagements and activities are implemented and reported."

Bank 5: "All divisions are responsible for certain components of ethics, working towards a consolidated approach to establish ethics and provide a streamlined view. We need to assign a dedicated owner of ethics internally, although it underpins everything, we all do."

Bank 6: "We conduct an annually a deep dive into the ethical culture of the organisation - we look at how we are able to measure the ethical culture. Ethics is an ongoing journey, there are always new issues and things to think about."

Bank 6: "Top executives is measured financial and non-financial metrics include items such as conduct and ethics, positive social impact, organisational culture. Annual employee engagement survey is issued to measure performance and 6

value drivers has a set of metrics - client focus; employee engagement; risk and conduct; operational excellence; efficiency; financial outcomes; positive social impact (education, financial inclusion, infrastructure etc). All performance goals are linked and measured against these value drivers."

Bank 6: "All policies cross reference to our code of ethics, with different internal campaigns, all infused with ethical flavour and elements."

Bank 7: "Every division has ethics champions responsible for spreading the word throughout. We see this as a soft way of driving ethics throughout our organisation."

Bank 7: "Ethics is measured negatively on KPIs - if something goes wrong then there are consequences, consequently, if I am not ethical - I will be penalized."

6.11.7 Reflection of corporate governance as theme

Figure 6.11.7 provides a reflection of the adherence to corporate governance principles as set out by the King Report on Corporate governance. King IV states clear obligations for business, supported by various requirements by the Banks Act and the Prudential Authority in terms of regulatory compliance.

Figure 6.11.7: Corporate governance themes as identified in interview data

Source: Own compilation

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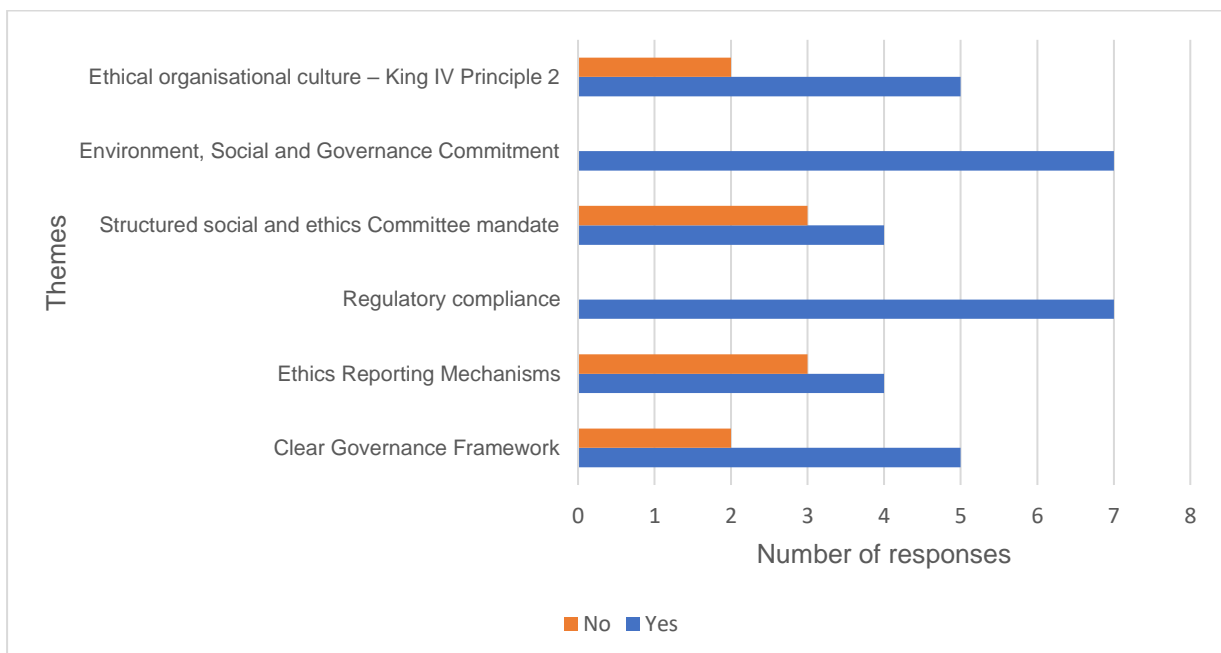
Figure 6.11.7 reflects the themes and is supported by statements documented such as:

Bank 1: "SEC mandate not strong enough but they must monitor this function. The value they bring depends on the strength of the members of the committee. The committee has a relevant role."

Bank 1: "Social and ethics committee meets 2 times a year. Reporting on ethics - we don't have a report focused on ethics. Based on regulations, the matters that the committee oversee are all related to ethics, it includes ethics as part of the report."

Bank 1: "The Executives are responsible, their ethical approach results in the ethical behavior of the organisation."

Bank 2: "Huge focus driven by trends and international jurisdiction, driven local regulators, FSCA focused on accountability, market conduct, conduct risk of actions having a negative impact on markets, very aware of, and focused on that, making sure conduct measurements come across and are measured - internal and external measures."

Bank 2: "Board is ultimately accountable for ethics in the organization. Oversight of governance and functioning of ethics programme, includes approval of code of ethics (cornerstone of ethics management framework) and oversight of business and market conduct risk management."

Bank 2: "External reporting is extensive, and from listings requirements perspective and Basel, requires certain levels of reporting to regulators etc."

Bank 3: "You won't easily get a gross misalignment in values or disregard of rules in our bank. Regulatory environment plays a significant role in the bank, the prudential authority takes no prisoners."

Bank 4: "The Board is delegated the ethics oversight function, with Board committees playing a role in ethics and mandate to take the lead on anything related ethics, policies, strategies, initiatives, and the like."

Bank 5: "Comparatively - SEC and Transformation committee has extensive oversight. Related issues (social, transformation, and ethics) matters are tabled and addressed by the committee. The different internal functionary is well trained and equipped to take issues and assess what matters are to be escalated. Each business area mirrors a SETCom - to deal with issues tables at business area and then escalated."

Bank 6: "From a governance point of view, there is substantive engagement, and it is not a tick box exercise."

Bank 7: "The holding company, is JSE listed, as per requirements of the companies act, we have a social and ethics committee. Given the regulatory obligations we have to comply with regulations, the conduct standards applicable to banks, there is an ethical core of treating customers fairly, driving all of the customer phased interactions and the product lines, the ethical components of how our products are offered."

6.11.8 The Prudential Authority – the role of the regulator

The purpose of conducting an interview with the Prudential Authority, was aimed at gaining specific knowledge and a better understanding of the role of the regulator on governance requirements of South African banks (Chitimira, & Ncube, 2020:11; Hollander & Van Lill, 2019:10). The discussion provided insights as to the stringent regulatory requirements on management of banks in South Africa with two specific learnings to note:

The first relevant requirement related to this study, is the fact that the Prudential Authority evaluates all appointments of executives and directors, or board members of banks based on being fit and proper. The fit and proper guides the hiring of an individual's values and principles, the skills, competence, tenure of leadership within the banking system and the risk mitigation and governance in the context of the Prudential Authority, this implies that all appointments of any individual to the executive cluster of a bank, needs to be submitted to the Prudential Authority for approval. Therefore, anyone reporting to the Chief Executive of the bank – the Prudential Authority is required to approve the appointment.

"If the key people are taken care of in terms of quality - they set the tone at the top and you should not have a problem in the bank." The Prudential Authority also considers composition of the board of directors and the balance thereof, they guide the banks on the appointments, although they do not provide a matrix of sorts, they also look at independence of the Boards. King IV is used as a guideline on the independence of the Board.

The second requirement is the review of the banks' strategy by the Prudential Authority, in particular the risk management plan, which is based on a succession plan (Vermeulen, 2020:1). The Prudential Authority has a fixed annual meeting where they ask for the strategy of the entity. There is a pro-forma agenda of what is discussed with the bank. The strategy is looked at in detail to ensure stability of the financial institutions, with the focus being on the protection of depositors – they protect the investors not the lenders per se (Chitimira, & Ncube, 2020:11; Makrelov, *et al.,* 2021:12; Vermeulen, 2020:1). This may bring about questioning of strategies which may impact investors or depositors of the banks.

The Prudential Authority does not have as much power to influence strategies, as they have to the hiring of individuals, but are able to make recommendations if there are valid concerns. The inclusion of the Prudential Authority was not part of the original research plan. The request for an interview was based on comments and suggestions received from the participants, as to ensure that there is a clear understanding of the regulatory environment within which banks are expected to operate in South Africa.

> *Bank 3: "Ethics and good governance is like bread and butter -it is the basis of everything, if you get it right, you get incredible spinoffs, but if you get it wrong, the impact is almost doubly negative - you destroy everything."*

6.12   CONCLUSION

This chapter discussed the systematic methodological approach of the dissertation. The study was completed in two parts, the first being the literature review. The second part of the study informing this dissertation was conducted in two phases, the first being a narrative analysis of integrated reports followed by virtual interviews presented in this chapter. The chapter reported on the identified codes including word cloud reflections, lexical mapping of networks from the narrative coding, and a discussion on each of the ten banks data and the findings thereof. A two-proportions test of the

main constructs were conducted to test the validity of the data, being organisational strategy, business ethics and corporate governance. The interview data enabled the development of a comparative matrix, whereby the status of each of the participating bank's information was represented. This chapter concluded by summarizing each of the themes as identified from participants contributions during the interviews, and the relevance of the role of the prudential authority as a regulatory body within the financial sector in South Africa.

7   CHAPTER 7: SUMMARY AND CONCLUSIONS

Figure 7.1 indicates the constructs of this study as considered and graphically demonstrates the integration of topics within this chapter.

Figure 7.1 Overview of Chapter 7

CHAPTER 7: SUMMARY AND CONCLUSIONS

| 7.1 | INTRODUCTION |

| 7.2 | CONCLUSIONS |

7.2.1 PART 1 - Phase 1: Literature review
7.2.2 Conclusion: A strategy-ethics dyad
7.2.3 PART 1 - Phase 2: A strategy-ethics framework
7.2.3.1 Conclusion: Research Objective 1 (Theoretical Framework)
7.2.4 PART 2 - Phase 3: Review integrated reports
7.2.4.1 Conclusion: Research Objective 2
7.2.5 PART 2 - Phase 4: Interviews
7.2.5.1 Conclusion: Research Objective 3
7.2.6 PART 3 - Phase 5: Adaptation of strategy-ethics framework
.2.6.1 Considerations to guide the adaptation of the strategy-ethics
         framework
7.2.6.3 Conclusion: Strategy and ethics integration in practice
         (updating the framework)
7.2.7 Contribution

| 7.3 | LIMITATIONS |

| 7.4 | FUTURE RESEARCH RECOMMENDATIONS |

| 7.5 | FINAL THOUGHTS |

Source: Own compilation

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7.1 INTRODUCTION

This chapter provides a summary and interpretation of the data findings in Chapter 6 of this dissertation. The interpretation of the data is informed by researched academic theories, followed by conceptual perspectives in preceding chapters. The findings presented in this dissertation resulted from the systematic methodology followed during the research process.

Part one, consisted of two phases, the first being the literature review of organisational strategy and business ethics. The second phase aimed at solving the research objective being the development of a theoretical framework to integrate organisational strategy and business ethics. Consequently, the literature review underpinned the proposed framework presented in Chapter four, reflecting the researchers' interpretation of the theoretical integration of organisational strategy and business ethics.

The relevant research question addressed in part one, including both phase one and phase two of the systematic research process addressed the following objective:

RO 1: Developing a theoretical framework of the integration of organisational strategy and business ethics.

Following the outcomes of part one of this dissertation, part two of the systematic research process comprised of research phases three and four. Phase three of the research involved the analysis of a secondary data source, being integrated reports of listed banks in South Africa. A narrative analysis of two comparative sets of publicly accessible integrated reports of commercial banks were conducted. One set was used as a baseline (2015/16) to compare to current narrative (2019/20).

Phase four entailed interviews with participants selected based on a purposive sampling method. The selected participants served as a primary source of knowledge given their expertise within the organisational hierarchy of the bank. In addition to the narrative analysis of integrated reports conducted in phase three, the interviews were transcribed for additional analysis. Phase four included a second step, whereby a thematic analysis of the transcribed interviews contributed to the depth of the data which derived from the integrated reports. The data was processed

by means of theoretical coding and was grouped within a set of theoretical concepts linking to each other (Birks *et al.,* 2019:5). The reason for applying theoretical coding was to allow the researcher to verify the proposed framework for the integration of organisational strategy and business ethics based on practitioners' viewpoints.

Consequently, part two consisting of phase three and four focused on responding to both research objectives two and three, which are:

RO 2: Determining if organisational strategy integrates business ethics in commercial banks in South Africa.

RO 3: Determining how organisations within the commercial banking sector integrate business ethics and organisational strategy.

Concluding the research, a third part being the fifth phase of this dissertation documented developments to the proposed integrated framework stemming from analyses of primary data gathered during the interviews and secondary data from the documentation of the listed banks included in the study.

Furthermore, this chapter presents a summary of all key findings of the research.

7.2 CONCLUSIONS

The conclusions reached for each of the three phases of the research are presented and discussed below.

7.2.1 PART 1 - Phase 1: Literature review

The literature review in chapter two (regarding organisational strategy) and chapter three (regarding business ethics) focussed on the importance and relevance of organisational strategy and business ethics for an organisation that wants to pursue organisational sustainability.

It became evident through the literature review that strategy embeds moral consequences and decisions by leaders. Instead of applying business ethics as an add-on to strategy, it should therefore be considered as a corporate true north, whereby organisational strategy integrates business ethics as its key guiding principle

(Tsoukas, 2018:324). Van Vuuren (2002:21) states that organisations acknowledge that a link between ethics and organisational success can lead to organisational sustainability. The values and moral fibre of an organisation is emphasised by the collective purpose, integrity, and ethics, guiding the governance of an organisation (Smith, 2018:604).

Chapter three highlighted the impact of non-strategically coordinated activities and lack of control resulting in unethical behaviour (Maritz *et al.,* 2011:104). Leaders affect strategies, and must meet ethical standards, doing what is morally good and right in building a constructive organisational culture (Kanungo, 2001:258; Maritz *et al.,* 2011:102; Palanski & Yammarino, 2009:419). Organisational culture significantly influences organisational value systems, in particular reflecting on integrity, shared individual principles and accountability by leadership based on honesty, considering the interests of multiple stakeholders, protecting the organisation's long-term reputation, ethical reasoning, and accountability among other elements (McConnell & Blacker, 2013:59; Treviño & Brown, 2004:80).

7.2.2 Conclusion: A strategy-ethics dyad

The impetus to achieve an ethical organisational culture requires the integration of value-based business practices and procedures as part of the organisational strategy. The role of individuals within organisations is to make strategic decisions, reflected within their actions and behaviour (Iasbech & Lavarda, 2018:348). Furthermore, Iasbech and Lavarda (2018:348) elaborate on strategic decisions made by individuals and groups, rooted from social structures. It became clear that that strategy is therefore ingrained in organisational culture and influenced by individuals, groups, and the organisational ecosystem. Theoretical reflections in chapter two and three clearly considered trust as part of the core of organisational sustainability. McMurrian and Matulich (2016:87) confirm that the ethical behaviour of an organisation serves as the cornerstone of trust. Audi *et al.,* (2016:552) reiterate that any breach of trust will break down organisational integrity norms, resulting in devastating outcomes such as an increase in reputational risks, employee disconnect and poor internal controls. Furthermore, as proposed by Van Puyvelde *et al.,* (20120:432) combining the agency, stakeholder and shareholder theories, a deepened understanding of governance and

management of an organisation could be attained.

Considering the academic arguments summarised above, the researcher observed that organisational strategy from a strategy-as-practice perspective is by no means detachable from business ethics.

7.2.3 PART 1 - Phase 2: A strategy-ethics framework

Phase two of the research process, presented in chapter four (A strategy-ethics framework) proposed a strategy-ethics framework to integrate organisational strategy and business ethics. Theoretical perspectives formed the foundation of the framework, incorporating a strategy-as-practice approach to organisational strategy. The proposed framework reflected that organisational strategy serves as a guide to create value resulting in long-term sustainability (Tsoukas, 2018:325).

7.2.3.1 Conclusion: Research Objective 1 (Theoretical framework)

The first research objective challenged the researcher to develop a theoretical framework to integrate organisational strategy and business ethics.

RO 1: Developing a theoretical framework of the integration of organisational strategy and business ethics.

The proposed framework applied a strategy-as-practice perspective to propose a theoretically founded integrated framework. The framework includes key strategy considerations, in pursuit of a competitive advantage and organisational sustainability. Considering a strategy-as-practice perspective, Abdallah *et al.,* (2017:335) claim that value-based social and economic elements inform strategy. Furthermore, the strategy-as-practice perspective considers an individual as the practitioner in strategy (Costa *et al.,* 2019:40). Practitioners are the "doers of strategy" contributing to organisational strategy, and as a result the practitioner influences strategy (Goebel *et al.,* 2012:10). A practitioner's personal values, morals, beliefs, and norms are interrelated to the value-based system and collective output of an organisation (Rouleau, 2013:548). Additionally, pertinent literature served as foundation for the development of the proposed framework which either support or negate scholarly works. The researcher subsequently developed a theoretical framework whereby organisational strategy and

business ethics can be integrated based on reviewed academic literature which was presented in Chapter 4, named Figure 4.8.1: Proposed framework for the integration of organisational strategy and business ethics.

The research objective to propose a theoretical framework for the integration of organisational strategy and business ethics is successfully achieved. The key considerations in the proposed framework were directly informed by theory, and merely articulated in a visual format by the researcher. The framework proposed by the researcher identified strategic elements and factors within the business ecosystem and presented factors and elements in a clear and well-developed manner, founded in theoretical considerations. The relevance of a strategy-as-practice perspective furthermore enhances the importance of value-based business practice considerations as part of organisational strategy. The strategy-ethics framework incorporated practical processes and deliberations of relevance to integrate organisational strategy and business ethics. The researcher firmly believes that the proposed framework advances strategy-as-practice body of knowledge, supporting the significance of the role of the practitioners of strategy. The framework furthermore reinforces the value for the consideration of business ethics as part of strategy. The framework could serve as a tool of measurement to determine if organisational strategy and business ethics are integrated.

Figure 7.2.3.1 Summative reflection of the learning of Research Objective 1

The Integration of Organisational Strategy and Business Ethics	ORGANISATIONAL STRATEGY	FINDINGS – KEY REFLECTIONS ON RO 1:
RESEARCH OBJECTIVE 1: Developing a theoretical framework of the integration of organisational strategy and business ethics.	**Perspective**: Strategy-as-practice "Strategy is what people do" Business ecosystem serves to pursue a value proposition (Pidun *et al.,* 2019:2).	• Strategy-as-practice perspective offers the impetus to consider value-based business practices as part of organisational strategy. • In pursuit of delivering and receiving a value proposition, the organisational practitioners need to consider all risks, competitive advantage and the complex dynamic environment.
LEARNING: Theoretically, organisational strategy and business ethics are integrated considering a strategy-as-practice perspective.	**BUSINESS ETHICS** **Perspective**: Value-based social and economic elements inform strategy. (Abdallah *et al.,* 2017:335) Responsible leadership, organisational culture and trust.	• Practitioners determine importance of value-based business as part of organisational strategy • The importance of values within organisational culture is guided by corporate governance structures, but most importantly, organisational leadership (Husted & Allen, 2000:24). • Employees' decisions and behaviour manifests within organisational values (Baugher *et al.,* 2019:2).

Source: Researchers compilation based on interpretation of data

This section concludes part one of the research, providing the opportunity for the

researcher to verify the proposed framework and relevant assumptions within a business ecosystem, in this dissertation, with a focus on commercial banks in South Africa.

7.2.4 PART 2 - Phase 3: Review integrated reports

The application of a qualitative research framework presented in chapter five (research design and methodology) motivated a systematic research process. Secondary data sources included a set of integrated reports (2015/2016) serving as a baseline dataset of a representative sample of 10 out of 13 banks. A total of ten integrated reports served as baseline data source, and the same ten banks current integrated reports (2019/2020) were used to enable a comparative narrative analysis. Following an inductive content analysis, the researcher clustered data in smaller elements, then coded and named these units relevant to the coordinating content represented by the smaller units (Moser & Korstjens, 2018:17). The inductive approach is based on factual information and open-mindedness (Hussey & Hussey, 1997:13; Thompson, 2002:49). By means of AtlasTi v9.0, a computer aided tool, open coding all integrated reports resulted in a total of 544 codes. A second process of coding was applied, followed by theme analysis, and ultimately resulting in 23 relevant themed codes and 9 code groups.

7.2.4.1 Conclusion: Research Objective 2

The second research objective considers the specific selected sample, being listed commercial banks in South Africa.

RO 2: Determining if organisational strategy integrates business ethics in commercial banks in South Africa.

Relevant code groups reflected various constructs whereby the thematic focus of the narrative identified subsequent themes within the narrative. The code groups were long-term strategy, (grounded 284), business ethics/value-based practices (grounded 487), corporate governance (grounded 504) corporate values (grounded 215), organisational sustainability (grounded 344) and risks (grounded 174). The code groups therefore signify the importance given to the integrated report narrative in reference to business ethics/value-based practices, corporate governance, and

corporate values.

The collective narrative of the banks focused on organisational strategy and business ethics reflected much stronger in the baseline data compared to the current narrative. Relevant word frequency as related to organisational strategy totalled a frequency score of 1478, compared to a marginally higher frequency score of business ethics reflected as 1485. The word strategy is mentioned a hundred times more than corporate governance, indicating the focus in the communications to stakeholders remains on strategy.

Except for Bank 7, all other banks narratives increased their usage of the word 'ethics' or 'ethical' within the integrated report. This does reflect a purposeful effort to communicate the importance of the organisations' ethics or ethical behaviour to its stakeholders. The current data set reflected an increase in the narrative when compared to the same code groups within the baseline data.

The constructs applied were business ethics, strategy, and value-based practices. In summary, the data indicate a dedicated increase in the narrative, with reference to strategy, corporate governance, and business ethics in the current data set. In addition, the data reflects a focus on business ethics as part of the strategic narrative to its stakeholders. It is worthwhile to mention that except for Bank 6 and 7, all the other banks are focused on the articulation of their position on strategy and business ethics within the current data.

Considering the research objective, the three key constructs which served as a determining factor to reflect integration, are summarised as follow:

Table 7.2.4.1: Three core constructs reflecting linkages to integration of organisational strategy and business ethics.

Constructs	Definition of construct	Linkage to integration
Organisational Strategy Pertinent literature sources: Burgelman *et al.,* 2018:12; Carter & Whittle, 2018:2;	Purpose of strategy serves as a declaration of organisational values	Strategy, strategic management, hierarchy of statements, strategic drivers for sustainability. "*Strategy is what people do*"
Strategy-as-practice Pertinent literature sources: Hautz *et al.,* 2017:2; Jarzabkowski & Spee, 009:71	The composition of strategy-as-practice consists of numerous elements including social norms, values, rules, identities, beliefs, symbols, discourses, roles, principles, and morals	The strategy-as-practice theory concentrates on strategic actors, what the actors do, actions applied when developing and implementing strategy.
Business Ethics Pertinent literature sources: Audi *et al.,* 2016:560; McMurrian & Matulich, 2016:87; Rossouw & Van Vuuren, 2017:54; Rossouw & Van Vuuren, 2013:5;	What is good that guides the business and its interaction with others"	Level of trust is reflected within organisational culture; ethical behaviour of an organisation serves as a basis of trust.

Source: Own compilation

Table 7.2.4.1 provides the linkages as identified within the integrated report datasets. Considering the thematic analysis and comparative reflection of each of the bank's data there appears to be an integrated thinking related to organisational strategy and business ethics.

The integration of organisational strategy and business ethics or the degree thereof varies within each of the bank's datasets. This reflection is supported with reference to the modes of ethics management model as presented by Rossouw and Van Vuuren (2017:54). The modes of managing ethics distinguish between six levels of organisational ethics management practices; i) Amoral mode; ii) survival mode; iii) reactive mode; iv) compliance mode v) integrity mode, and lastly a vi) totally aligned mode (Rossouw and Van Vuuren, 2017:54). Reviewing whether the banks' strategic documents included ethics, it became evident that two banks (Bank 3 and Bank 7) did not reflect an integration of ethics as part of the organisational strategy. The reviewed values or purpose statements reflected that four banks did include ethics as part of the organisational value statements.

The prominence of the words 'ethics', 'corporate', 'culture', 'risk, policy', 'strategy', and 'governance' appear stronger than 'strategic', 'management', 'social', 'conduct' and 'performance'. This could imply that the focus is stronger on ethics than strategy. From this reflection, it appears that value-drivers, sources of value, effective leadership, mission statements, risks, policies and frameworks, strategic drivers impact on sustainability, value creation for stakeholders, and profitability serves as the foundational considerations within organisational strategy making.

Figure 7.2.4.2 Summative reflection of the learning of Research Objective 2
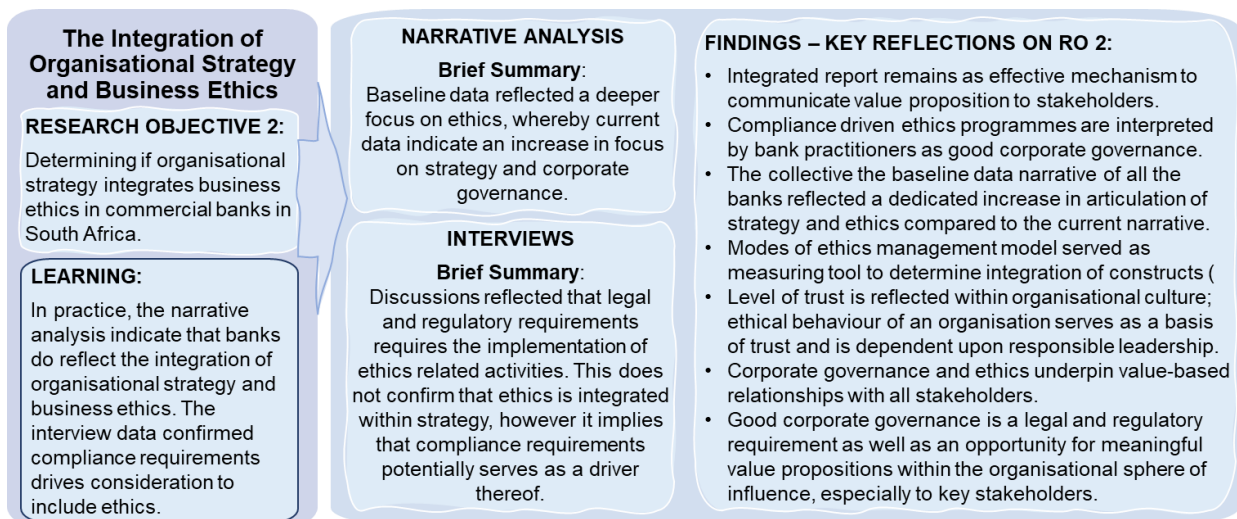
Source: Interpretation of data analysis

Based on the analysed data, the researcher identified that there is an integration of business ethics (or a component thereof) in organisational strategy within commercial banks. Therefore, considering a strategy-as-practice perspective, an organic integration of individual values in organisational culture, and business practices occur. Furthermore, trust remains one of the most desired and sought-after elements to building an ethical organisational culture and achieving organisational sustainability. Integrated reporting remains an effective communication tool, albeit that some of the narrative appears superficial and compliance driven. In the subsequent section, the extent of the integration is explored.

7.2.5 PART 2 - Phase 4: Interviews

A total of five company secretaries and two ethics officers participated in the

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interviews. The purpose of the questions was to verify the findings of the integrated report data, that a level of integration between organisational strategy and business ethics exists. In addition, the questions aimed to determine how and where the integration of business ethics is placed in organisational strategy and in what way ethics forms part of the organisational culture and its commitment to building an ethical culture. Applying Rossouw and Van Vuuren's (2017:54) identified criteria for modes of ethics management model assisted in determining the banks' commitment and level of business ethics maturity within the strategy implementation of the bank.

Table 7.2.5 outlines the key constructs and the parameters used to analyse the responses from the interviews conducted.

Table 7.2.5 Parameters used to answer how organisational strategy and business ethics are integrated within commercial banks in South Africa.

ORGANISATIONAL STRATEGY	BUSINESS ETHICS	
Organisational strategy document Ethics is a priority as part of strategic focal areas. *Unique and inventive strategies underscored by value and quality, results in sustainable competitive advantage* (Mukhezakule & Tefera, 2019:3).	**Micro Ethics** *Micro ethics include processes to manage ethics within an organisation, effective governance of ethics, building an ethical organisational culture* (Esser & Delport, 2018:388).	**Corporate Governance** *The governance of ethics guides oversight of decision-making and ethical behaviour of both the governing body and the organisation it regulates* (Rossouw, 2020:188).
Values/Convictions/Purpose statements includes ethics. Clear value-based commitment is integrated in convictions/purpose statements. *Consider the alignment of strategies and organisational purpose and what values form part of the foundation of the organisation* (Maritz *et al.*, 2011:102). *The direction of an organisation comprises of foundational statements being a vision, mission, and value statement* (Collis & Rukstad, 2008:84).	Micro ethics translates in practice as: • Ethics strategy • Ethics Code / policies / guidelines • Ethics Office(r) / Team • Ethics Champion • Ethics Assessments • Key Performance Indicators: Executives • Key Performance Indicators: All Staff • Ethics Programmes/interventions • Ethics reporting mechanisms	Corporate Governance in practice: • Clear governance framework • Ethics reporting mechanisms • Regulatory compliance • Environment, Social and Governance Commitment • Ethical organisational culture – King IV Principle 2 • Structured social and ethics committee mandate
Meaningful stakeholder engagements *Value-based business practices offers quality and builds trust with all stakeholders* (Jaakson, 2010:802) *A strategy-as-practice perspective includes a reciprocal relationship between practitioners, praxis, and practices within the micro and macro business environment* (Fenton & Langley, 2011:1174).	**Macro Ethics** *Macro ethics reflects external ethics in organisations' operational environment. It represents the ethical expectations of stakeholders, integrating welfare and impartiality* (Baugher *et al.,* 2019:2).	*Corporate governance is a critical element of stakeholder trust and organisational reputation* (Gottschalk, 2011:79).
Mode of Ethics Management (MEM) Model in strategy* *Integrate ethics in the purpose, strategy and operational activities is integrated in organisational practices* (Rossouw & Van Vuuren, 2017:54).	Macro ethics translates in practice as: • Responsible corporate citizenship • Corporate social investment • Market conduct code • Stakeholder engagement policies	
* (R=Reactive; C=Compliance; I=Integrity; TA = Totally Aligned)		

Source: Own compilation, interpreted from interview data, incorporating the modes of ethics management model Rossouw & Van Vuuren, 2017:54.

The two main constructs of this dissertation being organisational strategy and business ethics were analysed based on the answers documented during interviews.

Within the South African financial sector (commercial banks), there is evidence of a level of integration of organisational strategy and business ethics.

7.2.5.1 Conclusion: Research Objective 3

The third research objective considers how organisational strategy and business ethics is integrated in commercial banks in South Africa. To understand 'how' strategy and ethics is integrated, the modes of management ethics model as developed by Rossouw and Van Vuuren (2017:54) provided significant guidance in the analysis process.

RO 3: Determining how organisations within the commercial banks integrate business ethics and organisational strategy.

Two of the banks reflected a reactive ethics management mode as part of their strategy. This may be interpreted as that ethics is only managed when reputational harm or ethical transgressions occur. For these banks, ethics is not included as part of strategy, or identified as an ethics risk.

Understandably, compliance remains high on the priority list for commercial banks, because of the regulatory environment within the financial sector. Two of the banks reflected a compliance mode of ethics management, however, they also indicated that ethics forms part of their strategy documents. These banks may not focus as much on the quality of their ethics management programme, but rather on ensuring they comply with all regulatory and legal requirements.

Most importantly, two banks indicated that their ethics management mode is based on integrity, including ethics in strategy documents; also, that they have strong values, convictions or purpose statements which incorporate ethical values and behaviour and focus on meaningful stakeholder engagements. This may imply that the bank appears to reflect a mode of integrity managing in their ethics (Rossouw & Van Vuuren, 2017:54). Furthermore, it appears that the bank continues to develop and engage with stakeholders, aspiring to reach a total alignment of integration with ethics management. One bank was identified to be in complete alignment mode, whereby their ethics forms part of the organisational strategy, values, an ethical organisational culture is evident and organisational convictions is seen within the banks value-based

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business practices (Rossouw & Van Vuuren, 2017:54).

The data indicated a strong compliance approach to ethics, whereby the focus of the company secretary remains to ensure adherence to legal and regulatory requirements within the financial sector. Only three of the seven bank representatives interviewed, indicated that ethics formed an integral part of the organisational values or purpose statements. The perspective of the researcher is that banks are considering that compliance reflects their commitment to ethics, considering the applicable policies and procedures to guide value-based business practices. There appears to be a lack of commitment to develop an ethics strategy, reflected by the fact that only three of the seven participants verified that a dedicated organisational ethics strategy is in practice. The fact that only three banks out of the seven banks interviewed have a dedicated ethics officer may be interpreted as that banks are not fully committed to integrating ethics into their organisational culture by investing in an ethics office with a dedicated ethics officer.

Therefore, the integration of business ethics within the financial sector is driven by compliance (tick-the-box) to ethics management based on the research findings. In addition, the modes of ethics management presented by Rossouw and Van Vuuren (2017:54) grants the measurement of integration of business ethics in organisational strategy.

Figure 7.2.5.2 Summative reflection of the learning of Research Objective 3

The Integration of Organisational Strategy and Business Ethics

RESEARCH OBJECTIVE 3:
Determining how commercial banks integrate business ethics and organisational strategy.

LEARNING:
The 'how' is reflected in behaviour standards, codes of conduct, codes of ethics, policies and procedures, confidentiality policies. Corporate values include reputation management.

NARRATIVE ANALYSIS
Brief Summary:
Strategy-as-practice lens aligns with the foundational elements of business ethics as a construct, being social norms, values, rules, identities, beliefs, symbols, discourses, roles, principles, and morals (Burgelman *et al.*, 2018:12; Carter & Whittle, 2018:2).

INTERVIEWS
Brief Summary:
Regulatory environment for financial sector is complex: King IV, Conduct of Financial Institutions Act, South African Companies Act, SA Reserve Bank Prudential Authority compliance.

FINDINGS – KEY REFLECTIONS ON RO 3:
- Ethics are incorporated in aspiration, convictions, purpose or value statements.
- Corporate governance reflects the ethical and effective leadership by the governing body to achieve ethical culture, good performance, effective control, and legitimacy.
- Anti-Corruption, fraud policies, anti-money laundering policies are required to be regulatory compliant.
- Corporate values of the organisation are measured by leadership effectiveness, strategic values, corporate values and accountability.
- Risk and reputation management is extremely relevant and measured by means of the implementation of code of conduct. Includes considerations such as leadership reputation, market reputation, governance structure, and misconduct reporting.
- Performance indicators should be implemented for leadership and all staff as a values measurement.

Source: Own compilation

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This summative reflection indicates that there is still much work to be done in strengthening the case for dedicated ethics strategies, ethics officer positions and ethics divisions within commercial banks in South Africa to integrate ethics and organisational strategy in its entirety.

**7.2.6 PART 3 - Phase 5: Adaptation of strategy-ethics framework**

In chapter four a framework for the integration of organisational strategy and business ethics was proposed based on a comprehensive literature review. The secondary datasets provided clear elements of alignment with the theoretical findings of the proposed framework. Following the narrative analysis, seven interviews were conducted with open ended questions and discussions transcribed. All the data was coded by means of open coding, and themes determined. Moreover, the data gathered from the conducted interviews confirmed the proposed theoretical framework and enabled a simplification of the complexity of the framework.

7.2.6.1   Considerations to guide the adaptation of the strategy-ethics framework.

The reflection of the data documented during the conducted interviews, confirmed that there is a dedicated focus on the importance of ethics and integrated reporting to the participating banks. Furthermore, the importance of risks, combined with ethics reporting, accountability, codes of ethics, social and ethics committee as well as group, transformation, social and ethics committee were highlighted as critically relevant, with a grounded reference of six each. The grounded number reflects the number of times the specific words were used by interview participants. El Hussein *et al.,* (2017:1201) describe that qualitative grounded theory research is often based on an amalgamation of social processes, whereby a complete literature review serves as a contextual review of the complexity of social processes. Merriam and Grenier (2019:185), stipulates that a qualitative grounded theory study is formed from the data accumulated, thus recognised as 'grounded in the data' gathered.

Figure 7.2.6.1 is adapted from Figure 6.10.6.3 based on the most significant considerations to inform a possible revision of the framework.

Figure 7.2.6.1 Identified most relevant grounded words based on interview data.
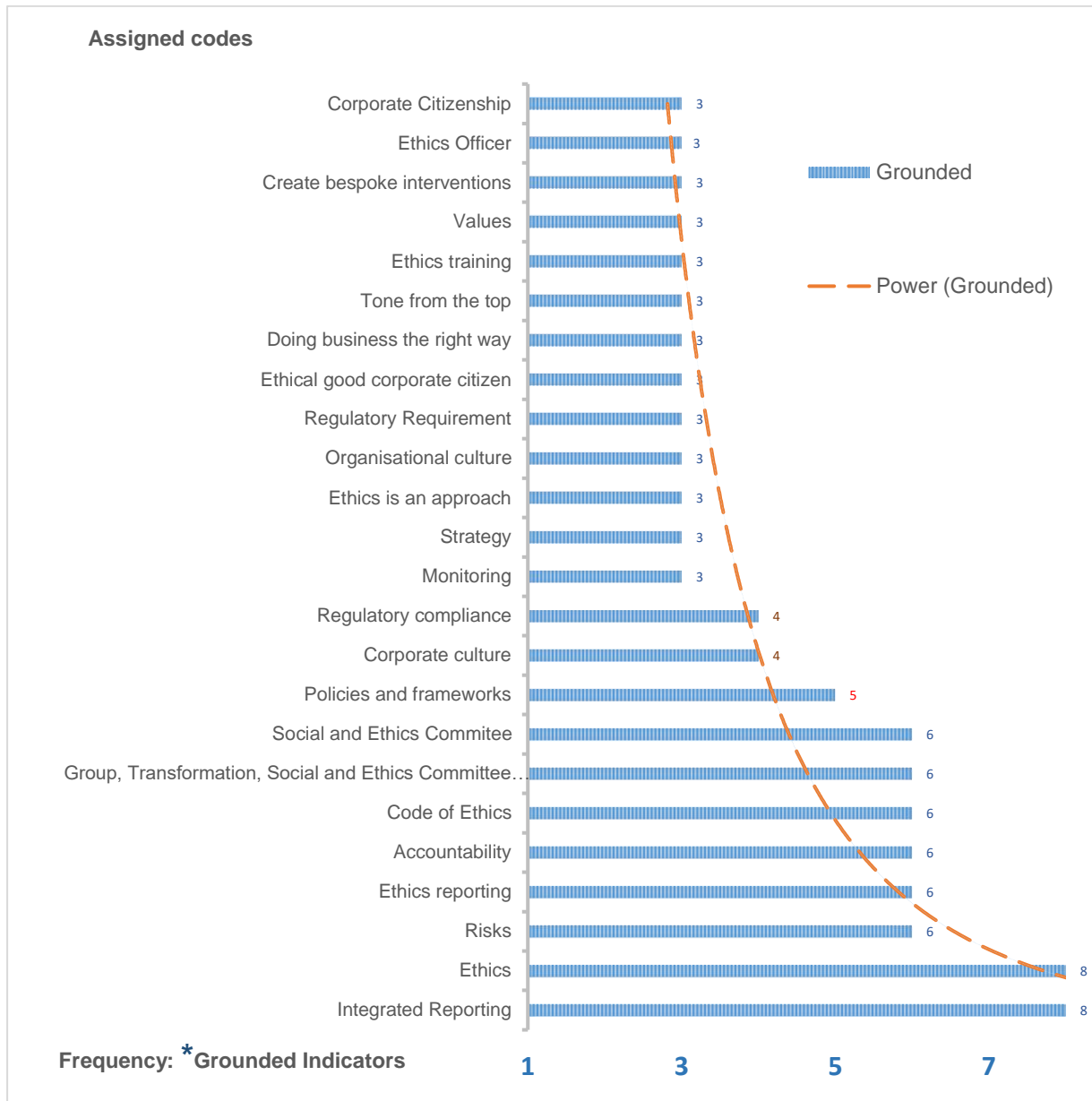
Reflecting on the data captured during the virtual interviews, ethics is prominent and as important as the annually prepared integrated report. Critically important in this reflection, is that strategy is less grounded than concepts such as policies and frameworks, regulatory compliance, and corporate culture.

Considering the third research objective to understand how organisations within the commercial banks integrate business ethics and organisational strategy the interview data contributes to clarifying the question. The interpretation hinges on two assumptions. The first assumption is that prominence is given to ethics and ethics related activities and that strategy is not as highly regarded by the company secretary or ethics officers. This assumption confirms that there is an overall commitment to the critical importance of ethics in the process of building an ethical organisational culture.

The second assumption is more thought-provoking, considering both the narrative analysis, as well as the interview data. It is subsequently assumed that ethics relevant initiatives are more compliance focused as opposed to instilling a deeply ingrained ethical culture within most of the banks. This may be resultant from the rigid regulatory environment within the financial sector, placing extensive pressure on banks to remain compliant. Non-compliance places banks at risk and consequence may lead to fines, and closer monitoring by the Prudential Authority in addition to other issues. As motivated earlier in this dissertation, JSE listed banks are required to comply with King IV principles, as well as legal and regulatory requirements. This may explain the strong emphasis on integrated reporting, ethics, risks, codes of ethics, policies and frameworks and accountability as part of the compliance process. King IV principles are extensively incorporated ethics as part of the code, including mandates to leadership to be more accountable, build and maintain an ethical organisational culture and ensuring an effective corporate governance framework.

Considering the data proposed in the preceding section, the research parameters of this dissertation did not include verification of the driving forces behind ethics versus compliance-based motivations. However, from the depth of data reviewed, legal and regulatory compliance are more likely the biggest driving force behind ethics. Only three banks exhibited a dedicated commitment to ethics as part of an ingrained culture of ethical behaviour. Although ethics and ethics related interventions and initiatives are indeed evident in the presented datasets one needs to consider the fact that the data reflects obligatory compliance practices, instead of integration of ethics within the organisation. The assumption is furthermore informed by the fact that only three out of the seven banks interviewed, have a dedicated ethics officer or ethics office within the bank. This fact on its own, indicates the level the leaderships' commitment to and

prominence of ethics. All seven of the participants confirmed that regulatory compliance takes precedence over the establishment and institutionalisation of a clear corporate governance framework. The responsibility to building an ethical organisational culture appears as a compliance driven exercise, rather than a devoted responsibility to instil ethics within all sphere of the banks' business practices.

Subsequently, the section following focuses on the practical interpretations considered to enable an adaptation of the proposed integrated framework.

7.2.6.2 Conclusion: Strategy and ethics integration in practice (updating the framework)

Defined by both the narrative analysis and interview data, valuable insights reflected the integration of organisational strategy and business ethics in practice, confirming and validating academic findings. The initial proposed framework was developed from theoretical perspectives and considerations. Both the proposed and updated framework consider a strategy-as-practice perspective, whereby strategy practices and processes are interwoven within a complex setting (Jarzabkowski *et al.,* 2013:41). The learning from the data on how strategy and ethics are integrated in practice is subsequently motivated. Practitioners from the strategy-as-practice perspective serve as key role players. These are all individuals fulfilling tasks within the banks organisational structure, being the doers of strategy. The doers and implementers of strategy include the leadership and individuals who contribute to the organisations' culture. From the data, 5 interview participants suggested that ethics is indeed integrated in the practice of strategy, guided by the modes of managing ethics model (Rossouw & Van Vuuren, 2017:54) to classify the different practices of the bank. Moreover, in practice and based on the findings of the interview data, the researcher concluded that only some or specific ethics related activities were integrated with the organisational strategy. These conclusions guided the simplification of the framework to integrate business ethics and organisational strategy.

Figure 7.2.6.2 incorporates the findings to confirm and adjust the integration framework to consider the practice of strategy and ethics within commercial banks in South Africa.

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Figure 7.2.6.2: Updated framework for the integration of organisational strategy and business ethics based on research findings.
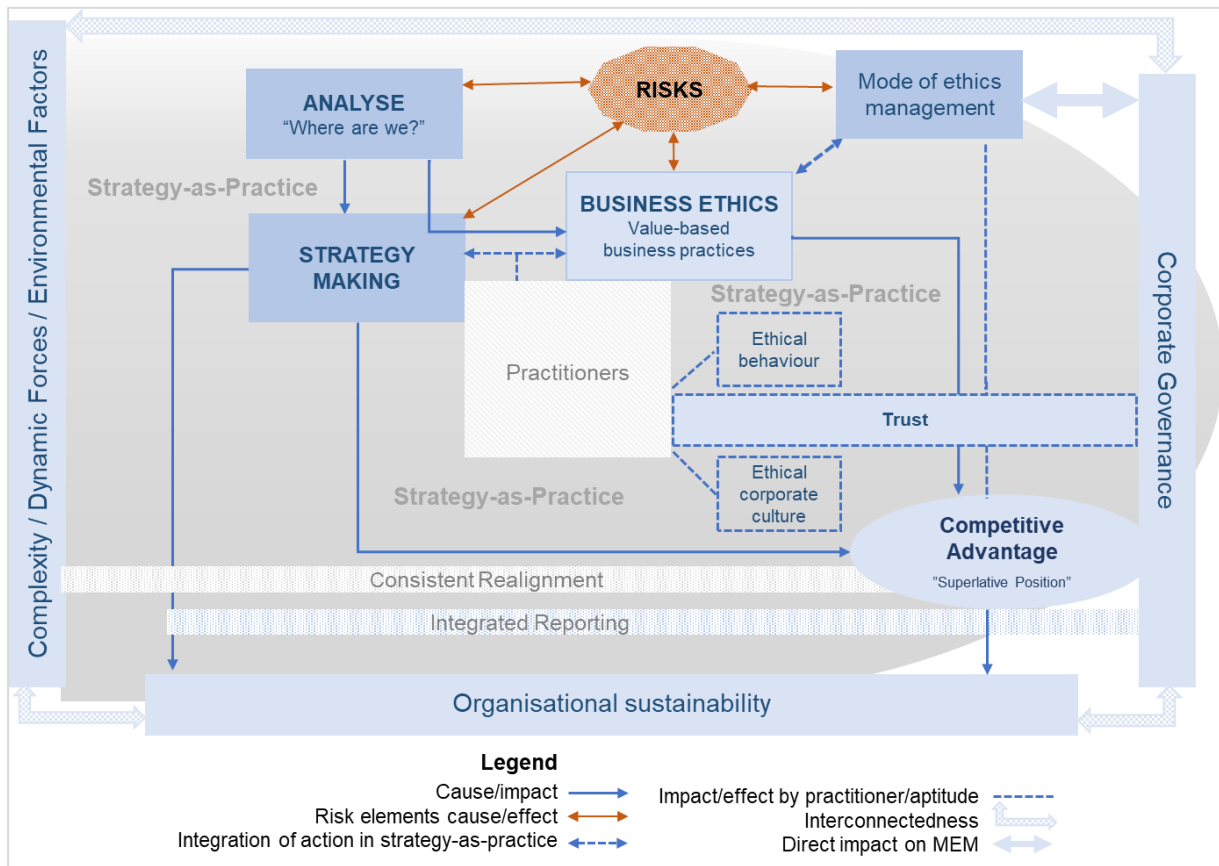
Source: Researchers interpretation based on dataset analysis.

The updated framework depicts the dynamic interrelationships within which an organisation operates. The core elements to integrate organisational strategy and business ethics, from a strategy-as-practice perspective are reflected within this updated framework. One key contribution considering the theoretical body of knowledge and strategy-as-practice perspective, reflects the replacement of micro and macro ethics with the modes of ethics management as a guideline to manage ethics within the organisation. Good corporate governance impacts organisational sustainability, and continued considerations to all risks is essential to attain a competitive advantage. Integrated reporting remains critically important to the banking sector and serve as a value mechanism to effectively communicate organisational performance and applied strategies to stakeholders.

Table 7.2.6.2 provides a summative reflection of the integration of organisational strategy and business ethics and outlines the perceived interrelationships and the impact of value-based business practices in table format for ease of articulation.

Table 7.2.6.2 Synopsis of the strategy-ethics framework interrelationships

SUMMARY OF THE UPDATED STRATEGY-ETHICS FRAMEWORK			
ORGANISATIONAL STRATEGY	INTERRELATIONSHIPS	BUSINESS ETHICS / VALUE-BASED BUSINESS PRACTICES	IMPACT
• Strategists analyse the complex environment which may impact the organisations' performance and unique market position. • Dynamic forces and environmental; factors influence organisational offerings within the market environment.	• Practitioners (strategists) are responsible for market analysis and strategy making from a strategy-as-practice perspective. • Practitioners remain aware of business ecosystem, changes in the complex environment and dynamic forces which may impact the organisation, consistent realignment remains critical in pursuit of organisational sustainability. • Practitioners actions and behaviour is linked to the level of trust by stakeholders.	• Practitioners' serve as the 'doers of strategy' (throughout organisation) • Individual frame of reference and personal perspectives influences strategy making, behaviour, and organisational culture. • Practitioners (employees) decisions and behaviour manifests within organisational values. • Ethics included as a strategic pillar serve as foundation for trust, ethical organisational culture and ethical behaviour.	• Guiding principles for individuals and organisations are reflected as the ethical position of the organisation's internal practices, products, and services (Brusoni & Vaccaro, 2017:223). • Mode of Ethics Management (MEM) *Ethics forms part of the purpose, strategy and operational activities and integrated in organisational practices* (Rossouw & Van Vuuren, 2017:54). • Corporate governance framework addresses regulatory and legal requirements
• Risk analysis is essential in strategy making. • Risks influences decisions made by practitioners to ensure competitive advantage is achieved and stakeholder value proposition achieved. • Legal and regulatory compliance impacts business ecosystem	• Practitioners analyse risks within organisational environment to inform strategy, ensure mitigation strategies are in place to address potential risks. • Value-based practices influences risk exposure and mitigation strategies. • Meaningful stakeholder engagement will result in competitive advantage. • Legal and regulatory environment is addressed through delivery of integrated report communicating status of strategy implementation and compliance to stakeholders.	• Organisational strategy guides corporate governance framework. • Corporate governance framework and commitment impact value-based business practices. • Mode of ethics management determine the commitment of organisation to business ethics integration as part of organisational strategy. • Trust is earned from stakeholders by means of good/effective corporate governance. • Mode of ethics management commitment impact the organisations competitive advantage and organisational sustainability.	ESSENCE OF THE FRAMEWORK • By integrating business ethics and organisational strategy a competitive advantage and ultimately organisational sustainability is possible. • All individuals (practitioners) within the organisation contribute to the values of the organisation. • Value-based business practices manifests as ethical behaviour, ethical organisational culture, trust in organisation, effective corporate governance and ultimately, competitive advantage resulting in organisational sustainability.

Source: Researchers interpretation of updated strategy-ethics framework

In summary, the updated strategy-ethics framework contributes by providing a practical approach for the integration of organisational strategy and business ethics. A strategy-as-practice perspective provides the basis for considering the integration of business ethics, addressing both individual influences and behaviours and organisational practices as critical to forming value-based practices. The importance and case for value-based business practices provides a platform to practitioners to motivate their needs for resources to advance modes of ethics management in the bank.

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7.2.7. Contribution

The proposed framework for the integration of organisational strategy and business ethics in commercial banks in South Africa and the analysis of external communications and interview data contribute by means of the following:

- **Addressing a theoretical gap by proposing a theoretical framework for the integration of organisational strategy and business ethics that was also tested in practice:** The proposed framework affords practitioners the opportunity to consciously embed ethics as part of organisational strategy. The findings of theory and practice highlight the importance of a value-based approach in business to achieve and maintain a competitive advantage.

  o Incorporate a commitment to ethics as part of the hierarchy of statements (vision, mission, and value, purpose statements) of the organisation. Consider social and economic elements at play when strategy-making occurs to inform value-based practices as part of strategy.

  o Internal and external stakeholders are likely to consider meaningful engagement with the organisation, if it is perceived that their respective values are in alignment, resulting in a relationship of trust.

- **Elevating the importance of strategy practitioners considering a strategy-as-practice perspective:** Practitioners are responsible for setting the tone of the organisation's behaviour and building organisational culture. Behaviour and personal values influence the trust instilled within the organisation by all its stakeholders.

  o Practitioners need to inculcate an ethical organisational culture by incorporating ethics management programmes as part of organisational strategic objectives. Ethics management programmes include ethics awareness, ethical value propositions, ethics related training in addition to ethics policies and procedures. Ethical behaviour of leadership as practitioners of strategy, underlines an ethical organisational culture, which in turn will manifest in ethical business practices and strengthen its competitive advantage.

  o Performance indicators should be incorporated for all employees and not only

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for leadership as is reflected by the data. The theoretical contribution confirmed the impact of personal values and beliefs. Every individual's behaviour and contribution to upholding ethical practices should form part of organisational performance measurements. Ethical business practices build trust from its stakeholders, resulting in a competitive advantage.

- **Provides a holistic overview of good corporate governance as part of business ethics:** The proposed framework and analysed data confirm that good corporate governance is an essential part of organisational composition. A value-based approach, supported by codes of conduct, the organisations hierarchy of statements, best practice policies and procedures is a compliance requirement and a JSE listing requirement for commercial banks. King IV requirements play a significant role as a regulatory yardstick in embedding ethical organisational culture and effective corporate governance.

  o The regulatory environment within the South African financial sector context is complex and requires alignment of organisational strategies, activities and conduct based on King IV, Conduct of Financial Institutions Act, South African Companies Act, SA Reserve Bank Prudential Authority principles among other best practice guidelines.

  o A corporate governance framework that challenges beyond mere compliance expectations should be developed and implemented. Integrating value-based business practices provides the opportunity to inculcate an ethical organisational culture, encourages ethical behaviour of employees, increases a commitment to the organisations value proposition, and manifests trust in the organisational leadership. As a result, leadership will be perceived as transparent, accountable, responsible, and competent.

  o Good corporate governance is not only a legal and regulatory requirement but serves as an opportunity to develop meaningful value propositions within the organisations sphere of influence, and in particular its key stakeholders.

  o Compliance with legal and regulatory requirements needs to be dealt with separately from the ethics management programme, whereby compliance

efforts support the ethics management programmes instead of including a few ethics based initiatives as part of the organisational compliance.

- **Provides a basis for financial sector benchmarking:** The modes of ethics management provide an opportunity for banks to review their ethics management mode and consider ways to improve their commitment to business ethics, based on the MEM model by Rossouw and Van Vuuren (2017:54).

  o Banking leadership need to strengthen the bank's commitment to ethics, as was seen in the data, four banks out of seven participating banks do not have a dedicated ethics office or ethics officer. The commitment to move beyond compliance by banking organisations' leadership is needed by means of assigning dedicated resources to an ethics function and ethics office within the banks organisational structure.

  o The implementation of a dedicated ethics function within the bank, human resource or internal audit function will elevate the reactive and compliance modes to integrity and will align ethics management modes of the banks. As a result, the commitment to business ethics as part of the bank's strategy may reflect an improved value proposition for all stakeholders, evenly balanced competitive market, and efficient financial sector. The definition of business ethics included in this dissertation should be highlighted again: "what is good that guide the business and its interaction with others." (Rossouw & Van Vuuren, 2013:5) This definition promotes the consideration that the interaction with others should be guided in such a way that the outcome is of benefit to all.

- **Verifying practicality of the modes of managing ethics in banks:** The modes of ethics management served as a practical tool to determine what the level of commitment of the bank and its organisational leadership is to business ethics.

  o The nature of each of these modes were studied, analysed, and aligned with the dataset to enable the classification and verification of the modes of ethics management.

  o The Modes of Ethics Management Model propose that it is ideal for an

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organisation to achieve a level of ethics management located within the integrity or a total alignment mode. This is dependent upon the level of commitment from organisational leadership, the investment in resources and placing the effective management of ethics as a strategic imperative of the organisational strategy.

In summary, the contribution to both the body of knowledge and to practice outlined above, focus on recommendations to guide the financial sector and practitioners of strategy to grasp the relevance and importance of building trust as well as ethical culture.

7.3   LIMITATIONS

The study focused only on one sector, financial institutions, limited to a small sample of organisations listed on the JSE. The listed commercial banks studied in this research process are by no means a widespread, cross-sectoral, or representative sample.

The researcher's frame of reference and experience do not include the financial sector with its relevant legal and regulatory requirements. To mitigate this limitation, the researcher invested additional time into understanding more about the financial sector's legal and regulatory requirements, in addition to the King IV Report on Good Corporate Governance and consulted various sources to obtain relevant knowledge on this sector.

7.4 FUTURE RESEARCH RECOMMENDATIONS

Ethical failures remain top of mind and the importance of instilling an ethical culture, leading by example remains crucial. Further research can explore different sectors, or a broader cross-section of organisations listed on the JSE to explore a similar topic on the integration of ethics and strategy. These insights may be of value to other listed companies and provide some guidance on the inclusion of business ethics practices as part of strategy in pursuit of a competitive advantage and organisational sustainability. The proposed and updated framework provides an opportunity to test this model within organisations and discover potential new findings or apply alternative methodologies. The strategy-as-practice perspective lends itself to various opportunities for further research, including the role of practitioners within the

organisation and the impact practitioners have on organisational culture, behaviour, and organisational sustainability.

7.5 FINAL THOUGHTS

The findings of the research conducted in chapter six outlined detailed discoveries within the narrative and interview datasets. In this chapter, the key conclusions were summarised, and associated contributions delineated. The chapter concludes with recommendations for future research.

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9   ANNEXURES

APPENDIX A: TITLE REGISTRATION

POSTGRADUATE COMMITTEE

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Economic and Management Sciences

11 November 2019

Dr R Maritz
Department of Business Management

Dear Doctor Maritz

TITLE REGISTRATION

This serves to advise that the title submitted for the research of the candidate indicated below was approved by the Postgraduate Committee:

Student:	C Lourens
Student number:	97303985
Degree:	MCom (Business Management)
Supervisor/Promoter:	Dr R Maritz
Co-supervisor/Co-promoter:	-
Approved title:	The integration of business ethics and organisational strategy: a qualitative study of commercial banks in South Africa
Date approved:	8 November 2019

IMPORTANT:
Please note that the next step in the research process is to obtain ethics clearance. In terms of the UP Guidelines for Ethical Research (S4083/00), ethics clearance is required before any research may be undertaken.

Sincerely

pp **PROF K BARAC**
CHAIR: POSTGRADUATE COMMITTEE

cc: Prof AJ Antonites
       Student Administration

Fakulteit Ekonomiese en Bestuurswetenskappe
Lefapha la Disaense tša Ekonomi le Taolo

APPENDIX B: INFORMED CONSENT FORM

Faculty of Economic and Management Sciences

Dept. of Economic and Management Sciences

Title of the study:
The integration of business ethics and organisational strategy:
A qualitative study of commercial banks in South Africa

Research conducted by:

Ms C Lourens
U97303985
Cell: 072 840 1433

Dear Participant

You are invited to participate in an academic research study conducted by Celia Lourens, Masters student from the Department of economic and management sciences at the University of Pretoria.

The purpose of the study is to investigate the level to which business ethics is integrated in organisational strategy and how this integration is articulated by management.

Please note the following:

▪ This is an anonymous study survey as your name will not appear on the documentation of the research. The answers you give will be treated as strictly confidential as you cannot be identified in person based on the answers you give.

▪ Your participation in this study is very important to the student. You may, however, choose not to participate and you may also stop participating at any time without any negative consequences.

▪ I would like to request no more than twenty minutes of your time for a personal interview, which can be done telephonically or in person. The questions that will be asked will be based on information gathered from integrated reports, and your participation will be to verify the findings.

▪ The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.

▪ Please contact my study leader, Dr. Rachel Maritz at 012-420 6312 and/or rachel.maritz@up.ac.za if you have any questions or comments regarding the study.

Please sign the form to indicate that:
▪ You have read and understand the information provided above.
▪ You give your consent to participate in the study on a voluntary basis.

_____   _____
Participant's Name   Signature

_____   _____
Position   Company

_____   _____
Contact Email and Phone Number   Date

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APPENDIX C: ETHICS CLEARANCE

RESEARCH ETHICS COMMITTEE

Faculty of Economic and Management Sciences

Approval Certificate

17 May 2020

Mrs C Lourens
Department: Business Management

Dear Mrs C Lourens

The application for ethical clearance for the research project described below served before this committee on:

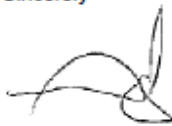| Protocol No:	EMS054/20
Principal researcher:	Mrs C Lourens
Research title:	The integration of business ethics and organisational strategy: a qualitative study of commercial banks in South Africa
Student/Staff No:	97303985
Degree:	Masters
Supervisor/Promoter:	Dr R Maritz
Department:	Business Management

The decision by the committee is reflected below:

Decision:	Approved
Conditions (if applicable):	
Period of approval:	2020-05-18 - 2021-02-28

The approval is subject to the researcher abiding by the principles and parameters set out in the application and research proposal in the actual execution of the research. The approval does not imply that the researcher is relieved of any accountability in terms of the Codes of Research Ethics of the University of Pretoria if action is taken beyond the approved proposal. If during the course of the research it becomes apparent that the nature and/or extent of the research deviates significantly from the original proposal, a new application for ethics clearance must be submitted for review.

We wish you success with the project.

Sincerely

pp PROF JA NEL
CHAIR: COMMITTEE FOR RESEARCH ETHICS

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ADDENDUM D: RESEARCH QUESTIONS AND FRAMEWORK REVIEW

Topic: The integration of organisational strategy and business ethics – a qualitative study of commercial banks in South Africa

I acknowledge that by completing and submitting the survey I understand:

1. The purpose and non-invasive nature of the study and its contents;

2. That I was not forced to participate in the study;

3. That I am participating anonymously (without identifying myself) and I will not be identified by any party within and beyond my organisation. Reporting will be done in an aggregate manner without identifying participating organisations or parties;

4. The data will be used for the purpose of the study as indicated and may be presented in an article format destined for publication at a later stage.

☐ Please tick the box to indicate that you are comfortable proceeding.

Objective: To determine whether and how BE is integrated as part of organisational strategy.

How is business ethics reflected in the banks' organisational strategy of commercial banks in South Africa?
Where is business ethics reflected within organisational strategy of commercial banks in South Africa?
- In what way is business ethics incorporated with organisational strategy?
- Is business ethics a priority within strategic management of the bank?
- In which way are executives and representatives of the bank committed to ethics?

Company Secretary Questions – focused on strategy of the organisation

(Strategy formulation)

1. Is Business ethics incorporated within organisational strategy of the bank?
2. Where does it fit within strategy?
3. Whithin which focus area of strategy is business ethics included?
4. How is business ethics included within the organisation (internal) and external to the organisation (CSR/CSI)
5. What are the dimensions of business ethics, i.e. is it informed by tools such as ethics risk assessment/ethics management maturity assessments/ethical culture assesssments etc. to inform ethics in strategy?
   a. It this assessment done internally/externally?

(Strategy Implementation)
1. How is ethics strategy monitored to ensure that goals and objectives are met?
2. What are the reporting mechanisms for ethics and how frequently does reporting occur on ethics in the company?
3. How is the reporting done both within organisation (ethics goals and objectives), and externally (as Corporate Citizens).
4. Are there performance management for executives (internal and external measurements)?

(Strategy Execution)
1. Are there a business ethics dimensions in strategy execution?
2. Where does it fit within the reporting of strategy?

Ethics Officer Questions – focused on business ethics dimension within strategy of the organisation
(Strategy formulation)

1. Does business ethics form part of organisational strategy of the bank?

2. Is the ethics function a dedicated function or does it form part of another function? (compliance/audit etc)
3. What is the ethics management strategy of the bank?
4. Is an ethics risk assessment done to inform the ethics strategy?
5. What are the codes and policies in place to manage organisational ethics?
6. What rea the activities conducted to institutionalise ethics?
7. How do you montor ethics of the organisation?
8. How is ethics reported on?
9. Is the ethics report used by the governing body as part of the integrated report?

The next section proposes a framework for your review.
This framework derived from a literature study on business ethics and organisational strategy, as well as a thematic analysis of applicable integrated reports. Two sets of integrated (some annual reports) were reviewed for each commercial bank in South Africa. The banks were selected based on their listing on the JSE.
A baseline study was conducted by reviewing the 2015/2016 integrated/annual reports, followed by a comparative review of the same institutions reports published in 2019/2020.

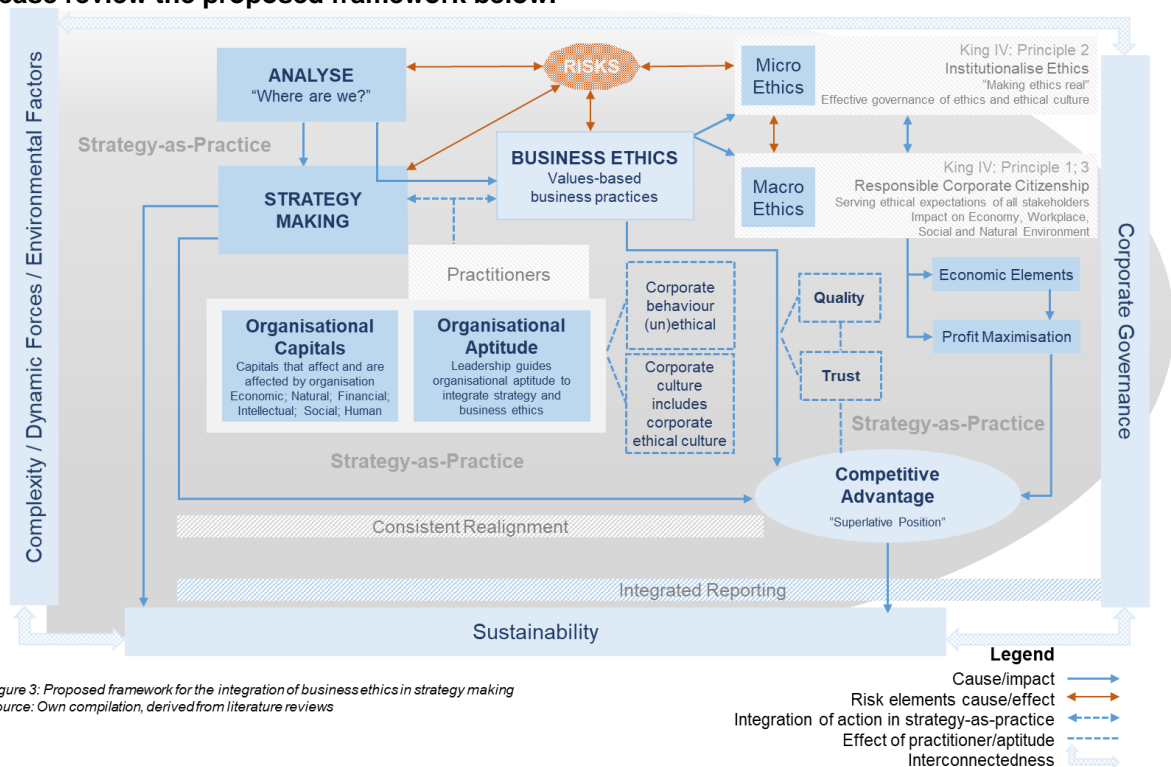**Please review the proposed framework below.**

Figure 3: Proposed framework for the integration of business ethics in strategy making
Source: Own compilation, derived from literature reviews

After reviewing the proposed framework for the integration of organisational strategy and business ethics, please reflect on the following:
1. Based on your experience as Company Secretary/Ethics Officer:
   a. What is missing from this framework in terms of business ethics and organisational strategy in practice?
   b. Within the day-to-day operations of your organization, is the framework a true reflection of core activities.
2. As an Ethics Officer, how would you propose organisational strategy and business ethics are integrated in your organization?

ADDENDUM E: ORGANISATIONAL STRATEGY NETWORK

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