

# Social and economic value creation by Bendigo Bank and Stockland Property Group: Application of Shared Value Business Model

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## Abstract

This case study explores how two Australian businesses—Bendigo Bank and Stockland Property—have adopted thematic components of the shared value business model to create social and economic value for their stakeholders. Information about organizational business models was collected from their annual reports and by interviewing company representatives. The study finds that Bendigo and Stockland have emphasized a new thematic component of stakeholder engagement—namely, customers and regional communities—in addition to three thematic components of shared value business model—reconceiving products, redefining the value chain, and using clustered collaboration—to create value. Additionally, both companies have increased their return on equity considerably in the period 2014–2019 while enhancing social value based on strategic initiatives. The study concludes by recommending an extended version of the shared value business model to enhance social and economic value creation based on stakeholder engagement.

## KEYWORDS

Australian banking and property organizations, shared value, social and economic value creation, stakeholder engagement, value proposition

## 1 | INTRODUCTION

In order to transition from firm-centric value creation (Jensen, 2010) to stakeholder value co-creation (Hörisch et al., 2014; Ramasamy & Ozcan, 2014), innovative organizations require a practical business model that simultaneously generates both social and economic value. In the post-Global Financial Crisis (GFC) era, a “Shared Value” business model (Porter & Kramer, 2011) has been proposed to leverage social issues and opportunities to create benefits for both businesses and society (Bockstette et al., 2014; Hills et al., 2012; Pfitzer et al., 2013; Porter & Kramer, 2011). However, despite advancing a positive approach, Shared Value theory has been criticized as unoriginal and theoretically weak (Beschorner, 2013; Crane et al., 2014; Dembek et al., 2015). Furthermore, in Australia, the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services (The Financial Services Royal Commission, 2017–2019) identified widespread and serious fraud and deception in the financial sector, indicating that shared value (i.e., economic *and* social value) is not actually being created. Australian banks stand accused of not leveraging shared value: the financing gap for SMEs is projected to reach approximately A\$2 trillion by 2050 (Caneva, 2014), and following on from widespread closure of remote and rural bank branches in the 1990s (Stubbs & Cocklin, 2008), it is reported that one-fifth of Australian adults are excluded from basic financial products and services (Centre for Social Impact, 2014).

This study, focusing on the adoption of a shared value business model by sample Australian banking and property organizations, is organized as follows. An overview of the theoretical background of value creation in business, the justification for the study, and a discussion of the shared value business model as a strategic approach are followed by a literature review, the research questions, and explanation of the methodology. Discussion then turns to strategic initiatives for social and economic value creation within the case study organizations, stakeholder engagement as an emerging theme, and the interview responses. The findings are discussed in light of the literature and industry reports, examining the adoption and effectiveness of shared value as a strategy. Finally, a recommended business model based on stakeholder engagement is advanced.

This paper contributes to existing literature of shared value in terms stakeholder engagement for co-creation of value. This contribution strengthens the conceptual framework of stakeholder engagement in the Australian industrial context. There are no conflicts of interest in completing the research by both the contributors. Also, the psychological biases of interviewees were addressed based on the measure as follows: repeat interviews conducted with new organizational executives after 2 years to verify strategic viewpoints.

Before proceeding toward justifying the rationale, the valuable constructs from the study is defined below to better understand the background and context of social and economic value creation based on a shared value business model in Australia (Table 1).

## 2 | RATIONALE AND OBJECTIVES OF STUDY

Apart from a few recent contributions (Dembek et al., 2015; Mehera, 2017; Mehera, 2018), relatively little research has been conducted in the Australian context to understand the uptake and implications of shared value business models. This study explores how two banking and property organizations have implemented organization-wide shared value business models to generate economic benefits with a measurable social impact, in contrast to the conventional trade-off between social and economic performance in Australia (see, e.g., FSG, 2017; Shared Value Project, 2015; Social Outcomes, 2015; TARI & Net Balance, 2013).

**TABLE 1** Working definitions and explanations of constructs used in the study

Construct	Definition
Business strategy	“An effective mechanism for possessing control over unique resources and capabilities that have the ability to create a unique advantage” (Powell, 2001, p. 132)
Business model	“Conceptual and organisational model, which describes both the organisational and financial architecture of value creation, delivery and capture” (Teece, 2010, p. 191)
Value creation	“Transforming resources into products and services, which satisfy customer needs” (Besanko et al., 2010, p. 372)
Co-creation of value	“Joint creation of value by the organisation and the customer; allowing the customer to co-construct the service experience to suit their context” (Prahalad & Ramaswamy, 2004, p. 8)
Social inclusion	“[P]rocess of improving the terms on which individuals and groups take part in society—improving the ability, opportunity, and dignity of those disadvantaged based on their identity” (World Bank, 2018, p. 1)
Financial inclusion	“[T]he ability to access and draw on internal capabilities and appropriate, acceptable and accessible external resources and supports in times of financial adversity” (Centre for Social Impact and National Australia Bank, 2016, p. 14)
Social value	“[P]ositive change, initiated by a social intervention in the subjective wellbeing of disadvantaged individuals and communities” (Kroeger & Weber, 2014, p. 519)
Shared value business model	“[P]olicies and operating practices enhancing the competitiveness of a company while simultaneously advancing the economic and social conditions in communities” (Porter & Kramer, 2011, p. 64)

Based on the above rationale, the research objectives are twofold:

1. Explore the adoption of thematic components of a shared value business model (i.e., reconceive products and services, redefine value chain, and enable local clusters) by an Australian bank and a property organization; and
2. Empirically develop an alternative business model based on thematic components emerging from interview responses of industry participants.

### 3 | CURRENT STATE OF AUSTRALIAN BANKING AND PROPERTY INDUSTRIES

Ernst and Young's (2016) Global Banking Outlook Report identified a number of strategic shifts in banking, including (a) from managing compliance to inclusion of social purpose, (b) from business restructuring to hybrid entrepreneurship, and (c) from cost management to customer-driven approaches. Similarly, KPMG (2018) analysis suggests banking is undergoing a simplification process, with a strategic focus on customer experience and value-oriented innovation for SMEs. Recent banking industry reports emphasize radical departures from a sales- and product-obsessed mindset towards innovation and collaboration to deliver solutions for stakeholders, especially regional customers (Deloitte Center for Financial Services, 2018).

The property sector has also started to innovate, with Australian organizations collectively scoring 74% in the GRESB Real Estate Snapshot (GRESB, 2016), reflecting improvements in sustainable assets while promoting carbon reduction and transparency in stakeholder communications. In line with this trend, Ernst and Young (2016a) has suggested that innovation should be applied to all aspects of planning, operating assets, and financing. Further, the Grattan Institute (2018a, 2018b), a non-profit policy think-tank, has drawn attention to uneven regional development driven by policy neglect of economic growth, employment, and high migrant population growth; it proposes a sharper focus on delivering positive economic and social outcomes based on enhancement of innovation capacity and human capital. Recently, the Sustainable Built Environment National Research Centre (2019) has also emphasized productivity innovation, which offers triple bottom line benefits through a product and environmental stewardship approach.

#### 4 | SHARED VALUE BUSINESS MODEL: A STRATEGIC APPROACH

The shared value business model claims to occupy a strategic position at the interface of social value creation (investments that address social and environmental objectives) and business value creation (investments in long-term profit and competitiveness) (Porter & Kramer, 2011). The model comprises three levels or components: (a) reconceiving products and markets, (b) redefining productivity in the value chain, and (c) enabling local cluster development (Porter & Kramer, 2011) (Figure 1).

The shared value model emphasizes investment in local supply chain and community infrastructure within regional clusters of related businesses. Based on a redefined value proposition and collaborative innovation, the shared value model promotes not only profitable businesses but also positive

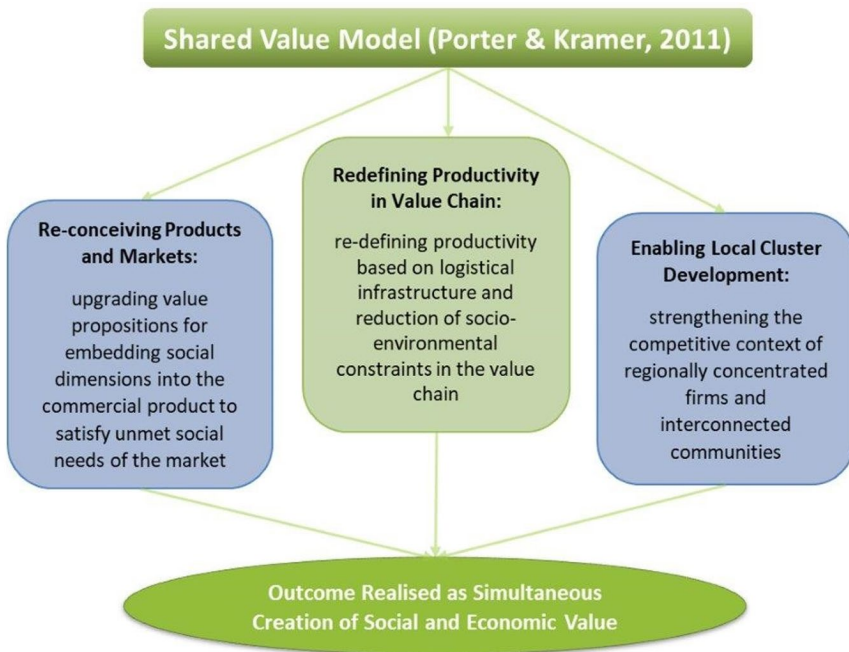


FIGURE 1 Shared value business model. Source: Porter and Kramer (2011)

social impacts that contribute to community resilience, regional development, social infrastructure, and skilling of host communities (Porter et al., 2012).

## 5 | LITERATURE REVIEW

In this study, the post-GFC value creation literature is approached from a socio-economic perspective. Social value is considered by reimagining the purpose of business in terms of non-financial impacts on communities and the environment (Mulgan, 2010), and social value creation is conceptualized as enhancing the subjective wellbeing of disadvantaged individuals and communities (Kroeger & Weber, 2014) or as involving community inclusion based on features such as entrepreneurialism promoting social capital and community collaboration, health and wellbeing (Yang et al., 2014). Social value can be generated at two levels: (a) the individual level, such as personal wellbeing and meeting opportunities, and (b) the community level, such as social engagement and green infrastructure (Victorian Institute of Strategic Economic Studies, 2015).

Economic value creation in a shared value model is heavily focused on financial inclusion—for example, through offering appropriate and affordable financial products and services, such as microfinance programs for fringe credit-seekers (ASIC, 2011; Feigenberg et al., 2014). Mackey and Sisodia (2013) add an economic value creation perspective while justifying business continuity from a conscious capitalist perspective. For financing solutions to global challenges, Bockstette et al. (2014) promote incorporating infrastructural solutions to critical social and environmental needs into core business operations. Griffin (2017), for example, argues that financial resilience initiatives such as local bank branches offering financial literacy programs simultaneously serve to transform unbanked rural communities into regular customers.

Building on Porter and Kramer's (2011) three-level shared value business model, the Foundation Social Group (FSG) proposes a five-step shared value business model: (a) identifying and embedding new value propositions; (b) defining social need; (c) execution of innovation measures; (d) measuring social and business value; and (e) co-creation of outcomes (Pfitzer et al., 2013). In practice, however, FSG has accommodated this five-step approach within the three-level model that is used in this study to explore organizational strategies for value creation.

The post-GFC literature on value creation emphasizes investment in long-term competitive co-innovation based on various aspects of business models. Included among these are rallying resources to create a product or service to meet consumer needs (Biggemann et al., 2014); shifting value propositions based on the development of core competencies and development of local infrastructure and value chains (Hills et al., 2012; London, 2015); stakeholder collaboration and creative solutions to social issues (Strand & Freeman, 2015); collaborative entrepreneurial strategies integrating consumers, business, community, and socio-environmental stakeholders (Breidbach & Maglio, 2016; Voltan et al., 2017); and responding to changing customer/stakeholder needs through product/service innovation (Høvring, 2017; Volberda et al., 2018). While balancing social and community with profits, the shared value concept is addressed from two main perspectives by contemporary shared value academics (Drummond-Dunn, 2016; Furst, 2017; Von Liel, 2016) and industry-based organizations (Deloitte & Business Council Australia, 2014). These are (a) new value propositions facilitating inclusion of customer problems in the innovation process of products/services and (b) agile logistical networks to increase supplier collaboration with non-traditional partners and facilitate capital flows to local enterprises.

Considering its apparent overlap with the concepts of “blended value” (Emerson & Bonini, 2005), “bottom of pyramid,” (Prahalad & Hart, 2002) and “conscious capitalism” (Sisodia et al., 2007), it

could be argued that the core tenets of shared value are already being applied by enterprises such as the Benefit Corporation model in the United States and Grameen Bank in Bangladesh (Yunus et al., 2010).

Critics such as Crane et al. (2014) accuse the shared value business model of (a) failing to clearly denote the contributors, receivers, and sharing networks of value and (b) ignoring the underlying inherent tensions between broader social interests and the narrow economic interests of the organizations. Similarly, in contrast to its depiction as a “sweet spot” between corporate economic and societal values (Moon et al., 2011). Aakhus and Bzbak (2012) consider shared value to be a conflict between social values on the one hand and economic interests based on corporate realities on the other. Dembek et al. (2015) note a majority of academics have defined shared value as a buzzword rather than a substantive theoretical model. In addition, de los Reyes et al. (2017) even accuse shared value of leaving managers ill-equipped to legitimately manage issues where they face the prospect of “win-lose” or “lose-win” social engagements.

In light of the diverse views in the literature, it is worth exploring whether, and how, the shared value business model has been contextualized by the sampled Australian organizations. To that end, the following research questions are formulated.

RQ1. Why and how have Australian companies from the banking and property sectors integrated the three thematic components of shared value for social and economic value creation?

RQ2. Have they integrated any other thematic components for social and economic value creation? If so, what, why, and how?

## 6 | RESEARCH METHODOLOGY

A multiple case study approach was selected for this research because it enables theory and/or framework development by building up a bigger picture of organizational processes and the maturation of industries (Creswell, 2014; Yin, 2014). In the Australian industrial context, due to the absence of well-documented and widely accepted business models, case studies have been used for in-depth thematic and qualitative exploration of value creation strategies (Creswell, 2014; Polonsky & Waller, 2015).

In this study, a thematic analysis is conducted utilizing four major themes, comprising three shared value themes and one interview-facilitated emergent theme (stakeholder engagement). Based on a critical purposive sampling (Flick, 2018), two Australian organizations from the banking and property industries were chosen, namely, Bendigo Bank (Bendigo) and Stockland Property Group (Stockland). The selection criteria were that the case study organizations were large Australian banking or property organizations and had a formal commitment to the shared value model. Information about the selected organizations was gathered from the websites of the Business Council Australia, Property Council of Australia, Department of Environment and Heritage Protection, Green Building Council Australia, National Australian Built Environment Rating System, Global Real Estate Sustainability Benchmark, Australian Banking Association, Australian Bureau of Statistics, and Shared Value Project Australia.

Both the Shared Value Manager and the Corporate & Public Affair Executive of Bendigo were consulted to obtain industry participant views on social and economic value creation. For Stockland, the General Manager of Sustainability was interviewed to gather information on value creation strategies. A repeat interview (semi-structured, open-ended, face-to-face, and one-to-one mode) was conducted for both organizations to understand their transition to value creation strategies in recent times. In addition to primary data from the interviews, secondary data (i.e., organizational policies, industry reports, and Annual Reports) were also considered in exploring both case studies.

## 7 | CASE STUDIES ON VALUE CREATION

Bendigo was chosen for its regional value proposition and community engagement. Stockland was chosen due to its contribution to the development of community infrastructure and resident livability.

### 7.1 | Case study 1: Bendigo Bank

In contrast to traditional shareholder-oriented banking organizations, Bendigo's strategy is driven by a long-term view of facilitating its customers and communities (Stubbs, 2011). The bank has advocated a strategy of recycling locally generated capital as community loans within agricultural and regional communities and distributing profits among community shareholders (Bendigo, 2018). Bendigo's strategic intent for value creation is stated as follows: "We put our customers and at the centre of our business, so we can develop and deliver solutions to enhance their communities economic and social wellbeing" (Bendigo, 2019c, p. 3).

In line with the abovementioned strategic direction, all three Bendigo banking segments (community, rural and alliance banks) are integral to the Bank's creation of social and economic value (Table 2).

Bendigo Bank's four strategic initiatives for value creation are (a) implementation of the community bank model, (b) extending social impact loans and apprenticeship support programs, (c) housing affordability, and (d) strategic collaboration for shared success.

#### 7.1.1 | Strategy 1: Implementation of community bank model

Bendigo's community bank model enables communities to negotiate better terms and conditions with suppliers (Stubbs, 2011). In the Bendigo Annual Report for 2016–2017, the community bank model is praised for promoting "partnerships with local people and community enterprises to provide local people with employment opportunities, a local investment option for shareholders, and a source of revenue for projects determined by local stakeholders" (Bendigo, 2017, p. 14). This model enjoys two primary sources of revenue based on franchise agreements with Bendigo Bank: (a) margin share and commissions for delivered products and services and (b) income through a share of fees paid by Bendigo customers (Moore, 2016). In this regard, it is noteworthy that Bendigo's Annual Report uses the term "community bank" 20 times while highlighting allocation of A\$220 million in community funding to regional and rural development (Bendigo, 2019a). In this banking model, 80% of profit is re-invested in community projects (predominantly infrastructure, education and health), while 20% is distributed as dividends to local shareholders, who participate on the board and cater to the interests of the local community through start-up capital (Figure 2).

#### 7.1.2 | Strategy 2: Extending social impact loan and apprentice support program

All of the community bank model offerings are actually derived from Bendigo's wholesale products and services, which are customized with the guidance and knowledge of not-for-profit organizations. For example, the Social Impact Loan program, which recycles profits to the community and gives local apprentices access to no-interest loans, has contributed to building creditworthiness and financial literacy/self-reliance, especially among young people (Bendigo, 2017). Bendigo's Equip Resilience Skills Program facilitated emotional fitness and resilience of workforce.

TABLE 2 Models of Bendigo Banking: community bank, rural bank, and alliance bank

Models of Bendigo Banking	Strategic initiatives for social and economic value creation
Community Bank (delivering banking to the regional people and not-for-profit sector)	<p>Catering to approx. 800,000 local customers—A\$134 million wages and services spent locally</p> <p>Homesafe VIC and Housing Plus NSW—Community Housing collaboration for debt-free equity release—fair value of the portfolio A\$734.5 m</p> <p>Responsible Banking to support financial difficulty—customized assessment of a borrower's financial circumstances over phone</p> <p>Socially responsible growth fund product (issued through Sandhurst Trustees) for responsible businesses</p> <p>150+ community bank branches—emphasis on agri-business products</p> <p>324 community bank branches re-invested (A\$220 m) 80% of profit back into community projects with 20% distributed as dividends to local shareholders</p> <p>Financial Assist Support Team providing subsidized loans to local social enterprises and interest-free loans (i.e., Assistance Beyond Crisis) to victims of abuse</p>
Rural bank (for agribusiness and regional partnerships)	<p>Hardship support by 200+ branches—waiving fees and containing rate increases for drought impacted customers</p> <p>National Centre for Farmer Health training and support for customers, staff, and partners—double-digit market share of the national agricultural debt</p> <p>Network of banking partners (including Bendigo Bank, Community Bank, and Elders branches) supporting lending specialists in rural and regional centers</p> <p>Sustainable animal welfare and livestock farming practices across the agricultural supply chain</p>
Alliance Bank (supporting mutual companies seeking to grow based on social impact loans)	<p>Do GOOD fund (38 credit unions collaborating for micro-finance) for social impact loans and seed funding for attracting government support—20+ branches committed more than A\$4.5 m in total since 2015</p> <p>Apprentice Support Program—interest-free loans, A\$5000 to buy trade tools</p> <p>Developing community facilities—facilitating sports, education, financial literacy, social entrepreneurship, and health clinics</p> <p>Facilitating mutual companies and young local apprentices seeking to grow with social impact loans—seeding and fostering local business</p> <p>Shared Equity model facilitating community housing—increase the supply of social and affordable housing</p>

Source: Bendigo Annual Review (2019, pp. 14–22).



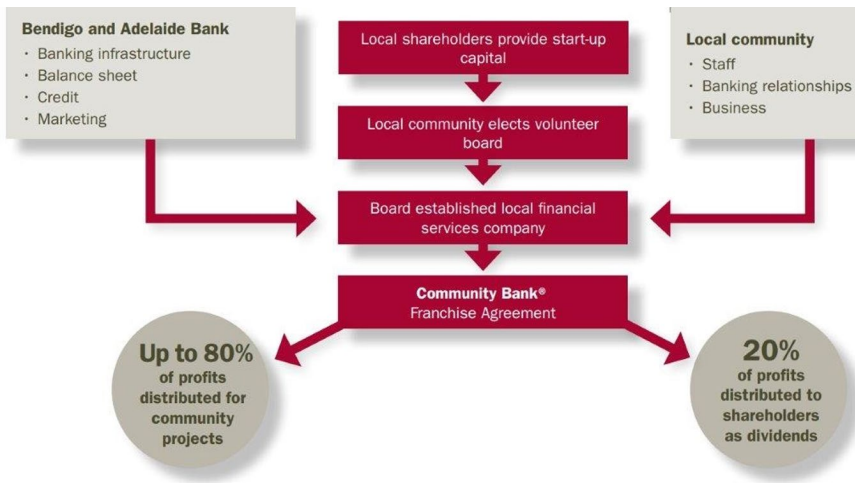


FIGURE 2 Bendigo's community bank model. *Source:* Bendigo Bank (2011, p. 11)

### 7.1.3 | Strategy 3: Housing affordability

Bendigo has adopted the following housing affordability initiatives (Bendigo, 2017): (a) the Rental Affordability Index and Housing Affordability Report to consider solutions to housing unaffordability in inner-city areas; (b) the Key Start Housing Scheme, a A\$1.35b home loan program delivered in collaboration with the Western Australia (WA) state government; (c) the Shared Equity model, which uses the Commonwealth's first homeowners' grant for deposits as low as 2%, no or low mortgage insurance, and co-ownership of the property with the state Housing Authority; and (d) Homesafe Equity—a Szabo Real Estate and Bendigo collaboration allowing senior homeowners in the cities of Melbourne and Sydney to achieve a debt-free retirement by accessing the wealth tied up in their homes (Zeit et al., 2018).

### 7.1.4 | Strategy 4: Strategic collaboration for shared success

Bendigo has partnered for shared success through several collaborative strategic initiatives. The Socially Responsible Growth Fund (i.e., Bendigo Smart Start Super Fund) strives to meet ESG considerations based on support from investment managers. The miVoice online community forum has facilitated 1300 customers to take part in polls and surveys on community engagement and environmentally responsible initiatives. The Rural Bank has partnered with the National Centre for Farmer Health to enhance the wellbeing of Australian farming families. Additionally, the strategic focus on reducing complexity and costs in business has led to the return of the Rural Bank banking license and execution of a new distribution agreement with Elders (Bendigo, 2017).

In conclusion, Bendigo's strategic initiatives for value creation can be categorized into two broad groups: (a) economic performance—fairly designed financial products and services with a unique value proposition, and (b) community performance—access to financial services (i.e., micro-finance and agricultural finance for individuals and SMEs) to enhance inclusion of disadvantaged local communities.

## 7.2 | Case study 2: Stockland Property Group

Stockland has adopted various value creation strategies to facilitate healthy, connected, and affordable communities. Its value creation strategies is outlined as follows: “Our master-planned communities are increasing the resilience of retail town centres, growing logistics portfolio and enhancing customer experience. Our focus is on the creation of livable, affordable and connected communities, which is driving increased market share and higher profit margins” (Stockland, 2018b, pp. 3–4).

Stockland Property Group's four strategic initiatives for value creation are (a) community development and livability enhancement, (b) value chain competency, (c) sustainable and resilient place creation, and (d) maximize returns through sustainable community creation.

### 7.2.1 | Strategy 1: Community development and livability enhancement

Stockland's community development strategy strives to create shared value based on three aspects: (a) higher levels of livability, with metrics encompassing health, social and relationship capital based on community aspects including accessibility to education, transport services, green spaces, road safety, residential clusters, mobility, and employment; (b) sustainability design guidelines enhancing infrastructural investment and greater interface functionality (e-enabled community spaces) for social capital development; and (c) cross-functional collaboration between sustainability consultants, development managers, and urban designers to facilitate perception of space rather than size (Leth et al., 2016; Stockland, 2018a).

Stockland has developed livable communities based on a number of strategic initiatives: (a) a Personal Wellbeing Score, benchmarked against the Deakin University Personal Wellbeing Index (International Wellbeing Group, 2013); (b) community lifecycle evaluation, through health and networking initiatives in collaboration with Live Life Get Active and Stockland CARE Foundation (Stockland, 2019a); and (c) resilient place-making—upgrading the Accessibility Audit Scoreboard to encompass the concept of space across communities and clubhouses that work as community hubs (Stockland, 2017a, 2018b). Its main measure of livability (the Liveability Measurement Tool) incorporates aspects of affordable living, economic prosperity, access and connectivity, belonging and identity, health and wellbeing, governance, and engagement. There are four aspects of livable communities: connected, smart, healthy, and affordable (Stockland, 2017a) (Figure 3).

### 7.2.2 | Strategy 2: Value chain competency

Four value chain strategic priorities are identified in Stockland's Annual Report: (a) sustainable sourcing—ensuring suppliers' compliance regarding materials quality, sustainability requirements, and labor conditions; (b) regional procurement—sourcing labor, goods, and services from local communities; (c) capability—training and skills development for sustainability education and industrial skills; and (d) partnering with the Supply Chain Sustainability School and the Property Council of Australia to promote Global Reporting Initiative standards for healthy and environmentally friendly outcomes (Stockland, 2018a).

### 7.2.3 | Strategy 3: Sustainable and resilient place creation

Stockland follows a sustainable places strategy promoted under three broad strategic segments: (a) climate resilient places for sustainable living with superior indoor settings and lighter environmental

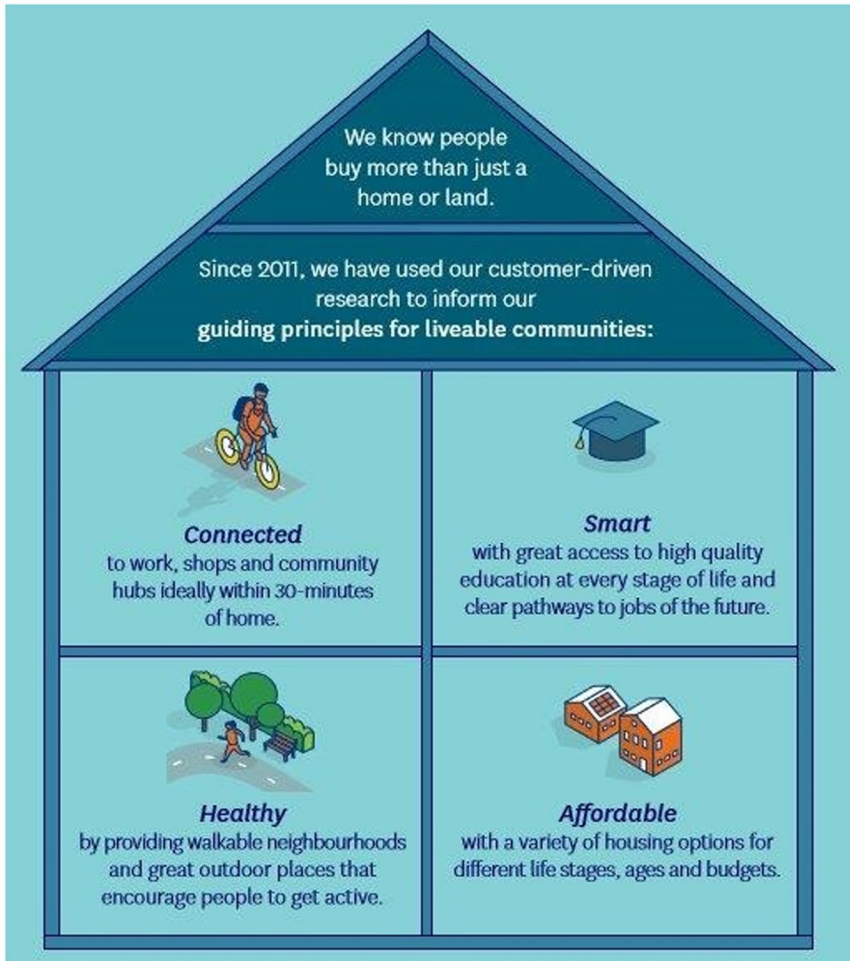


FIGURE 3 Stockland liveability index. Source: Stockland (2017a, p. 9)

footprints; (b) healthy and inclusive places enhancing livability; and (c) collaborative research in the design of productive and resilient places. As part of its strategy for sustainable (healthy and inclusive) places, Stockland emphasizes four material community issues—cohesion, engagement, wellbeing, and social problems (Figure 4).

#### 7.2.4 | Strategy 4: Maximize returns through sustainable community creation

Stockland's strategy to broaden capital partnering initiatives across all sectors to enhance capabilities. According to Stockland's Annual Report, "Our strategy is to maximise returns by developing sustainable communities, and growing workplace and logistics asset base. Underpinning three pillars are a range of strategic priorities to achieve our goal of maximising sustainable and growing returns" (2019a, p. 12). For value creation, Stockland's business model leverages three strategic pillars (asset returns, capital strength, and operational excellence) while emphasizing three core sustainability priorities (shape thriving communities, enrich value chain, and optimize and innovate) (Figure 5).



FIGURE 4 Strategy for creating sustainable places

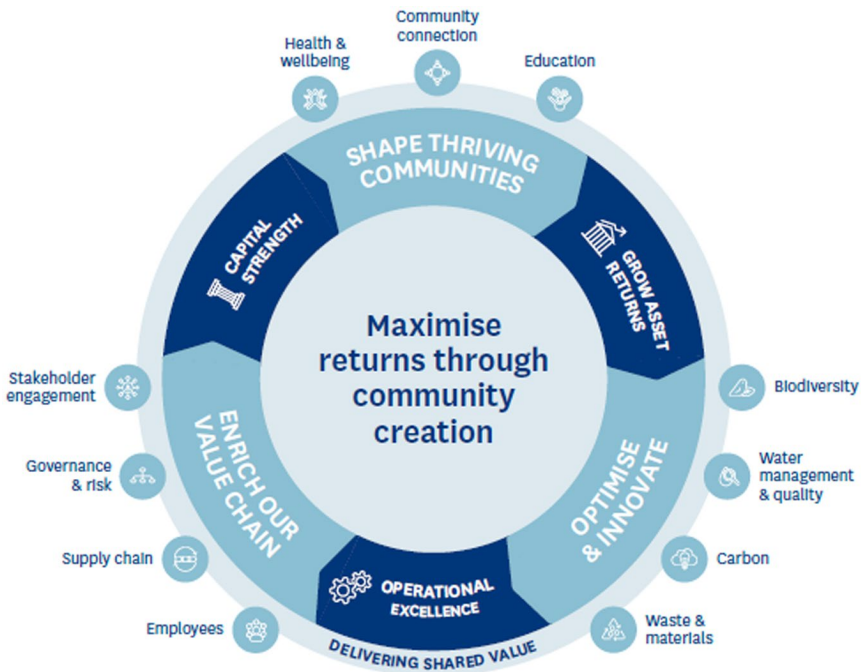


FIGURE 5 Stockland's business model (i.e., Sustainability: Creating Shared Value). Source: Stockland (2019a, p. 52)

## 8 | SECONDARY DATA ANALYSIS

In this study, primary and secondary data were compared with test “validity through the convergence of case information from different sources” (Carter et al., 2014, p. 545). Secondary data for Bendigo and Stockland were drawn from their Annual Reports for 2017–2019.

### 8.1 | Case 1: Bendigo Bank

Bendigo's Annual Financial Report states its strategic ambition as follows: “Our ambition is to grow market share to deliver value for all stakeholders by reducing complexity and investing in capability” (Bendigo, 2019a, p. 13). The strategic motive of regional stakeholder empowerment initiatives is to negotiate better terms with financial suppliers. In addition to the community development aspects, Bendigo's Annual Report (2019c) highlights community aspects, noting its investment in upgrading capabilities that will future-proof business while performing well in terms of market expansion, consumer satisfaction, and dividends. Bendigo does not mention shared value in its 2019 Financial Report, but it does highlight its customer-centric approach and partnerships in shared value creation in the 2019 Annual Review. Bendigo claims to attract customers increasingly based on its “customer-centric business model, accessibility of service centres, knowledge and expertise, and focus on shared value” (Bendigo, 2019b, p. 8). Bendigo's shared value business model is evident in its declaration that “partnerships are key pillars of business strategy as they extend reach, widen capabilities and improve customer experience” (Bendigo, 2019c, p. 12).

### 8.2 | Case 2: Stockland Property

The Stockland (2016) Annual Report credits the organization's value creation strategy for “delivering above average return with sustainable growth based on quality communities, sustainable property assets and great customer experiences at inspiring places” (Stockland, 2016, p. 17). Without mentioning a shared value strategy, the 2019 Annual Report describes Stockland's value creation strategy as “focused on improving future income resilience and the growth of our portfolio by divesting non-core properties, ensuring rents are sustainable and remixing tenancies” (2019a, p. 6). The organization's approach to corporate responsibility has emphasized value enhancing aspects including community resilience initiatives across property assets; delivery of infrastructure and customer amenities; collective bargaining in supply chain; and social impact assessment (Stockland, 2016). In addition, as per the Balanced Scorecard approach, stakeholder engagement plans facilitate the transition of key relationships from planning managers to project development and asset managers involved in assessing local socio-environmental impacts (Stockland, 2017b, 2018c).

Having discussed the secondary data used to contextualize the interview responses, the primary data from the interview are summarized below for comparison.

## 9 | INTERVIEW RESPONSE OF SAMPLED CASE ORGANIZATIONS

The interview instrument was carefully framed according to recommended types of qualitative questions for interviewing (introductory, follow-up, probing, specifying, direct, and interpreting) as

suggested by Liamputtong (2013). The major interview question was framed as follows: “What are the specific socio-communal and financial issues and opportunities shaping your organisational strategies for social and economic value creation?” A summary of the responses to the above question follows.

## 9.1 | Interview summary—Bendigo Bank

Bendigo's representative justified a moderate approach toward balanced profitability, in the following terms: “Our value creation approach is not only destined for building social capital, but also strives for a decent rate of return for local shareholders, some of whom are representing real passion and local aspirations in the Board” (Bendigo Interview Response, 2019). The representative confirmed that community bank branches have facilitated various shared value opportunities, including community resilience, employment, and shareholder investment. While praising the community banking approach, the representative confirmed that the traditional community bank model is aligned with the more recent shared value model in seeking competitive advantage. During the interview, the Head of Bendigo Community Banking drew attention to banking opportunities for expanding social progress through shared value at the organizational level based on stakeholder engagement. The interviewee also cited the vision of the Bendigo Managing Director, who opined that business outcomes should provide equity for all stakeholders—customers, staff, and shareholders. In summary, both interviewees explained that the business model was formulated to provide services to regional community (local shareholders, regional SMEs, farmers, and NGOs) based on the recommendations of regional and rural affairs strategists stationed in non-urban major regional centers.

## 9.2 | Interview summary—Stockland Property Group

The Stockland representative considered sustainability holistically, as a strategy for community development and climate resilience. The interviewee indicated that both sustainability and shared value have been a crucial part of Stockland's business operations for the past decade. The interviewee further opined that sustainability initiatives have led to the creation of new partnerships and collaborations at corporate, governmental, and nongovernmental levels. The representative also noted that shared value is often misunderstood as a business model aimed at immediate social and economic impact. The interviewee praised Stockland's successful strategy for value creation, noting that its “‘liveability index’ and ‘Retire Your Way’ are both unique selling propositions and [Stockland has] made changes in our value proposition, from land development to creating medium and high-density communities” (Stockland Interview Response, 2019). The interviewee clarified that Stockland's stakeholder engagement strategy is based on multiple aspects: “Customer Immersion” workshops, “Stockland Listens,” and “Stockland Exchange” programs for community feedback during project design and development; higher satisfaction rates across residential, logistics, office, and business park tenants; delivering smart cities in collaboration with local government and logistical providers; and training programs for development and asset managers. The interviewee emphasized a sustainable approach to shared value creation based on strategic pillars (asset returns, capital strength, and operational excellence) and core sustainability priorities (shape thriving communities, enrich value chain, and optimize and innovate). In brief, the interviewee provided a broad overview of organizational collaboration with the stakeholders (regulators, investment community, communities, residents, suppliers, retailers, logistical operators, and subcontractors).

### 9.3 | Evaluation of interviews

The above interview summaries suggest that both organizations have adopted shared value business models, both formally and strategically, up to a certain extent. Despite considering shared value a pragmatic business model for implementing value creation strategies, neither organization has applied the business model stringently. For example, while emphasizing purpose-led organizational strategy, the Bendigo representative commented:

Shared value is not a new philosophy for us and [we have been] practising it since 1998 through our community bank model while meeting increasing expectations of stakeholders, mainly regional customers, communities and investors. Rather than extracting value from the market, we prefer to inject value within the community with a long-term approach as a purpose-led organization.

In contrast, the Stockland representative stated:

While aligning sustainable value and business value, we have striven for quantifying the scaled impact through shared value at project and portfolio levels. However, [the] Stockland Engagement Survey shows that philanthropic CSR has also contributed to increase in employee and stakeholder engagement and performance levels.

The above statements reveal an emphasis on the underlying theme of stakeholder engagement, which has been leveraged as an instrumental tool for social and community networking and collaboration to create value.

The primary data gathered during the interview process suggest that the banking and property sectors, as represented by the selected organizations, are striving for better stakeholder engagement and community connection to ensure that customers are integrated into the value creation process.

## 10 | NEWLY EMERGED THEME FOR VALUE CREATION: STAKEHOLDER ENGAGEMENT

Bendigo is engaging with stakeholders through a number of strategic initiatives, including (a) the Bendigo User Experience and Research Workshop Group—the “miVoice” online community forum allowed 1300 customers to take part in polls and surveys on community engagement and environmentally responsible initiatives; (b) community branches have injected more than A\$165 million into 316 Australian communities for infrastructure development and new jobs creation; (c) a Social Investment Grants program, with 50% of profit re-invested, including into capability enhancement for homeless people through training and employment; and (d) the Bendigo Socially Responsible Growth Fund (i.e., Bendigo Smart Start Super Fund) based on Environmental Social Governance considerations (Bendigo, 2019c).

Similarly, Stockland has encouraged stakeholder engagement through an Investor Relations team and has adopted the following stakeholder engagement initiatives: (a) “Customer Immersion” workshops and the “Stockland Listens” program during the early phases of design, planning, and development; (b) Ideas@Stockland, an online community research platform; (c) research collaboration with the University of Wollongong for innovation in construction systems; and (d) Smart Cities—a collaboration with local government, transporters, and service providers (Stockland, 2017b).

In addition to the three recognized thematic components of the shared value model (reconceive products and services, redefine value chain, and enable local clusters), a new component—stakeholder engagement—emerged from the interview responses. There are two main components of the emergent theme of stakeholder engagement: (a) customers—creating unique, relevant, and satisfying financial experience, and (b) community—social innovation based on alignment of strategic (with the business model) and collaborative (with external stakeholders) efforts. The expanded business model including the fourth dimension identified in this study is presented in Figure 6.

Following the identification of the new theme of stakeholder engagement, the original three thematic components of shared value business model are explored below in terms of their adoption by the sample organizations.

## 11 | ADOPTION OF THE SHARED VALUE BUSINESS MODEL: CRITICAL EVALUATION OF STRATEGIC VALUE CREATION INITIATIVES

The *State of Shared Value in Australia Survey Report* (Shared Value Project & Social Ventures Australia, 2015) suggests that the greatest advantages for value-enhancing organizations came through (a) for banking, insurance, and financial organizations—support for financial inclusion for customers in underserved markets, and (b) for property organizations—environmental considerations via reduction in energy related GHG emissions. The Australian Social Progress Index (i.e., basic human needs, education, community

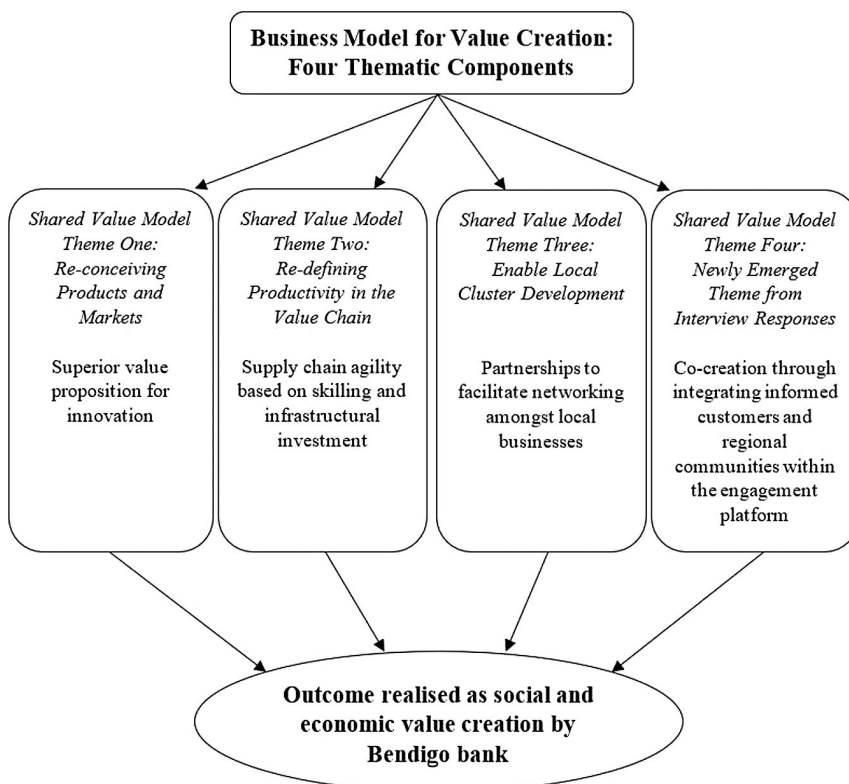


FIGURE 6 Business model for value creation: four thematic components



wellbeing, and inclusive local opportunities) is indicative of Australia's over-performing status relative to most countries of similar per capita GDP (Social Progress Imperative, 2017). Sam Moore, ex-Head of Shared Value at Bendigo Bank, has suggested that “measurement of overall contribution to social progress at a competitive company level [is needed], enabling comparability by stakeholders” (2016, p. 1).

According to the information presented by Bendigo and Stockland through their reports and the data collected through interview, both organizations seem to be good examples of pursuing shared value opportunities through extensive strategic initiatives for social and economic value creation. Bendigo is growing local relationships and regional economies by banking on value chains and regional clusters, while Stockland is developing communities by enhancing livability. Table 3 below indicates how the selected organizations are aiming to create value, which can be aligned with three thematic components of shared value.

Considering the value creation initiatives in Table 3, Bendigo's initiatives can be readily linked to the shared value business model through its programs addressing apprentice support, local community needs, and regional shareholding. Stockland's initiatives, meanwhile, can be considered a combination of shared value and sustainable value initiatives, as it has emphasized both environmental sustainability and community development.

## 12 | VALUE CREATION: ECONOMIC AND SOCIAL

The findings indicate that the selected banking and property organizations have already begun to invest in community projects and disbursed socio-environmental loans and microfinance to create social value for the community as well as economic value for the business. Return on equity (ROE) is used to assess the value created by the strategic and operational activities (McKinsey Banking Annual Review, 2011). Social value is assessed based on livability and inclusive wellbeing of communities.

### 12.1 | Economic value creation

Both Bendigo and Stockland have adopted (different) strategic initiatives based on a shared value model for economic value creation (Table 4), as identified in their respective financial reports for 2019.

Economic value *is* measured in terms of ROE over 2014–2019 in Table 5.

Table 5 shows that ROE has increased considerably for both organizations. During the 2014–2019 period, Stockland's ROE increased 53%, while Bendigo experienced a massive increase (99%). It is noteworthy that both organizations significantly increased their year-on-year ROE in 2019—Bendigo by 73% and Stockland by 68%. In this regard, it is also noteworthy that Stockland previously experienced a sharp (27%) year-on-year decline in ROE in FY 2018. However, the overall increase of ROE for Stockland over the 2014–2018 period can be attributed to the following aspects of economic value creation: (a) increased asset return and revenue growth from leveraging customer/community value proposition in medium-density built offerings; (b) reconfiguration of portfolio based on beneficial land acquisitions for working through low-margin and impaired stocks; and (c) higher customer conversion rates, leading to quick approval of sustainable planning and reduced cost of sale (Stockland, 2019a).

### 12.2 | Social value creation

In this study, social value creation is considered mainly in terms of livability enhancement, community wellbeing, and stakeholder engagement. Bendigo and Stockland both claim to be leveraging

TABLE 3 Three shared value thematic components of strategy and initiatives to create value

Shared value strategy: thematic components	Stockland—strategic initiatives for value creation	Bendigo—strategic initiatives for value creation
1: Re-conceiving Products and Markets—satisfying unmet social needs by embedding socio-environmental dimensions into the commercial products and services for expanding market	<p>&gt;80% satisfaction level for residents, retailers and tenants based on Stockland Liveability Index (Stockland, 2017a)</p> <ol style="list-style-type: none"> <li>1. Community interaction—connect communities to enhance customer experience.</li> <li>2. Well-designed neighborhoods—smart design for access to employment, transport, and health facilities.</li> <li>3. Building key infrastructure—public transport and schools.</li> </ol> <p>Stockland LAB – 52 innovation engine generated 93 customer innovation ideas</p>	<p>Homesafe home loan product—delivering housing affordability to uncatered senior citizens</p> <p>Bendigo Regional and Rural Affairs Strategists—free health check for farmers and community members</p> <p>Customers' involvement and online engagement—Bendigo User Experience and Research Workshop Group</p>
2: Redefining Productivity in the Value Chain—investing in skilling and infrastructure to address socio-economic challenges for supply chain continuity	<p>Value chain strategic initiatives:</p> <ol style="list-style-type: none"> <li>1. sustainable sourcing and regional procurement while partnering with the Supply Chain Sustainability School and the Property Council of Australia; and</li> <li>2. )Supplier Engagement Tool.</li> </ol>	<p>Re-investing 80% of profit back into community projects to increase financial literacy, social inclusion</p> <p>Bendigo Apprenticeship Loan Package—small, unsecured, interest-free loans to buy tools</p> <p>Impact investment of \$150 m contributed by over 70,000 shareholders to establish community bank franchisee branches</p>
3: Enabling Local Cluster Development—networked and clustered collaboration at regional level to counter local community issues	<p>Research collaboration with University of Wollongong—cold-formed steel in the development of a steel-intensive mid-rise residential building</p> <p>15 national community partners—health and wellbeing, education and community connection</p>	<p>Collaborating with AUSTRAC, DFAT, Lead on Australia, and Alliance Bank on Social Impact Loan program to facilitate communal projects, especially for regional youth and SMEs</p> <p>Rural Bank's partnership with the Centre for Regional Innovation and Enterprise and National Centre for Farmer Health</p>

(Continues)

TABLE 3 (Continued)

Shared value strategy: thematic components	Stockland—strategic initiatives for value creation	Bendigo—strategic initiatives for value creation
	Stockland Community Partnership Impact Tool developed to assess social and business value of community partnerships and programs—A\$8.3 m invested in 800 community development initiatives in 2019	Collaboration with WA Government for A\$1.35b Keystart Housing Scheme—a low-deposit, no-LMI home loan lowering entry barriers based on co-ownership with housing authorities
	Community Investment (corporate partnerships, and Stockland CARE Foundation) A\$1.2 m—infrastructure to support and connect community centers, hubs, and multi-use and informal spaces	Partnered with Exemplar Health—affordable accommodation facility for families of regional patients

TABLE 4 Economic value creation based on thematic components of shared value business models

Stockland—economic value creation initiatives	Bendigo—economic value creation initiatives
6000 residential settlements to increase 3% in market share	Collaboration with credit unions to raise capital to A\$6 billion and fourfold increase in net new customers to 1.7 million (7.2% increase in customers, 5% in SMEs and 11% in family farm segment)
Four sectors creating economic value: 1. Residential—operating profit margin (19.9%) and ROE (18.7%). 2. Retirement—Cash Return on Assets (4.5%). 3. Commercial—portfolio comparable MAT Growth 2.3%. 4. Workplace and logistics—logistics growth of 3.9% and workplace growth of 10.4%.	Market capitalization of about A\$4 billion and distribution of approximate A\$40 million in dividends—70 cents per share
Stockland “Balanced Scoreboard” (business and financial performance, customer, stakeholder and sustainability performance, people management, and operational excellence and risk management)—almost double-digit return on equity, average debt maturity over five years, and residential operating profit above target	80% of profits (A\$148 million) reinvested back into community projects Subsidiary Alliance Bank grown one-third since 2015—A\$6b capital formation for enhancing credit-worthiness of agribusiness and SMEs Customer focus resulted in net promoter score increase to 24.8 in FY19 (30 points higher than major banks average) 10% market share of agricultural debt market supported by 120 relationship managers

strategic initiatives to create social value for their respective communities (Table 6), as reflected in their respective financial reports of 2019.

The above social value creation initiatives indicate that Bendigo and Stockland have pursued different strategic priorities. Bendigo has created social value based on two major aspects: (a) community engagement, in the form of regional infrastructural development, and (b) supply chain resilience,

TABLE 5 Economic value creation by Bendigo and Stockland—return on equity (ROE)

	2014	2015	2016	2017	2018	2019	Total increase
Bendigo	6.17%	7.25%	6.63%	6.48%	7.10%	12.30%	99%
Stockland	7.80%	10.00%	9.19%	10.07%	7.39%	11.90%	53%

TABLE 6 Social value creation based on the thematic components of shared value business models

Stockland—social value creation initiatives	Bendigo—social value creation initiatives
A\$7.4 m community development investment for health, wellbeing, education and community connection; over A\$26 million contributed to communities since 2013	Social Investment Deposit Account: 50% profit granted to social impact programs including BDCU Alliance Bank apprentice support program
Community activities and spaces encourage positive physical mobility and mental wellbeing: <ol style="list-style-type: none"> <li>76.3% score for Personal Wellbeing Index (national average 75%).</li> <li>82.5% retirement living resident Personal Wellbeing score (national average 75%) while creating 1.7 times social value.</li> <li>7000 kgs lost by our Live Life Get Active participants.</li> </ol>	Community Investment: A\$100 m for infrastructure and resilience
A\$2 m value generated during 2014–2018 by Stockland Exchange Research Community based on listening to customer needs	Community bank branches created 1600 local jobs equaling A\$134 m in wages
Liveability Index survey across 40 residential communities—residential satisfaction rate 20% higher than retailer satisfaction rate, logistics tenant satisfaction approx. 10% higher than workplace tenant satisfaction and retirement living happiness score >80%	Increased customer satisfaction in 2019 compared with Royal Commission investigation period (2017–2018)
Balgowlah mixed-use development project (2009)—unique retail and civic precincts. Four sectors creating social value: <ol style="list-style-type: none"> <li>Residential: &gt;80% resident satisfaction.</li> <li>Retirement: resident happiness index 8.6 out of 10.</li> <li>Commercial: high (84%) commercial satisfaction rate.</li> <li>Workplace/logistics: delivery of development pipeline on controlled land.</li> </ol>	Australia's first Rental Affordability Index to address housing affordability issues
Customer and shopper satisfaction rate close to 80% on average across residential, logistics, office, and business park tenants	Seed funding: A\$5.6 m since 2015 catering for 3.5 m excluded Australians Spent A\$150 m on infrastructure to empower 300 + Australian communities—financial literacy, socio-financial inclusion, livability, and resilience Partnership with Exemplar Health—affordable accommodation facility for 2000 families of regional patients yearly

through skilling support to create local jobs. Bendigo has adopted various social value creation initiatives, including directing half of profits to social impact programs, helping communities to run their own bank branches, community investment for infrastructure and job creation, and seed funding for community inclusion. One major example is Bendigo's Socially Responsible Growth Fund (i.e., Bendigo Smart Start Super Fund), which has helped more than 300 isolated agrarian communities run their own banking branches to facilitate community inclusion (Bendigo, 2017). In summary, as part of its emphasis on core strategic initiatives for regional infrastructural development and skilling, Bendigo has implemented six major social initiatives: community banking, social impact loans, apprenticeship support, the Equip Resilience Skills program, customer and stakeholder engagement, and housing affordability.

Stockland, meanwhile, has conducted innovative experimentation with livability enhancement based on enhancing opportunities (i.e., education and employment), health, and wellbeing. Stockland has implemented various strategic social value creation initiatives: community development investment for health, wellbeing, education and community connection, creating community spaces to encourage positive physical mobility and mental wellbeing, mixed-use development projects facilitating civic precincts, a "research community" to identify and address customer needs, and a Liveability Index Survey to track tenants' satisfaction levels. One example is Stockland's retirement living portfolio, which generated 1.7 times social return on investment (SROI), and saved more than A\$160 m in government expenditure on health and care services (Stockland, 2018d). In summary, in emphasizing the core strategic priority of livability enhancement, Stockland has implemented three major social initiatives: community development and livability enhancement, value chain competency, and stakeholder engagement.

### 13 | EVALUATING IMPLEMENTATION OF SHARED VALUE BUSINESS MODEL

The adoption of the abovementioned strategic initiatives for value creation does not imply that the shared value business model is fully successful in catering for the social and economic needs of the Australian banking and property industries and their stakeholders. Despite adopting community investment initiatives in collaboration with regional institutions, Bendigo cannot accurately represent itself as an advocates for the "bottom of the pyramid," as the Bangladeshi Grameen Bank is. Similarly, Stockland has failed to adopt a sustainability vision for the bottom of the pyramid, as implemented in Mexico by the CEMEX building materials company (Guardian News & Media, 2019). It is noteworthy that Stockland not been successful in reaching consumers at the bottom of the pyramid with scaled impact. For example, Stockland's initiative in building affordable homes (under \$0.5 million) in Victoria is too little to address the major issue of housing affordability, especially for more than three million excluded Australians. A critical perspective on the application of the shared value model in Australian banking and property industry context reveals the inadequacy of micro-finance and housing affordability initiatives in general, including those undertaken by the sample banking and property organizations.

It is significant that, despite formally declaring themselves as shared value organizations, the sampled banking and property organizations have eschewed stringent application of the business model. For example, while emphasizing purpose-led organizational strategy, the Bendigo bank representative commented that "[s]hared value is not a new philosophy for us and [we have been] practicing it since 1998 through our community bank model while meeting increasing expectations of regional customers, communities and investors" (Bendigo Interview Response, 2019). Similarly, Stockland's

representative implied a less-than-stringent application of shared value, stating “We have striven for quantifying the scaled impact through shared value at project and portfolio levels. However, Stockland Engagement Survey shows that philanthropic CSR has also contributed to double-digit increase in employee engagement and performance levels” (Stockland Interview Response, 2019).

Such statements reflecting a non-stringent application of shared value are corroborated by the paucity of shared value terminology in the annual reporting of both Bendigo Bank (no mention at all) (Bendigo, 2019c) and Stockland (mentioned only three times) (Stockland, 2019a). Instead, Bendigo refers to sustainable growth (eight times), improvement, and shareholder value (Bendigo, 2019c) and Stockland to sustainable communities (36 times) and returns for security holders (Stockland, 2019a). This indicates that neither organization is integrating shared value holistically at the *strategic* level; instead, they are adopting shared value only at the project level, taking a conscious capitalist approach in order to enhance organizational legitimacy. Both organizations are, however, supporting the shared value model overall and have increased their ROE—which is used in this study as a proxy for impact—considerably during 2014–2019.

The case studies have also advanced the conceptual framework of the shared value business model by introducing emergent thematic component of stakeholder engagement for integration in the recommended revised business model (discussed below). Bendigo is focused on community needs, promotion of social enterprises, and regional SMEs, which contributed to an increased satisfaction rate in 2019 in comparison with the period preceding the Banking Royal Commission (2017–2018). The literature also supports the benefits of this trend, with Eklof et al. (2018) recently noting a positive relationship between customer/stakeholder satisfaction and bank profitability and market capitalization. In the property sector, recent industry reports have not only emphasized urban decongestion and new housing construction in less accessible locations (Australian Housing & Urban Research Institute, 2016) but also depicted some core competencies of “social planning” based on accessibility, social inclusion, and skills enhancement (Planning Institute Australia, 2018). In line with these competencies, Stockland has expressed its affinity for supply chain agility, interorganizational collaboration for infrastructural development, and re-imagining spaces for superior retail and residential experiences.

## 14 | DISCUSSION OF RESEARCH QUESTIONS

RQ1. Why and how have Bendigo and Stockland integrated the three thematic components of shared value for social and economic value creation?

According to the research findings, Australian banking and property organizations seem to seek creation of social and economic value based on a redefined value proposition of products and services and a resilient value chain. In expanding beyond its regional market of Victoria, Bendigo has prioritized improving the financial health of small business clients and extended banking services to financially excluded populations. A shared value focus has led Bendigo to invest in the regional ecosystem while reconceiving products and services. For example, its community bank model provides banking infrastructural support for self-selecting communities to run their branches as franchises. In addition to supporting regional community-owned enterprises, Bendigo has redefined the value chain based on infrastructural development, socio-economic inclusion, and skills improvement. As productivity, competitiveness, and innovation rely crucially on “regional clusters of suppliers, businesses and a logistical infrastructure” (Porter & Kramer, 2011, p. 72), Bendigo works with government, academia, and microfinance institutions for collaborative value creation. Value chain reconfiguration has facilitated integration of local suppliers and host communities based on training and skills improvement

programs and infrastructural development. For example, Stockland has emphasized sustainable sourcing, labor rights, spoils management, and landscaping at both site and regional levels.

RQ2. Did Bendigo and Stockland integrate any other thematic components for social and economic value creation? If so, what, why, and how?

Facing both increased competition and more stringent compliance requirements in recent years, Australian organizations show have not only focused on the three traditional shared value components but also engaged with stakeholders to facilitate co-creation of value. The major dimensions of Bendigo's stakeholder engagement are (a) customers—better understanding of social needs in order to facilitate inclusion; (b) engaging non-traditional partners for community-based training; (c) integrating local economies and providing social seed capital; (d) co-creative innovation to strengthen business ecosystems for local communities; and (e) building stronger communities through health and education programs (e.g., the Bendigo Community Enterprise Foundation) (Bendigo, 2019b). Likewise, Stockland has emphasized stakeholder engagement based on affordable living, economic prosperity, access and connectivity, health and wellbeing, and engagement in collaboration with external (KPMG, Deakin University) and internal (development team, project team) stakeholders.

## 15 | SUMMARY OF DISCUSSION

Despite the lack of banking transparency and the short-term profit aspirations identified as critical failings of the industry by the Banking Royal Commission, the trend in corporate social strategy in the post-GFC era reflects a trend towards models that recognize core business needs and address products/services innovation and value chain social impacts. Hence, the shared value business model is considered by the sampled banking and property organizations to be a prudent business decision for embedding value-creating initiatives into core business and project planning processes. Both organizations were found to be emphasizing value co-creation, as customers are increasingly taking social impact and wellbeing into consideration when making purchasing and investment decisions.

In this study, case exploration has suggested that Bendigo Bank demonstrates a strong bias toward business sustainability based on the strategic components of socio-financial inclusion (i.e., local shareholders, financial literacy, skilling support, access to credit, loan support for regional SMEs, and agri-business) of regional communities. The findings suggest that Bendigo is leveraging the thematic components of reconceiving products/services and clustered collaboration, with value-creation initiatives focusing on intangible issues (e.g., socio-financial exclusion). On the other hand, Stockland Property appears to favor community development through the application of sustainable energy and green standards while reducing space requirements based on upgraded systems, equipment, and retrofits. The findings suggest that Stockland is more focused on the thematic component of redefining the value chain, as evidenced by its initiative engaging with tangible issues (e.g., material impact of construction).

## 16 | RECOMMENDED MODEL

In relation to the recommendations by the Grattan Institute (2018a), the property industry has already set the path for Australian organizations to redefine their value creation strategy to devise a community development approach based on extending housing affordability. In a similar vein, the Final Report of the Banking Royal Commission 2017 (Commonwealth of Australia, 2019) described the (historical) non-transparent approach of Bendigo Bank in delivering value to customers:

Bendigo ... Bank lend to “mortgage managers” who create the home loans for customers at a rate higher than the rate charged to the manager by the bank—so, it is necessary to distinguish between trailing commissions and the revenue-sharing arrangements that Bendigo makes with its community-owned outlets. (Commonwealth of Australia, 2019, p. 61)

Despite the Royal Commission's extensive criticisms of the conduct of the banks, this study has provided some information to indicate that Australian banking organizations can redefine themselves in the post-Royal Commission era in regard to informed and transparent banking choices for vulnerable customers, as recommended by the Australian Banking Association (2019). This study presents nine recommendations for the Australian banking organizations to create social and economic value simultaneously.

1. Reserve Bank of Australia and the Department of Foreign Affairs and Trade to support banks in undertaking riskier community projects while minimizing shadow banking and private lending.
2. Task regulators (RBA, APRA, and ASIC) and designated authorities (ACCC) with balancing competition and financial stability for delivering better products and services (while being overseen by an external body).
3. Amend the banking code to promote customer-centric banking—financial inclusion of “bottom of the pyramid” regional people, farm debt mediation, deferred loan repayments for disaster-affected people, additional finance for enhancing cash flow, transparency in intermediary-based consumer lending, review product sales commissions, and establish an independent customer advocate.
4. Work with remote and regional customers to facilitate accessible and affordable simple and transparent banking solutions.
5. Introduce a new governance framework (for reform of trailing commissions) to allow financial stakeholders to report misconduct by financial advisers and mortgage brokers to the compliance authorities.
6. Develop accountability improvement initiatives, simplify financial services laws, and compensate for costs imposed on financial services institutions while legally facilitating consumers and SMEs in pursuing claims.
7. Exclude borrowers who need to seek grants while guaranteeing each other's loan to avoid financing and overdraft facilities from fringe credit providers.
8. Ensure competition, prudential outcomes, and the broader public interest by abandoning the Four Pillars Banking Policy (NAB, ANZ, WBC, and CBA), which is unable to guarantee healthy competition.
9. Facilitate financial inclusion by conducting a proactive identification of following vulnerable customers: age-related cognitive impairment, elder abuse, family or domestic violence, financial abuse, mental illness, or any other personal or financial circumstance causing significant detriment to remote people.

This study also presents six recommendations for Australian property industries to create social and economic value simultaneously.

1. State and Commonwealth governments need to facilitate regulatory changes related to property planning, re-zoning of land, and urbanization to encourage greater density in inner- and middle-ring suburbs.



2. Extend affordable housing based on stakeholder engagement—collaborative interaction between community objectors, local councils, and building contractors/subcontractors.
3. Strengthen the effectiveness of housing supply bonds by providing low-cost and longer-tenured capital to registered providers and increasing the flow of institutional investment to public housing with affordable rent.
4. The Property Council of Australia and Green Building Council of Australia to accelerate interaction with stakeholders in the real estate industry, namely, landlords, tenants, valuers, and law firms.
5. Implement a briefing framework (for the decision process in early-stage planning) to rectify potential construction project difficulties and customer–contractor conflicts.
6. Facilitation of Public–Private Partnerships for freight corridors, renewable energy supplies, sustainable farming, and regional skilling facilities.

A holistic business model integrates customer, stakeholder, and organizational value propositions (Rajola, 2013). Hence, it is to be expected that satisfying stakeholder demands will be good for business sustainability, which eventually creates a healthy return for shareholders. Considering that the co-creation concept is underexplored and limited, the recommended business model below offers an expanded and more inclusive stakeholder value proposition for stakeholders (Figure 7).

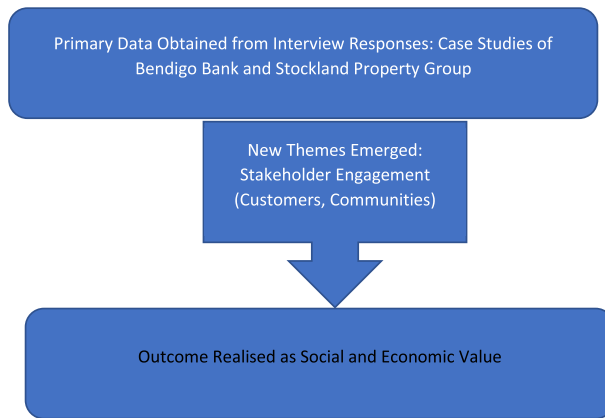
## 17 | CONCLUSION

In this study, both the selected case study organizations (Bendigo Bank and Stockland Property Group) have laid the foundations of a resilient organization at a time when technology is disrupting traditional business models and when stakeholders are increasingly making informed decisions that affect continuing business sustainability. This study indicates that the shared value has moderately promoted socio-economic inclusion and community development. Value creation strategies have ultimately facilitated positive social impacts, community resilience, regional development, social infrastructure, and skilling of host communities. In this regard, it is noteworthy that while aligning customer needs with banking profitability, Bendigo's approach to credit reparation and debt relief programs, flexible screening of micro/agricultural finance, and partnering with micro-finance enterprises is closer to the basic tenets of the shared value business model.

While focusing on innovative banking products/services for socio-financial inclusion (by banking organizations) and residential livability (by property organizations), the selected organizations seem to be constantly striving to convince customers and stakeholders to adopt sustainability for the long-term benefit of the community. Although responsible property investment involves promoting sustainable construction based on healthy built and indoor environments, resident wellbeing, and livability, Stockland has not been able to sufficiently co-create at the bottom of the pyramid in developing a business model for the three-and-a-half million socio-financially excluded Australians.

Due to the non-alignment between the shared value model and organizational reporting frameworks—and rejection of the “conscious capitalist” shared value concept within certain segments of investor and public domains—the shared value concept has become more or less a tool for reputation management, used by competitive organizations to attract potentially important stakeholders (Jones et al., 2018). Over the next decade, based on the recommended value creating business model, the banking and property industries should strongly embed stakeholder engagement for solving the issues of under-catered or vulnerable customers and regional communities.

The study highlights that both Bendigo and Stockland have not only adopted thematic components of shared value but also leveraged another, newly identified thematic component of stakeholder



**FIGURE 7** Recommended alternative value creating business model

engagement. Australian banking and property industries seem to have begun to reconfigure their business models based on financial inclusion (access to appropriate, affordable, and timely financial products and services) and social inclusion (empowerment, inclusion, social collaboration, self-determination, and collective action), which are becoming the two dominant factors for value creation based on stakeholder engagement. Hence, by recommending an expansion of the creating shared value approach to include stakeholder engagement as a new thematic component of the business model for value creation, this study fills a gap in the conceptual framework (business model) of value creation.

## 18 | CONTRIBUTIONS OF THE STUDY

This study confirms that social needs have been addressed through collaborative supply chains and reconfigured innovative products and services (Jais et al., 2017). Confirming that maximization of shareholder and stakeholder value is a strategic managerial choice (Stout, 2012), this study projects that social and economic value is created based on a business strategy of co-creation with community stakeholders. One of the most important contributions of this study lies in its exploration of the differences among organizations with regard to application of the thematic components of social and economic value creation. This study confirms that conscious business leads to the creation of long-term sustainable value for customers and shareholders, while at the same time contributing to societal wellbeing. For example, in this study, community engagement and re-investment (Bendigo) and community development and livability enhancement (Stockland) are directed toward shareholder and stakeholder value creation.

Recently, a debate has emerged over whether the Banking Royal Commission has damaged banks' appetite for agricultural lending and community infrastructure development (Eyers, 2017). In this context, while analyzing the recent banking and property initiatives for shared value (social and economic value) creation, this study could definitely help Australian organizations devise a customer-centric value co-creation model. The study findings indicate that the community is banks' primary stakeholder and that it is critical for banks to facilitate social inclusion, community stewardship, and stakeholder engagement. This study confirms that the corporate strategy of value-enhancing business models navigates socio-environmental and economic changes by encompassing empowerment, participation, and collaboration (Harder & Burford, 2019).

In future, a higher level of societal discourse based on stakeholder activism is needed in the Australian industrial context. Future research could also focus on inclusiveness and customization based on the integration of both front-end (i.e., value proposition and customer interaction) and back-end (i.e., critical skills/capabilities and unique resources) elements. Overall, the innovation of business models for value creation is moving towards cross-sectoral collaboration and multi-level co-creation by customers, suppliers, and regional communities.

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## SUPPORTING INFORMATION

Additional supporting information may be found online in the Supporting Information section.

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