

## **Sustaining Responsible Innovations through Responsible Finance: Exploring the strategy process and alignment at Triodos Bank<sup>1</sup>**

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### **Abstract**

*A literature review on the interface between Sustainable Development (SD), Corporate Social Responsibility (CSR) and Stakeholders' theory (ST) in the field of strategic management led us to formulate a set of research questions to start our case study on Triodos Bank. How does a bank that has been founded with the project and object of supporting sustainable development and the "social economy" succeed in performing its mission. How does it achieve its objectives as a provider of "responsible finance" to sustain "responsible innovations" led by their clients? What is the evolution in its strategies (content, process) and actions? How does Triodos align its strategies and actions to its mission? How are both internal and external stakeholders involved in the strategy process and how do they contribute to this alignment? This paper aims at providing insights to answering these questions. It presents and discusses preliminary findings drawn from case study on the Belgian branch of Triodos Bank: one of the European pioneers and leaders in the field. The case explores the origins and the evolution of the bank's "visionary" strategy that is anchored in CSR-related values, mission and guiding business principles. The development of products-services in retail, private and investment banking coupled with international expansion (NL, Belgium, UK, Spain, and Germany) enabled Triodos to sustain its growth and profitability including in the present economic recession and crisis. Even if it is too early to draw definitive conclusions from this case study in progress, our early findings suggest that Banks like Triodos can be at once economically profitable, socially responsible and sustainable. The paper focuses on the role of SD-CSR-related dimensions in the "alignment" of the bank's mission, its business and corporate strategies and policies and on how this alignment is performed. Emphasis is put on the involvement and commitment of internal but also "external" (direct) stakeholders in this alignment*

*Our analysis led us to the conclusion that the coherence and alignment of mission, policies, strategies and actions is performed thanks to a "system" of interplay between "stable" and "dynamic" SD and CSR-related dimensions. Stable and pervasive dimensions cover the mission, guiding principles, policies and professed values but also the formal coordination and integration mechanisms that have been put in place at each stage of the strategy process. Dynamic dimensions enable to adapt strategies and actions to the characteristics of the local contexts (local responsiveness) while questioning their alignment with stable dimensions thanks to the involvement and commitment of internal but also external direct stakeholders. This interplay raises the question of the underlying "value sharing" and to identify the characteristics of the learning processes that facilitate this alignment.*

*Key Words: Strategic management, Sustainability, Corporate Social Responsibility, Responsible finance.*

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### **Introduction and background**

This paper situates at the interface between two "converging" but sometimes "diverging" and debated streams of researches that play an important role in the contemporary literature in strategic management: sustainable development (SD) and corporate soci(et)al responsibility(CSR) on the one hand and stakeholders' theory (ST) on

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