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Corporate Reputation of a Firm selling potentially harmful Products in South Africa

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Corporate Reputation of a Firm selling potentially harmful Products in South Africa

Daysen Govender

A research report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in partial fulfilment of the requirements for the degree of Master of Business Administration

Johannesburg, 2012

ABSTRACT

Corporate reputation has evolved into a key intangible asset that provides firms with both a licence to operate in society and a sustainable competitive advantage over competitors. Reputation has become even more crucial to global firms in light of the many recent corporate scandals that have seen the demise of firms previously thought indestructible. The purpose of this research was to ascertain the importance of reputation to a firm that sells potentially harmful products in South Africa. This case study research focuses on the South African Breweries (SAB).

A critical review of the literature revealed that global markets have changed towards demanding that firms act in an ethical manner at all times. Whilst there was ambiguity in terms of the exact definition of corporate reputation, the numerous advantages of positive corporate reputation was unquestionable. The literature, however, fails to address the importance of reputation to a firm selling a product like beer, which is potentially harmful when abused. Accordingly, this study attempts to address this by offering evidence as to the manner in which the South African Breweries views corporate reputation.

In order to gauge employee perspectives on corporate reputation, twenty semi-structured, in-depth interviews were held with various staff members of SAB. The company enjoys the lion's share of the beer market in South Africa but has come under increased criticism from stakeholders concerned with the many negative impacts alcohol abuse has on South African society. Together with this criticism, SAB is facing stiff competition from foreign beer producers hungry for a share of the South African beer market.

The research findings indicate that corporate reputation is not a major concern to SAB. The employees interviewed indicated that whilst the organisation was aware of the need to manage its reputation in the country, the market share it enjoyed did not warrant dedicated focus to the management and improvement of its reputation. This study lays the foundation for further studies within the realm of the importance of corporate reputation to all firms in South Africa.

DECLARATION

I, Daysen Govender, declare that this research report is my own work except as indicated in the references and acknowledgements. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination in this or any other university.

DAYSEN GOVENDER

Signed at ……

On the …….. day of …… 2012

DEDICATION

To my late mother, Mrs Janaki Govender

Your years of sacrifice will forever be remembered

And

To my daughter, Shraya

Dad loves you

ACKNOWLEDGEMENTS

Thank you to Prof. Russell Abratt, my supervisor. Your commitment, motivation and guidance have enabled me to achieve this goal. My sincerest gratitude for the time and effort you have taken to help me understand the subject matter better and for pointing me in the right direction with respect to the research.

Thank you to all my lecturers at the Wits Business School. Each one of you contributed to me reaching this milestone.

Thank you to all my colleagues and friends at the South African Breweries who offered to be interviewed for my research. A further thank you goes to all those who offered advice and good wishes for the successful completion of my research report.

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CHAPTER 1: INTRODUCTION

1.1 Purpose of the study

The purpose of this research is to understand how a company can build, maintain and enhance its reputation amongst all stakeholders when the abuse of the product being manufactured by the company could potentially have a detrimental impact on society (Collins, Lapsley, Health and Ageing, 2008). The report will establish what processes the largest malt-beer manufacturer in South Africa, the South African Breweries (SAB), follows to develop its reputation. The study aimed to understand the awareness of all role-players to the importance of building and maintaining corporate reputation within the organisational context of a beer producing company that is based in South Africa.

It is envisaged that this study will provide valuable input to the corporate reputation and reputational capital areas of academia whilst at the same time serve as a practical guide to organisations as to how they can enhance their reputation in an increasingly challenging global business environment.

1.2 Context of the study

Beer is the world's oldest alcoholic beverage (Hornsey, 2003). The author goes on to explain that the early origins of beer can be dated back to 6 million BC in the written history of Ancient Egypt and Mesopotamia. In South Africa, home-brewed beer was a staple drink well before colonisation and remains a key ingredient in many cultural ceremonies even today (McAllister, 2006). The production and consumption of beer has since evolved into a multi-billion Rand industry with almost every South African being exposed to it in some form or the other at home, in the community or at sporting events. Mager (2010) concludes that beer plays a significant role in South Africa's multi-cultural society.

Today, the South African liquor industry, comprising beer, wine and spirit segments, is characterised by high levels of concentration where virtually the entire market is served by a mere handful of companies. According to Mager

(2010), current industry dynamics have their roots in developments that took place almost three decades ago, when the country's political isolation together with the then apartheid government's tolerance of market concentration and the presence of vested interests saw the emergence of a small number of key players that controlled the market. The author also states that the South African liquor industry today has to a large extent been shaped by the domestic environment in which it operated over the past few decades, and more recently, by global influences and opportunities.

Past regulation and even political considerations led to a sector that is in part highly concentrated, for example, in the beer and spirits industry. This means that a small number of firms control a large part of the market. In South Africa, a single company controls virtually the entire market. Figure 1 shows that in the beer segment, SABMiller has in a short space of time become the world's second largest brewer (Aron, Kahn and Kingdon, 2009).

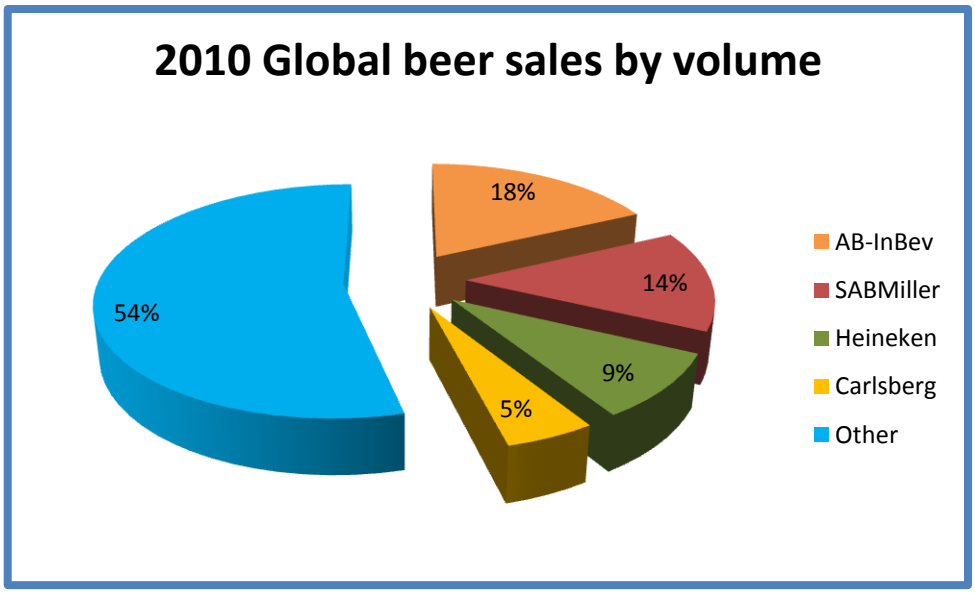


Figure 1: 2010 Global beer sales by volume (SABMiller, 2011)

But the liquor industry, and in particular the malt-beer industry, faces several challenges currently. South Africa has one of the highest violent crime rates in the world (Altbeker, 2009). Murder, rape and car hijackings plague South African society. According to the South African Police Service (SAPS), one of the major causes of social contact crime in 2010 was as a result of the perpetrator being under the influence of alcohol (SAPS, 2010). Whilst it can be

argued that alcohol includes wine and spirits, it is beer that is the cheapest form of alcohol to procure and most often consumed in South Africa's informal settlements.

Another challenge that the beer industry must contend with is the issue of driving under the influence of alcohol. Carnage on South Africa's roads leads to over 15,000 deaths per year and is estimated to cost the country's economy R46 billion per annum (Government, 2010). Many of the incidents relating to crime and road accidents can be directly related to the misuse and abuse of alcohol. To help curb this scourge the beer industry has invested heavily in corporate social initiatives (CSI) like responsible alcohol use campaigns and has partnered with law enforcement to sponsor alcohol testing centres along most major traffic routes in South Africa (SABLimited, 2010). But the question stakeholders could ask is if these types of corporate social responsibility (CSR) activities are ethically sufficient or merely just gloss.

South Africa has the world's highest rate of HIV infections (AVERT, 2010; UNAIDS, 2010). It is no secret that alcohol promotes irresponsible sexual behaviour (Fassin, 2007). By default then, beer manufacturers like SAB are perceived by some to promote promiscuous behaviour amongst the population thereby encouraging the spread of HIV / AIDS. The rate of infections is especially high in both the rural areas of the country and the historically black townships of South Africa (UNAIDS, 2010). South Africa's government has made it a key objective to reduce the widespread abuse of alcohol, and its related social and medical consequences in the country (Government, 2010). Furthermore, the country's Western Cape Province has the highest rate of Foetal Alcohol Syndrome (FAS) in the world (SANCA, 2011). Children suffer from FAS as a result on their mothers consuming large quantities of alcohol during pregnancy. The main effect of FAS is permanent central nervous system damage, especially to the brain.

Transformation in the beer sector has also become a key objective of the government, which is hoping not only to increase market opportunities to historically disadvantaged groups, but also to break up what it perceives to be anti-competitive conduct by certain manufacturers within the sector. Black

economic empowerment (BEE) is also starting to take place in the beer industry, with a number of notable transactions having taken place in the recent past (SABLimited, 2010). Transformation remains one of the key challenges for the sector, especially in the context of the liquor industry's unique characteristics and dynamics, and the country's existing demographics and ownership patterns.

A number of challenges face the South African liquor industry today, including issues around global competitiveness in the current climate of increasingly "free trade" in line with the World Trade Organisation (WTO) principles. While the sector has, overall, performed well in recent years (SABLimited, 2011), it is increasingly being challenged by other sectors for a share of consumers' disposable income and by both primary and secondary stakeholders who hold different views on the industry and on how it should contribute to society to improve its reputation.

The first democratic elections in 1994 also saw the country's economy open up to new competitors to existing South African companies. The end of apartheid saw the introduction of new financial service providers to compete with the existing big four banks, cellular communication companies to compete with the incumbent fixed-line operator Telkom, private postal and courier companies to compete with the Post Office and the entrance of foreign brewers to compete head-on with SAB. Prior to 1994, SAB had enjoyed an unprecedented 98% of the South African beer market (Dlamini, 2011). The company easily eradicated any competitor it saw fit to do so. However, as of April 2011, SAB's market share in South Africa is said to be down to 86% (Dlamini, 2011).

This decrease in market share is attributed to the entrance of SAB's main competitor, Brandhouse. Perhaps what is most concerning to SAB is that Brandhouse is not a new player to the beer market but is instead a three-way joint venture between global brewing giants Diageo, Heineken International and Namibia Breweries Limited. Dlamini (2011) reports that the consortium was formed with the sole purpose of taking on SAB in its own back yard. SAB now finds itself in a position of having to use all the ammunition at its disposal to fight of this new competitor. If academia is correct, SAB will have to focus on building

and maintaining its corporate reputation to provide it with a sustainable competitive advantage against its competitors (Musteen, Datta and Kemmerer, 2010; Pharoah, 2010; Lange, Lee and Dai, 2011)

Reputation is a key intangible asset that all corporations possess (Dowling, 2006; Boyd, Bergh and Ketchen, 2010; Bartikowski and Walsh, 2011). It includes concepts like the ethics of the corporation, the organisation's integrity in doing business that is in the best interest of all stakeholders and the importance placed on staff, customers, and community safety. Also included is the relatively new concept of reputational capital, with varying definitions amongst scholars (Barnett, Jermier and Lafferty, 2006). Whilst it is a significant asset, there is still no tool to measure the reputation of a firm (Cravens, Goad Oliver and Ramamoorti, 2003; Brunk, 2010; Burke, Cooper and Martin, 2011).

However, for an organisation like SAB, how the public see the company from a reputation perspective is of utmost importance. Many corporations are beginning to understand that its reputation is a highly valuable intangible asset that is key to long term sustainable competitive advantage (O'Callaghan, 2007; Burke et al., 2011). In the face of increasing globalisation the world has become aware of corporate greed and corruption and reputation has found a new place in the boardroom (Cable, 2009). For organisations like the South African Breweries, having a strong positive corporate reputation is essential to maintaining the organisation's license to operate in society. Corporates have realised that there is not only a social imperative to build a good corporate reputation but also a very strong economic imperative (Pruzan, 2001; Edelman, 2011; Helm and Klode, 2011; Jensen, Kim and Kim, 2011).

Perhaps the biggest risk to corporate reputation is that it is built over time and cannot be bought or traded like any other commodity. Starting in 2009, corporate reputations across the world were dealt a severe blow as a result of firms in the United States of America being allowed to take very risky bets with the hard earned cash of the average citizen (Cable, 2009). The Edelman Report (2011) states that the public's trust in an organisation is directly related to that company's corporate reputation. Following the global economic crisis in

2009, corporates around the world have stepped up their efforts to regain stakeholder trust in its operations. This is reflected in Figure 2.

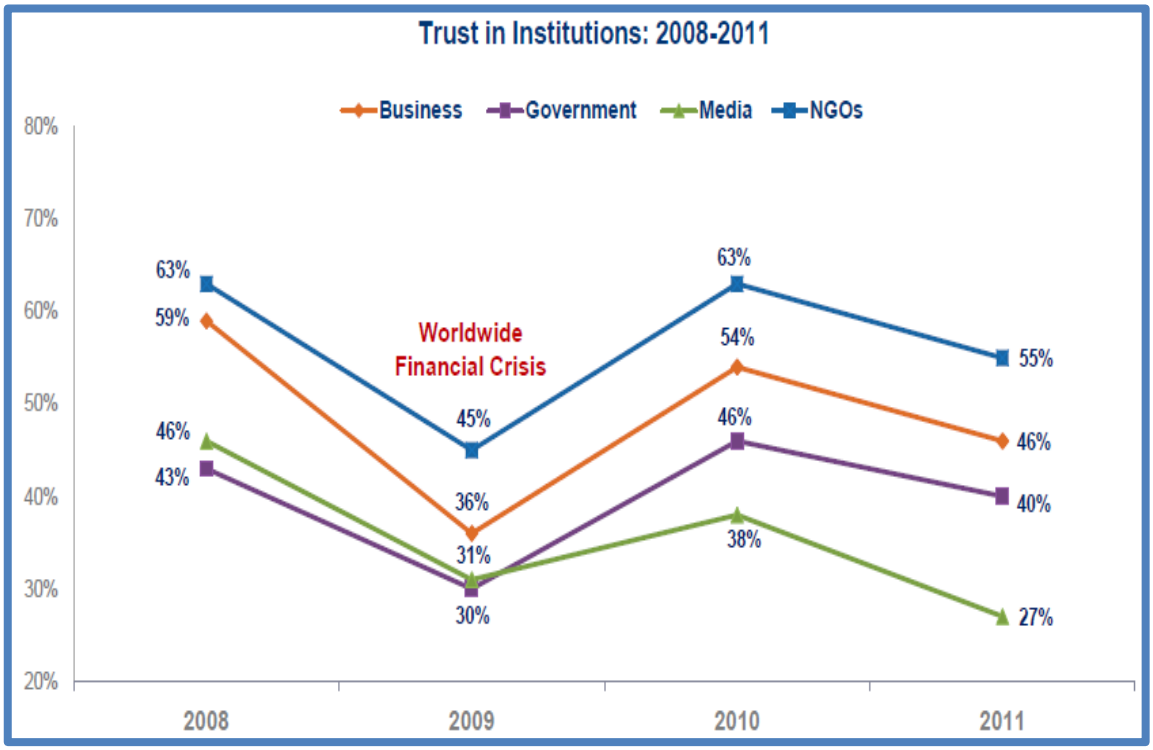


Figure 2: Global trust in Institutions (Edelman, 2011)

Corporates like the South African Breweries have been working hard at increasing the levels of trust that all its stakeholders have in the organisation (SABLimited, 2011) but realise that with the advent of new forms of social media and the ease at which boardroom mistakes can be communicated, the reputation it has nurtured over many years can be eroded in the blink of an eye (Bonini, Court and Marchi, 2009).

The 2011 Global Risk Management survey released by Aon, as reflected in Table 1, lists damage to reputation as being number six in the top ten risks facing global business today (Aon, 2011). This highlights the importance modern corporates now place on corporate reputation. The demise of many global giants in recent times, like Enron and Lehman Brothers, has helped to bring to the fore the criticality of having a strong positive reputation and behaving ethically at all times. Of greater concern is that a mere 54% of respondents in the food processing and beverage industries, as is SAB, reported being ready to deal with a loss of reputation. This is an industry that

historically has had no need to focus on reputation. Figure 3 reflects this statistic. This is especially worrying in the current climate of global economic turmoil.

Table 1: Aon Global Risk Management Survey (Aon, 2011)

Ranking	Risk description
1	Economic slowdown
2	Regulatory/legislative changes
3	Business interruption
4	Increasing competition
5	Commodity price risk
6	**Damage to reputation**
7	Cash flow/liquidity risk
8	Distribution or supply chain failure
9	Third-party liability
10	Failure to attract or retain top talent

For companies like SAB, long-term sustainability is intrinsically linked to corporate reputation (SABLimited, 2011). Across the globe the future of many corporate giants are at the mercy of their reputations. BP will forever be remembered for the Gulf of Mexico oil spill (Grant, 2010), Nike for its association to the use of child labour (Brunk, 2010), Shell for its part in the Nigeria oil pipelines debacle (Bahr, Warburton, van Gellecum and Shapiro, 2010) and of course, the American banks for their disastrous investment decisions (Kirman, 2010). But these organisations are indeed a paradox as they continue to operate and be profitable. One of the arguments put forward for

their continued success is that their strong positive reputations before their wrong-doings helped them stem the negative publicity (Muller and Kräussl, 2011).

The South African Breweries is a case in point. The company continues to be highly profitable even though alcohol is linked to many social ills and deaths every year. For SAB the investment it has made over the years in building and managing its reputation is evidence that a firm can continue to prosper despite the organisation being linked to wrong doings or harmful products (Muller and Kräussl, 2011). This is clear proof that a company does not have to be liked to be profitable (Dowling, 2006). But as corporate reputation is an intangible asset it is difficult to quantify the loss to SAB's bottom line because of its association to a potentially harmful product.

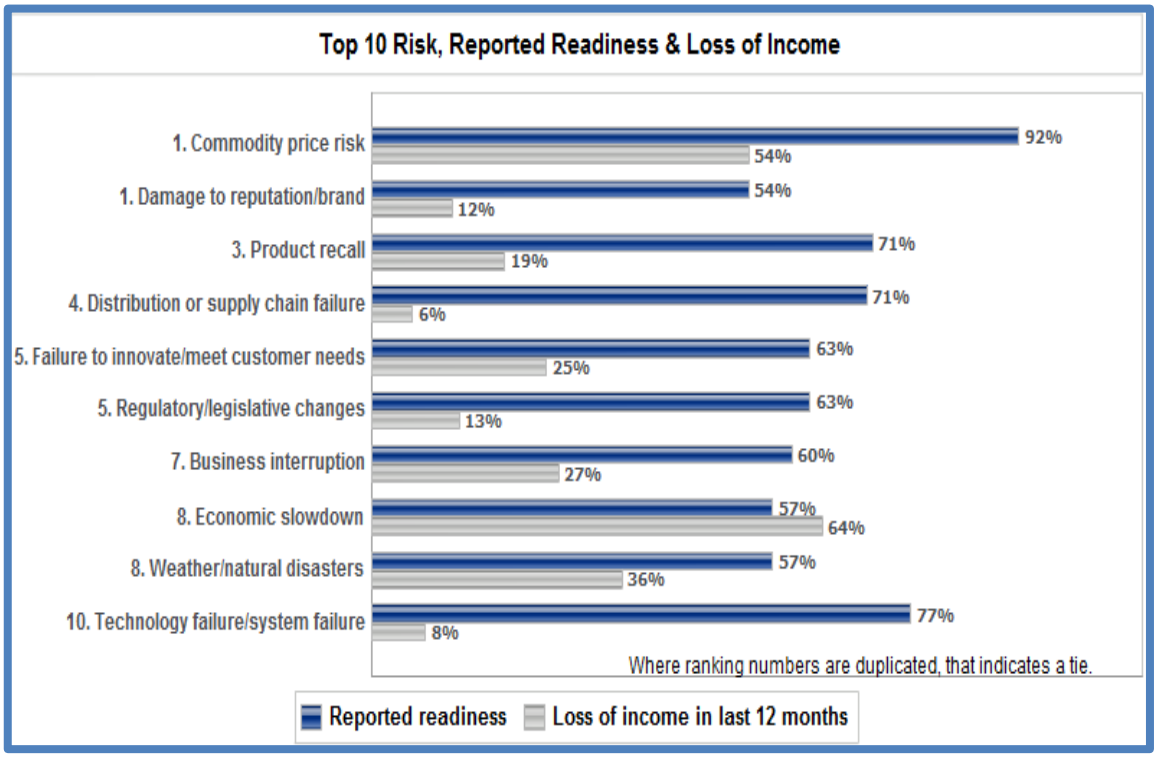


Figure 3: Readiness to deal with top 10 risks in the beverage industry (Aon, 2011)

One of the factors influencing corporate reputation is stakeholder theory (Freeman, Harrison, Wicks, Parmar and De Colle, 2010). Freeman (2010) defines a stakeholder as any group or individual that has an interest in the success or failure of an organisation and this is reflected in Figure 4. Freeman

and McVea (2001) discuss in detail who really are stakeholders in an organisation. Traditionally, the main focus of a company was to use investor or shareholder capital to produce a product for a profit with the use of employees and suppliers. The authors argue that organisations need to look beyond just the above-mentioned groups.

Following on the author's argument, SAB should see government bodies, political groups, trade unions, various communities and the broader public as stakeholders in its operations. Understanding who your stakeholder is and how to include this socio-political element in an organisation's strategy is termed stakeholder theory (Phillips, 2003). There is currently a burgeoning area of academic research focussing on stakeholder theory (Freeman et al., 2010), and this study aims to add value to the subject area especially in relation to corporate reputation. Donaldson (2011) advocates that stakeholder theory is the modern day alternative to shareholder theory in as far as capitalism is concerned.

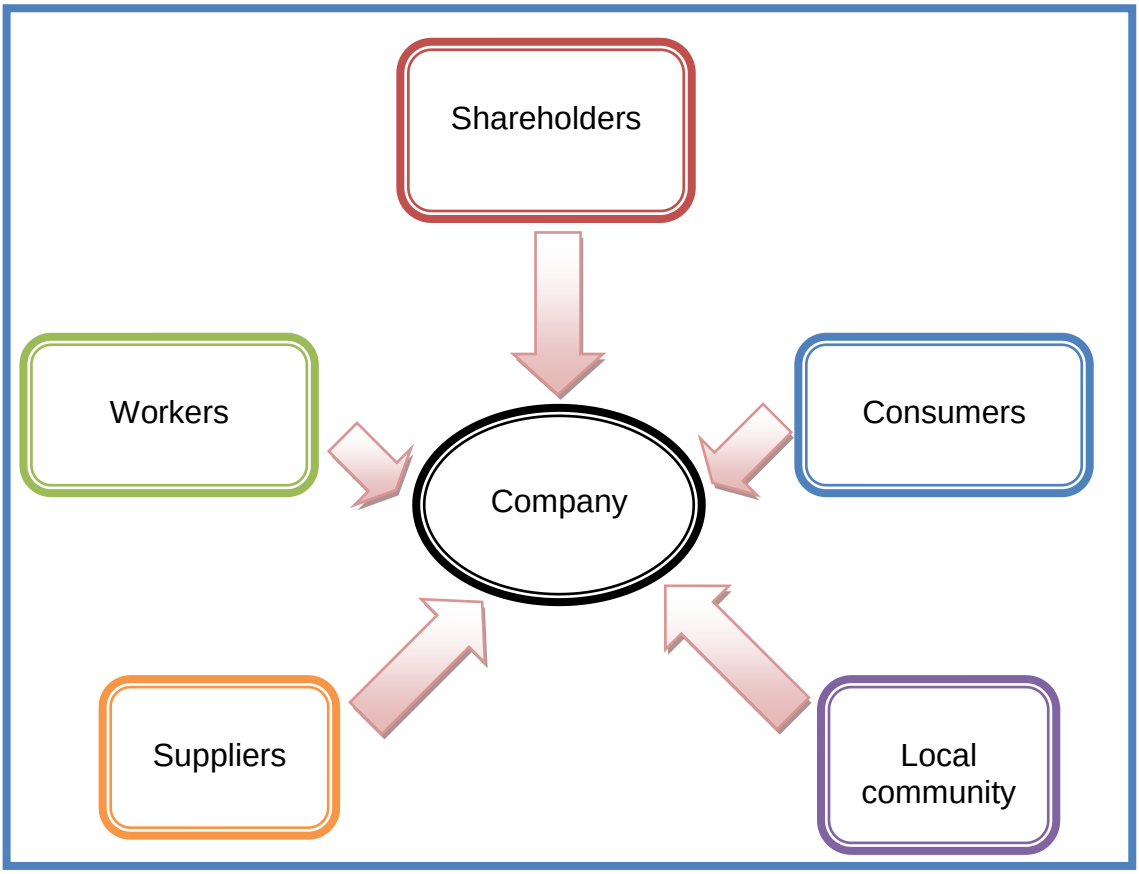


Figure 4: Stakeholder theory in relation to shareholders (Workshop, 2011)

Following the global financial crisis, proponents of stakeholder theory are increasingly advocating its place in boardrooms above that of shareholder theory (Donaldson, 2011).

Corporate social responsibility (CSR) is high on the agenda of many global organisations following the recent economic crisis and environmental disasters like the BP oil spill in the Gulf of Mexico in 2010 (Lindgreen and Swaen, 2010). Organisations are learning that not only is doing good the right thing to do but it also leads to doing better financially.

The South African Breweries understands this simple concept and invests heavily in CSR activities across South Africa (SABLimited, 2011). CSR has transgressed the domain of ideology to business reality for many firms (Lichtenstein, 2004). The key takeaway argument from all CSR literature reviewed is that CSR is crucial to the positive development of a firm's corporate reputation.

However, according to research done by Sweeney (2008), many organisations worldwide use CSR to position their brand in the eyes of stakeholders. The corporate response to this criticism is that there is nothing wrong with getting a bit of publicity whilst doing some good (Tsahuridu, 2010). Studies have shown that CSR activities usually cost corporates huge amounts of money and time, so some sort of return is expected (Montiel, 2008; Putrevu, McGuire, Siegel and Smith, 2011; Taghian, D'Souza and Polonsky, 2011).

Lindgreen and Swaen (2010) put forward the argument that most managers are not convinced that CSR provides any benefit to business and that corporates only undertake such activities if it is guaranteed to bring some form of financial reward or enhance the firm's image or selling power. For companies like SAB that sell potentially harmful products when abused, CSR is at the core of business operations and decision making (SABLimited, 2011). The challenge facing organisations is to define the boundaries of CSR – where does it start and where does it end. Figure 5 shows these complexities.

As an example, alcohol abuse affects a wide range of stakeholders. The consumer of the product is both physically and psychologically affected by his

or her abuse of alcohol. This has a direct impact on the family of the alcoholic in terms of domestic violence, abuse or anguish. The community that the individual lives in could be impacted by crime, violence or the spread of HIV as a result of excessive drinking. An individual could drive a car under the influence of alcohol and then kill a fellow road user. There are simply far too many stakeholders that would need to be addressed via CSR activities.

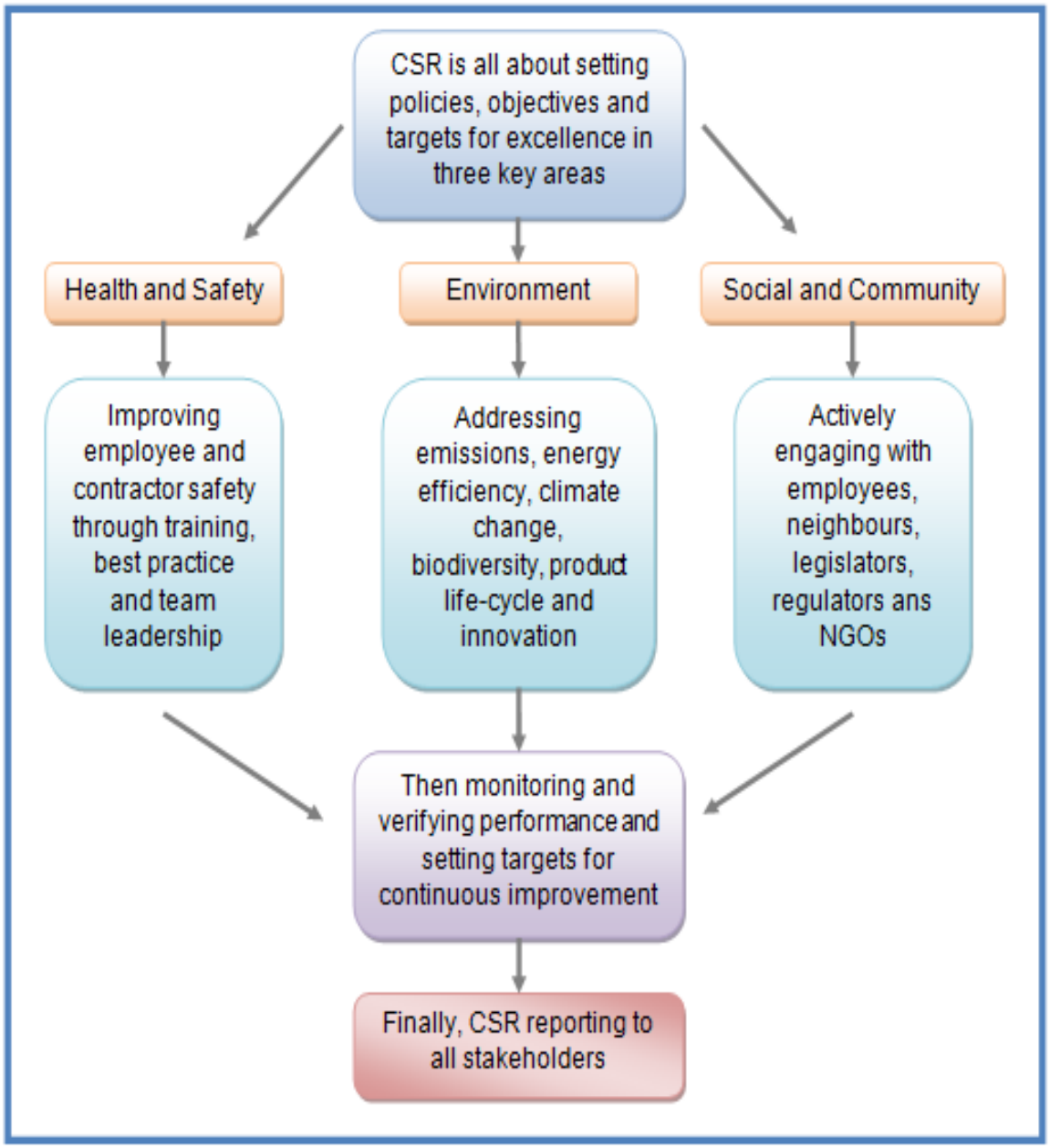


Figure 5: The complexities of CSR (Ciaraquinn, 2011)

This study aims to understand just how much CSR activities influence an organisation's reputation when the product it sells could be potentially harmful to society.

1.3 Problem statement

1.3.1 *Main problem*

Analyse how a company builds corporate reputation amongst its stakeholders when the product it manufactures and sells is seen by many as having a negative impact on society.

1.3.2 *Sub-problems*

The first sub-problem is to understand what corporate reputation is in the context of multi-national corporations.

The second sub-problem is to understand the role corporate social responsibility (CSR) and stakeholder theory play in assisting a firm build its reputation.

1.4 Significance of the study

The study fills a gap in that there is currently no significant research addressing how the malt-beer industry in South Africa can develop its reputation via CSR activities and an in-depth understanding of stakeholder theory. Whilst it is evident that the industry contributes financially to the country's tax revenues and aides in sport development via sponsorships, its reputation amongst stakeholders has not been measured. The study will provide guidance to all role-players in the South African malt-beer industry who wish to understand how a company like SAB can develop and maintain its reputation amongst stakeholders whilst taking cognisance of its related influences on society. The use of strategic CSR activities to sway public opinion will also be tested.

Furthermore, the King III report has, for the first time in South Africa's history, introduced the concept of corporate reputation as an agenda item to be discussed at board level (pwc, 2011). Although not legislation, the King III report serves as a code for all corporates listed on the Johannesburg Stock Exchange, as is SAB's global entity, SABMiller. The Directors of SAB are therefore bound to operate the business in accordance with the King III Report.

Corporate reputation is also a source of sustainable competitive advantage when leveraged appropriately (Burke et al., 2011). There has been little research done as to how any firm selling potentially harmful products can build, maintain and enhance its corporate reputation to a point that it can be used as a source of competitive advantage, especially in South Africa. Together with this, the recent global financial crisis has highlighted that corporate reputation is also a key ingredient to an organisation's long term sustainability (Edelman, 2011). If not well managed, poor reputation can lead to an organisation's demise.

Although there is a proliferation of corporate reputation literature, there has been little research investigating how corporate social responsibility activities and an in-depth analysis of stakeholder theory can positively influence corporate reputation. There is a huge need to add to the study of corporate reputation in light of the recent global scandals (Reuber and Fischer, 2010). Although it is widely discussed, there is still no accepted definition of corporate reputation and it is hoped that this study will aid towards the attainment of one.

This study is also of significance to academia as access to a case site was obtained for this research. This provided an opportunity to investigate a problem in order to make a contribution to academic research. Having access to the case site allowed for the collection of comprehensive and relevant data.

1.5 Delimitations of the study

- The company studied was the South African Breweries (SAB) Limited. This is because SAB has a 95% market share of the South African beer market.

- Only employees from SAB have been surveyed.
- The study excluded the wine and spirits sectors of the alcohol market.

1.6 Definition of terms

- The South African Breweries Limited (SAB Limited) – South African based malt-beer brewing giant that gave rise to SABMiller plc.
- International Centre for Alcohol Policies (ICAP) – ICAP is a non-profit organization, supported by most major producers of alcohol. It promotes dialogue between the alcohol industry, research and public health communities, government and civil society, encouraging them to work together.
- World Health Organisation (WHO) – The WHO is an arm of the United Nations that acts as a coordinating authority on international public health.
- Foetal Alcohol Syndrome (FAS) – A pattern of mental and physical defects that can develop in a foetus when a woman drinks alcohol during pregnancy.
- Corporate Social Initiatives (CSI) – Activities performed by a corporate to assist the community.
- Corporate Social Responsibility (CSR) – The obligation of a firm, beyond that required by law, to pursue long-terms goals that are good for society.

1.7 Assumptions

The following assumptions have been made regarding the study:

- The sample will be able to share information on the CSR work being done by SAB due to their seniority in the organisation. Lack of knowledge of CSR activities will negatively affect the credibility of study.

- The total number of respondents will be sufficient to gain adequate data.

- Beer marketing, sales and CSR information will be conveyed honestly and truthfully by the respondents. False data will have a severely detrimental effect on the study's results.

- The respondent sample will reflect the general experiences of the office they work within. Non-representative views will skew the results of the study and reduce its validity.

CHAPTER 2: LITERATURE REVIEW

2.1. Introduction

This section contains a literature review on the two main research elements of the study. The first area looks at the concept of corporate reputation and the value of this intangible asset to modern day firms. The second area focuses on the role corporate social responsibility (CSR) and stakeholder theory have in defining a firm's strategy towards developing its reputation. The literature review will highlight that the building, maintaining and enhancing of a corporate's reputation is of utmost importance, especially in the world of globalisation that we currently live in.

In order to demonstrate this, the literature review will follow a structured framework as highlighted in Figure 6. It commences with a general discussion around corporate reputation, necessary to understand the concept and tests the many definitions of the subject listed in academia. The literature is then critically reviewed to understand how corporations see reputation as a part of daily business operations. Part of this review is to understand what constitutes corporate reputation and what reputation means to today's global corporate giants. The final part of the literature review focuses on how corporate social responsibility and stakeholder theory influence a firm's corporate reputation.

The literature has many varying definitions of corporate reputation (Taghian et al., 2011). Raithel *et al.,* (2010) proposes that this could be as a result of the numerous recent corporate scandals that has made corporate reputation one of the most talked about business concepts in recent years. Whilst it has always been researched in literature, there has never been a greater need to focus on corporate reputation as there is now. Appropriately, this research will focus on reviewing academia for an appropriate definition of the subject in order to determine its importance to companies selling potentially harmful products in South Africa. Once a definition is obtained, research towards what exactly constitutes reputation will be searched for in the literature.

After having identified these components, the influence of CSR and stakeholder theory on the identified components will be analysed. Although there has been much research done on the various CSR activities that corporates undertake, not many have focussed specifically on how the CSR activities undertaken by the company influence its reputation (Banerjee, 2008; Burke et al., 2011).

Stakeholder theory is being increasingly discussed in the light of calls for ethical organisations (Carroll and Buchholtz, 2011). Previous operational practices of big business was to deliver a return on shareholder investments at all costs (Friedman, 2007). This is proven by the recent behaviour of the banks in the USA and by the deals concluded by the likes of Enron and Lehman Brothers (Bretherton, 2011). Determining if including the views of all stakeholders in business decision making makes any impact on corporate reputation has not been explored sufficiently (Bahr et al., 2010).

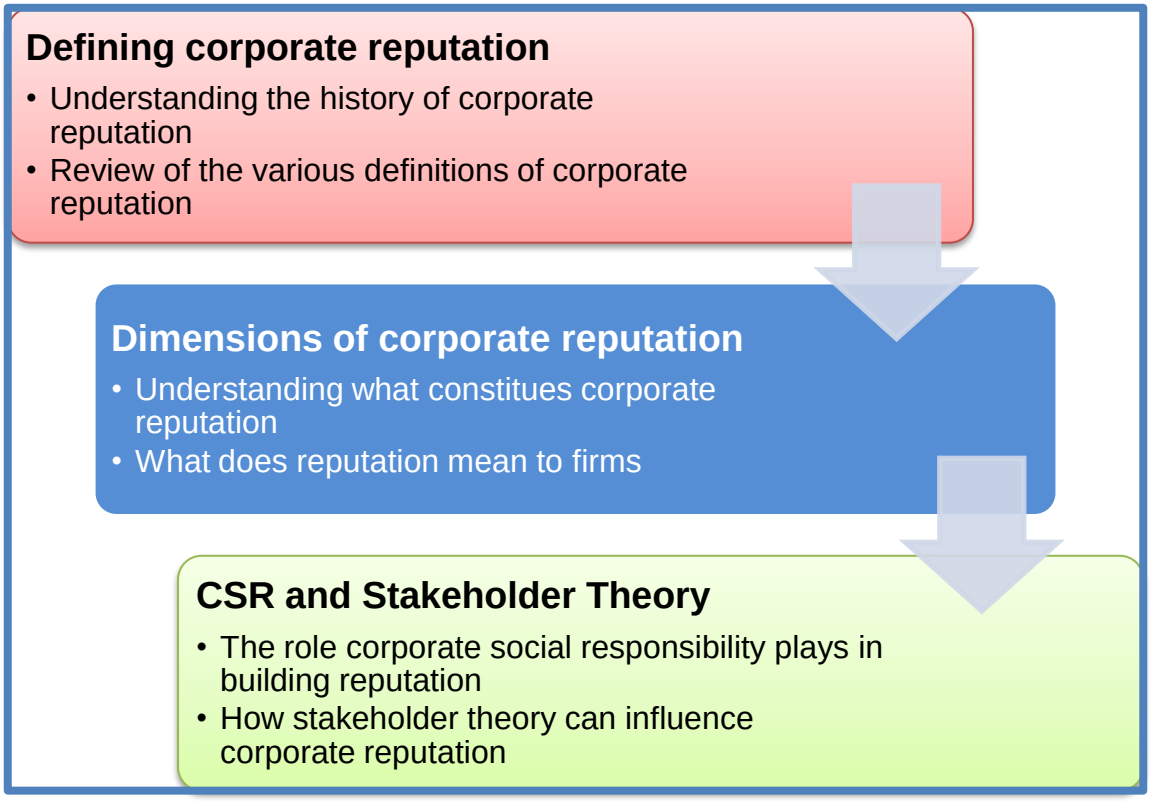


Figure 6: The literature review framework

Following the sequence of research shown in Figure 6 is probably the best way to complete the literature review of the various academic works. It allows for a structured approach towards researching a very complex subject matter.

2.2. Background discussion

Companies can no longer solely rely on the old model of using shareholder capital to produce a product to sell to a consumer at profit. Today intangible assets like ethics and reputation are defining factors for a company's long-term success. Zaman (2003) suggests that once a company's reputation is tarnished it loses credibility amongst stakeholders and can then find it difficult or impossible to recover from this loss of reputation. The financial costs as a result of this can be very high.

Corporate reputation is one of the most important intangible resources for a sustainable competitive advantage (Petrick, Scherer, Brodzinski, Quinn and Ainina, 1999; Brunk, 2010). These days, with the rapid evolution of technology, most companies can produce high quality products at a low price relatively quickly. But what sways a consumer's decision on whether to purchase from that company or not is its reputation (Dickinson-Delaporte, Beverland and Lindgreen, 2010). However, Fombrun (2000) and Helm (2011), both argue that company performance in relation to corporate reputation has never been established.

Corporate social responsibility (CSR) has been a concept promoted in business circles for many years. In fact, Carroll (1999) lists the first discussions of CSR as having taken place as early as the 1950's. The need for CSR type activities may not have been critical to the South African beer industry in the 1950's but in today's environment it most certainly is. More and more corporations are expected by various stakeholders to manage the social and environmental results of the products they produce or the actions they take (Leonard and McAdam, 2003). But according to Friedman (2007) the aim of firms is to make a profit and deliver a return on shareholders' investments. This is perhaps what causes such a conflict of interest as it has not been proven that the investment in CSR activities produces any tangible financial returns for the corporation (McWilliams and Siegel, 2000).

Another element that plays a significant role in developing a firm's corporate reputation is stakeholder theory. One of the very first pieces of literature to

explore this concept was Freeman's book, *Strategic Management: A Stakeholder Approach* (1984) (Donaldson and Preston, 1995). The authors explain that firms no longer have just shareholders but rather stakeholders. However, Jensen (2001), makes the point that if managers and executives have to consider all stakeholders like political parties, communities, unions, etc in their decision making it would absorb the firm of its responsibility to deliver a return on shareholder investments. The author argues that if a firm focuses on what it does best, which is sell a product or service at a profit, by default all impacted stakeholders benefit as a result of the firms actions.

There is much uncertainty within the corporate reputation academia domain (Walker, 2010). According to the author, many academics disagree on the definition of corporate reputation. Bartikowski and Walsh (2011) call for even greater research into the subject in light of the recent global financial crisis. It is advocated by the authors that the directors of many of the guilty firms showed scant regard for the reputation of their companies in their blind pursuit of astronomical profits. Whilst managers of firms are aware of the need for reputation building within their organisations, it is a concept they find difficult to operationalise (Raithel et al., 2010).

2.3. Reputation in Corporations

Corporate reputation has become the topic of choice in most business circles following the many high profile scandals reported by the media in recent history (Burke et al., 2011). Bretherton (2011) writes that not only have particular companies suffered reputational losses but entire industries like the motor and banking sectors have been labelled as untrustworthy. The poor decisions of one firm has impacted entire industry sectors and this has come to be termed "reputational spill-over" (Zellweger, Nason, Nordqvist and Brush, 2010). The audit firm Ernst and Young reports that between 30 and 50 percent of a company's value is intangible, based mostly on corporate reputation (Pike and Roos, 2010). This reputational view is formed by individuals outside of the organisation but influenced by the behaviour and actions of those within the organisation.

The annual Harris Reputation Quotient report is used as the benchmark to measure the reputational performance of industries in the USA (Harris, 2011). The top performing companies for 2011 are shown in Table 2. The study measures an organisation's products and services, financial performance, workplace environment, social responsibility, vision and leadership and emotional appeal to stakeholders.

Table 2: 2011 Harris reputational survey (Harris, 2011)

Rank 1 - 15		RQ	Rank 16 - 30		RQ
1	Google	84.05	16	Microsoft	80.16
2	Johnson & Johnson	83.13	17	Whole Foods Market	79.57
3	3M Company	82.56	18	Honda Motor Company	79.1
4	Berkshire Hathaway	82.3	19	Pepsico	78.21
5	Apple	82.05	20	Costco	78.03
6	Intel Corporation	81.94	21	Kohls	77.55
7	Kraft Foods	81.67	22	Unilever	77.19
8	Amazon.com	81.14	23	Southwest Airlines	76.88
9	General Mills	81.04	24	Home Depot	76.83
10	The Walt Disney Company	81.04	25	Hewlett-Packard	76.43
11	Procter & Gamble Co.	80.98	26	IBM	76.27
12	SC Johnson	80.74	27	Best Buy	75.92
13	UPS	80.51	28	Target	74.91
14	Sony	80.44	29	Ford Motor Company	74.61
15	The Coca-Cola Company	80.38	30	General Electric	74.22

Put very simply, your stakeholders perceptions is your reputation (Burke et al., 2011). But does corporate reputation really matter? Musteen (2010) answers yes to this question by putting forward the point that studies of the Fortune 500 companies in 2010 have shown that those organisations with good reputations have on average a 12 percent higher price to earnings ratio than those with poor corporate reputations.

Thus, company reputation is directly related to company performance. Other positive outcomes of having a positive reputation is proposed by Boyd (2010). Consumers and suppliers prefer to do business with companies they like and employees stay longer and work harder at companies with good reputations.

And finally, seventy three percent of MBA graduates surveyed in 2011 in the USA prefer to work for companies with positive reputations (Montgomery and Ramus, 2011).

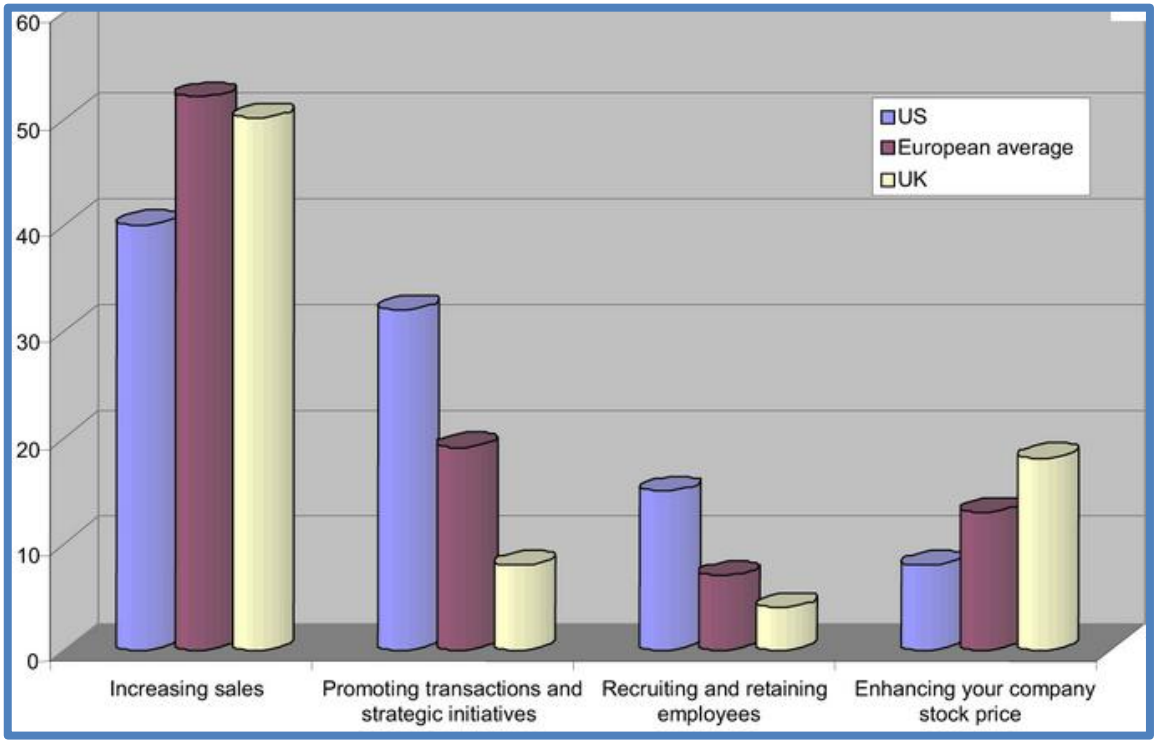


Figure 7: Advantages of corporate reputation (Pharoah, 2010)

Research conducted by Boyd *et al.,* (2010) shows that a survey of 847 CEO's of UK based firms said that it would take them on average, eleven years to build their firm's reputation if they had to start from scratch. These executives also believed that it would take them on average, four years to recover from an incident that caused their company to lose its reputation but all agreed that a company can fully recover from having had a bad reputation. Sennels (2011) reports that there are eighty one percent more threats to corporate reputation today than there was two years ago. The top five warning signs for a failing corporate reputation were low employee morale, internal politics taking precedence over the job at hand, the departure of top executives, lack of CEO credibility and employees referring to customers as nuisances.

But major companies have realised that reputation is key to their long term success and are making efforts to reduce their risk to reputational failure (Pharoah, 2010). This is shown in Figure 7. Methods being employed include

informal discussions with stakeholders, surveys of employees and the reviewing of published rankings like the Harris Reputation Quotient survey. The recent Wall Street protests in the USA have highlighted that most people have a low opinion of corporates in general (Bretherton, 2011), so having a positive reputation is of substantial benefit to helping a firm stand out from the crowd and avoid the issue of reputational spill over.

Academics agree that the building blocks of corporate reputation must include emotional appeal, vision, leadership and integrity and a workplace environment that is supportive of performance (Helm, 2011). The author formulates that reputation comes from direct experiences with the company, word of mouth and advertising and media coverage. Although it takes many years to develop a positive reputation, it can be damaged in an instant (Burke et al., 2011). The Toyota brake failure debacle in the United States in 2010 is an example of how a firm's reputation can be eroded by a single incident. It struck the core of the company's safe and reliable image (Different and Purser, 2011). Corporate reputation can be damaged quickly given increasing media scrutiny and global coverage of the incident via satellite television and the internet. Evidence suggests that companies suffer huge financial losses post a reputation destroying incident (Brunk, 2010). Figure 8 is reflective of this and shows the stock price crash of Toyota following the Prius brake failure.

Highhouse (2009) advises that companies should see corporate reputation as an investment. A positive reputation will influence a consumer's decision when there is little difference in price, quality and service. With the entrance of many world-class competitors to the South African beer market, this is a statement that the South African Breweries takes very seriously (SABLimited, 2011). With the return of the Amstel brand of beer under the Brandhouse stable, SAB has the potential to lose a large percentage of its sales to this competitor. The irony in this case is that SAB had built the Amstel brand to have a perceived reputation of being an elite beer before the licence to manufacture it was withdrawn by the holding company.

Today, industries that produce products that can be seen as having a detrimental impact on society or negatively affecting the consumer's health and

wellbeing must more than ever be concerned about their reputation (Collins et al., 2008). This includes companies that produce alcohol related products, like SAB Limited, tobacco products, nuclear energy, weapons and heavy pollution. Beer manufacturers worldwide are cautious of the fact that any negative actions by one will seriously damage the reputation of all manufacturers (Dickinson-Delaporte et al., 2010).



Figure 8: Toyota 2010 stock price crash highlighted by red circle (Times, 2011b)

2.3.1 What Constitutes Corporate Reputation

When you require the services of a plumber or handyman, you most probably ask family members or friends to recommend a person they have used and trusted. This recommendation is based on the service provider's reputation (Fombrun, 1996). Just a few decades ago there were only a few companies producing goods on a large scale. This meant that consumers had fewer choices of service providers and employees had fewer choices of employers. With the rapid evolution of technology and globalisation all that has changed (Fombrun, 2008). Today consumers can source products from across the world and employees can market their skills to a wide variety of employers. Whilst there are other factors that determine the choices made by consumers and

employees, reputation of the firm is very often top of mind (Nguyen and Leblanc, 2001).

The literature reflects a myriad of definitions for corporate reputation (Brunk, 2010). The author advocates that this could be because reputation has remained relatively under studied and is only really discussed when it is threatened. Following the recent economic crisis, Taghian (2011) makes the call for a single definition of the subject to aid in the study of the influence of corporate reputation on the economic performance of firms. SAB Limited (SAB) is a good example of this. When the company was formed in 1895 (SABLimited, 2011), South Africa had little or no concerns around drunk driving fatalities and Foetal Alcohol Syndrome (FAS). Today the social ills of alcohol abuse are well documented and SAB's reputation as a good corporate citizen has come under fire from many social activist bodies.

Reputation is defined as the estimation in which the public holds a company (Dictionary.com, 2011). Two parts of this definition remains unclear when corporate reputational capital is discussed. The first is what exactly is being estimated by the public and the second is who constitutes the "public?" Companies have many different audiences and the board must determine whose opinion or judgement counts the most. Members of this audience include groups like consumers, employees, unions, political parties and social activist groups.

Barnett *et al.,* (2006) concludes that a company's reputation can be categorised into three segments. The first is the asset segment that views corporate reputation as an intangible resource of economic value that leads to a firm's competitive advantage, the second segment is concerned with the assessment of the company by its stakeholders over time and the third segment is related to awareness where a the firm's collective perceptions of its past actions is considered as its reputation. After analysing various literature the following contributions can be added to the segmented definition by Barnett *et al.,* (2006):

- A firm's future prospects must also be taken into consideration when analysing its past actions (Walker, 2010)

- Corporate reputation takes into account the ability of a firm to satisfy the interests of various stakeholders (Jensen et al., 2011)
- Reputation should be based on stakeholders' actual knowledge of a firm in its organisational context (Mahon and Wartick, 2011)
- Characteristics of a firm must influence its reputation (Musteen et al., 2010)
- The respect offered to the firm by its peers must be included (Falkenreck and Wagner, 2010)

What is perhaps key is that reputations are perceptions of the company held by external observers (Gotsi and Wilson, 2001). Consumers don't have the luxury of having insight to the internal strategies and workings of the firm. All that they can use to make the decision to do business with a particular firm is their perception of the firm's reputation. The same could be said of investors as well. Since they don't have the luxury of knowing the internal workings of a firm their decision to invest or not is largely driven by the firm's reputation in the marketplace (Gray and Balmer, 1998). The authors' make the point that if a firm holds a strong reputation in the marketplace it allows the firm to charge a premium for its products or services.

Recently firms are using the strategic move of associating themselves with high reputation service providers, auditors and suppliers to enhance their own reputation (Davies, 2003). As an example, SAB has partnered with the South African Police and Traffic Authorities to provide mobile alcohol testing stations along major traffic routes in South Africa (SABLimited, 2011). Reputations take time to develop and are difficult to erode even when a company is accused of serious misconduct. Toyota is a perfect case in point. It's reputation of reliability and affordability took years to develop and even after the brake failure accusations in the United States the company continues to perform well as the public has not been swayed from their belief in Toyota's reputation (Different and Purser, 2011).

The varying definitions of corporate reputation has proved a hindrance towards the advancement of research in this field (Lange et al., 2011). The common thread is that reputation is about the public's familiarity with the organisation, beliefs about what to expect from the organisation in the future and impressions about the organisation's favourability. Whilst the literature is prolific in terms of what corporate reputation is, it is equally varied with what it is not (Ettenson and Knowles, 2010). Corporate reputation is often confused with corporate brand, corporate image and corporate identity. Barnett *et al.,* (2006) found that although all of these concepts are intertwined and help to define corporate reputation, they are individual subject areas and no one clearly articulates corporate reputation. Figure 9 reflects the explanation offered by Abratt (1989).

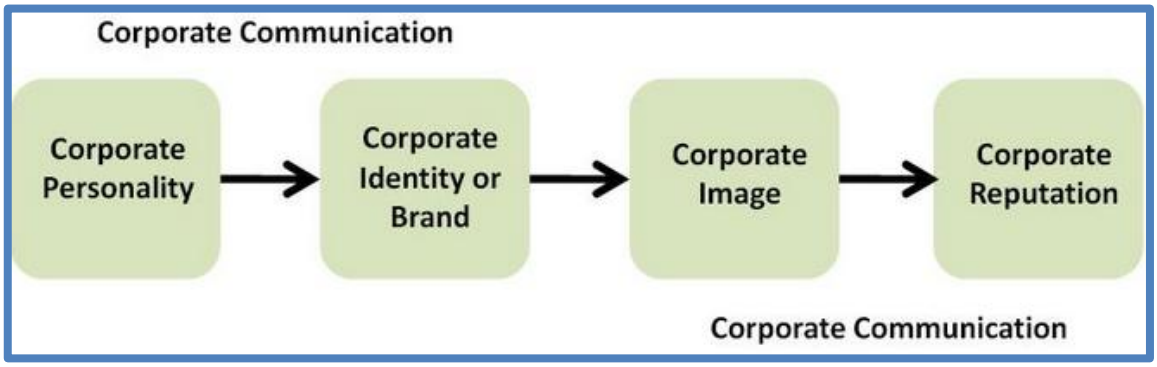


Figure 9: Key concepts relating to corporate reputation (Abratt, 1989)

Barnett *et al.,* (2006) expand on the work of Abratt (1989) by explaining that a firm's corporate identity is essentially a collection of symbols associated to the firm and its image are the impressions held of the firm by all stakeholders. They further expand on Figure 9 by introducing the subject of reputational capital. Whetten and Mackey (2002) suggest the asking of three simple questions:

1. Corporate identity = what or who we want others to think we are?
2. Corporate image = what or who we believe we are?
3. Corporate reputation = what are we seen to be?

In support of the work done by Abratt (1989) and Whetten and Mackey (2002), O' Callaghan (2007) represented the state of play between corporate image, corporate identity and corporate reputation in a pyramid depicted in Figure 10.

These are concepts critical to the day to day operations of SAB (SABLimited, 2011). The company has entire departments dedicated to ensuring that stakeholders see the organisation as a responsible corporate citizen. Furthermore, the internal communications department ensures that employees are constantly updated on the initiatives undertaken by the company to curb the scourge of alcohol abuse.

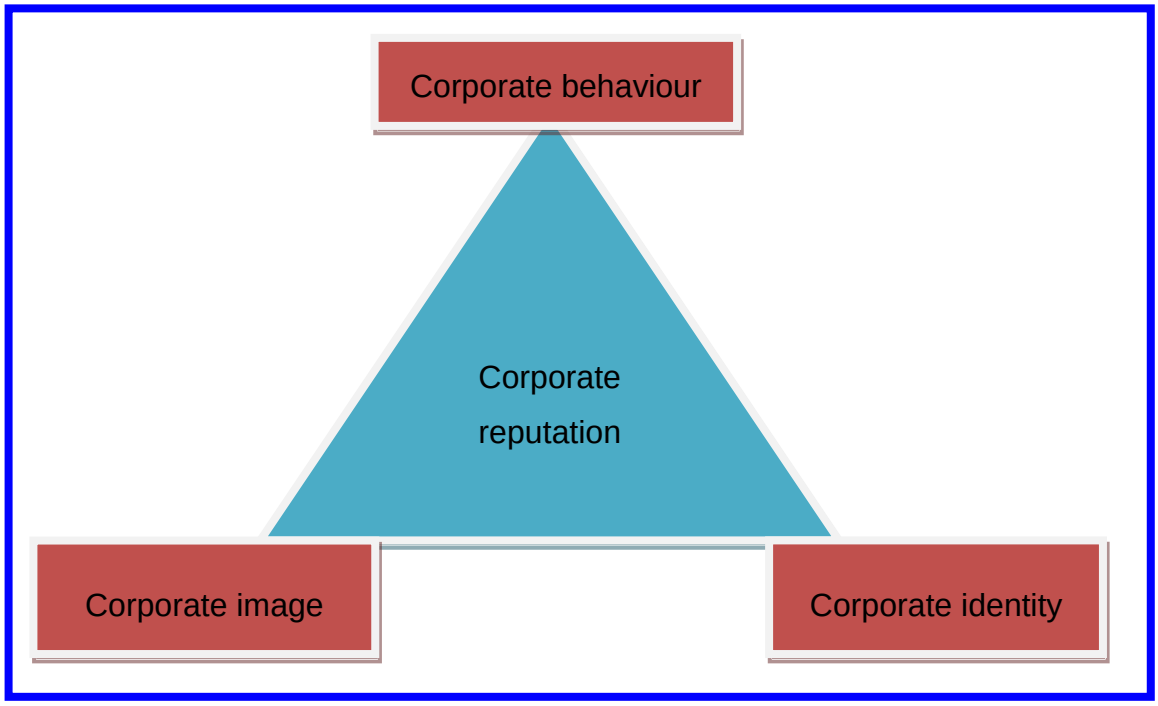


Figure 10: The corporate reputation pyramid (O'Callaghan, 2007)

The corporate reputation pyramid surmises that a company's reputation is dependent on its image, identity, and behaviour. This perhaps explains the confusion many stakeholders experience when attempting to define a firm's reputation (Money, Rose and Hillenbrand, 2010). After reviewing the literature a suitable definition of corporate reputation could be, the sum of the perceptions of a corporate's past actions; current performance; and future prospects that results from the organisation's ability to deliver valued outcomes to multiple stakeholders and gauges a corporate's relative standing both internally with employees and externally with stakeholders, in both its competitive and institutional environments (Money et al., 2010) and (Pharoah, 2010). All of the above could be summarised simply as what the company is seen to be (Whetten and Mackey, 2002).

Having concluded on an acceptable definition of corporate reputation, the dimensions of the concept must be expanded on. This is of importance to organisations like the South African Breweries that sell potentially harmful products. Understanding the dimensions of corporate reputation will assist the organisation identify its approach to a suitable response to its reputation building efforts? A review of the literature lists a number of opinions of what constitutes the dimensions of a corporate's reputation (Walsh, Beatty and Holloway, 2011).

Although there are many views on the dimensions of corporate reputation, most academics agree that by identifying and leveraging the dimensions involved, a company can greatly enhance its reputation (Chang and Zhu, 2011). Walker (2010) surmises that although there are various dimensions of corporate reputation, these dimensions were issue specific for each stakeholder or company. This supports O' Callaghan's (2007) view that you cannot apply a once size fits all approach to corporate reputation. A host of literature was reviewed to seek a common list of the dimensions for corporate reputation. The dimensions identified by Fombrun (2008), listed in Table 3, perhaps best articulate those most relevant to corporate reputation.

Table 3: Dimensions of corporate reputation (C. J. Fombrun, 2008)

Financial performance	Competitive performance
Quality and innovation	Participation is socially responsible practices
High quality leadership	Supportive workplace

An analysis of Fombrun's (2008) list of dimensions reveals that they are broad and basically cover all aspects of any business. These are activities that every business today would list as what it undertakes as daily operations (Brown, Guidry and Patten, 2010; SABLimited, 2011). This would lead to the assumption that corporate reputation is inconsequential and is merely a result of everyday business operations as confirmed by the organisation quoted above. This does

not support the view of Edelman (2011) who states that corporate reputation is a key source of a company's competitive advantage.

Because leadership and corporate behaviour were most often referenced in the literature, Jin and Yeo (2011) conclusively stated that the most significant dimension of corporate reputation was the quality of the firm's top leadership. The consequences of having a good corporate reputation are often emotional reactions from stakeholders and those within the company (Stanaland, Lwin and Murphy, 2011). These emotional responses are show in Figure 11.



Figure 11: Emotional consequences of positive reputation

Figure 11 perhaps explains why companies in the same industry have varying reputations when they manufacture and sell products of a similar quality and price. Not all firms can create the same emotions within stakeholders. Emotions like trust and good feeling are personal to the stakeholder concerned (Helm and Klode, 2011). This perhaps explains why firms that transgress corporate reputation principles are quickly forgiven and go on to prosper and be profitable (Dowling, 2006).

The literature is varied in terms of what constitutes corporate reputation. The dimensions that constitute the portfolio of corporate reputation were varied and addressed the fundamental components of a company conducting its business in any environment (Helm and Klode, 2011). Each dimension contributed in some way to the overall reputation of the company and was significant according to the literature reviewed. The various dimensions listed above make it apparent that a company must focus on a host of dimensions should it wish to build and enhance its corporate reputation.

2.3.2 What *Reputation means to Firms*

The traditional view of executives was that if the price, quality and convenience was right there was no need to bother with anything else (Haywood, 2005). But it has been realised that with the advent of readily available information sources like the internet, the modern day consumer is widely read and aware of issues like animal rights, labour issues including the use of slave or child labour, carbon footprint and genetically modified products (Helm and Klode, 2011). All of these influence the consumer's decision to purchase a product, thereby having a direct impact on a company's bottom line (Harris, 2011). The author goes on to state that trust is an important element of the supplier/consumer relationship and that a consumer's trust in the company is influenced by the perceived reputation of the firm.

Brown *et al.,* (2010) profess that reputation is arguably the single most valuable organisational asset a company can possess. Strong positive reputations allowed the company to perform well and thus incentivised the company to reinvest in its reputation (Burke et al., 2011). Following the recent economic crisis, Raithel *et al.,* (2010) asserted that a firm's reputation remained the strongest signal to the market of the firm's level of sustainability. Because sustainability has become the focus of global business, any factor that aides in sustainability must be fiercely guarded and developed (Erkens, Hung and Matos, 2010).

Reputation plays an even further role in a company's growth strategy. In a world of global business, companies with solid positive reputations are more welcome

to trade and operate in foreign countries than those that have poor reputations or a history of bad governance (Ghemawat, 2010; Edelman, 2011). In his early research Dowling (2006) stated that reputation was highly dependent on the actions of individuals and that it was in the firm's interest to understand how reputation was quantified. This was supported in later research by Liou and Chang (2010) who researched the airline industry. The authors concluded that as corporate reputation was an intangible resource it made it difficult to imitate and quantify but provided a strategic advantage over competitors with less favourable reputations.

There is a positive relationship between corporate reputation and company financial performance (Peloza, 2009). However, research in this area has provided little guidance to managers on how they should measure the financial impacts of their corporate reputation strategies. Commonly used market measures, such as share price, or accounting measures, such as return on equity, are impacted by a host of other variables (Liou and Chuang, 2010). These metrics do not provide the necessary level of detail for managers who want to establish an optimal level of reputational investment for their company.

Following studies of high reputation companies, Musteen *et al.,* (2010) noted that companies that built a positive corporate reputation was more able to build stakeholder trust, attract investments, boost customer and staff loyalty and enforce market confidence in the organisation than those that paid no attention to their reputation. Another very significant advantage of having a strong positive reputation is that in the advent of the company suffering a reputation destroying event, as in the case of BP and the recent Gulf of Mexico oil spill (Balmer, 2010), its past actions help it bounce back and win favour with stakeholders (Reuber and Fischer, 2010).

A company's reputation can be enhanced, protected, damaged or destroyed by a company's actions (Barnett et al., 2006). It is imperative that a company have in place mechanisms to manage any risks to its reputation. In fact, (Haywood, 2005), recommends that companies hire professionals to manage all factors that impact its reputation. This is perhaps why a key position on the SAB Board is reserved for Corporate Affairs (SABLimited, 2011). SAB understands that

any dent to its reputation can have a disastrous impact to its balance sheet. What organisations are realising is that because its reputation impacts the bottom line it is becoming increasingly important to measure it (Barnett et al., 2006). The authors suggest conducting a simple survey of the company being measured against other industry competitors. Various stakeholders could be asked questions on how they perceive the companies being surveyed. By conducting such surveys the company can alter its strategy to avoid damage to its reputation and by default, its bottom line.

A loss of corporate reputation could lead to huge financial and intangible losses to the company (Reuber and Fischer, 2010). Market share, brand image, stakeholder relationships and the ability to attract investments could all prove difficult for a company found guilty of serious misconduct (Raithel et al., 2010). But the author warns against continued misconduct by a company that held a positive reputation previously. Stakeholders can only forgive a limited number of transgressions before irreparable damage is done to the firm's reputation (Burke et al., 2011).

A good reputation in the marketplace also helps a firms share price to remain attractive in a volatile environment. Figure 12 shows the BP share price shortly before the Gulf of Mexico oil spill, at the time of the spill and the months following the spill (Times, 2011). The company's share price has shown signs of recovery since the worst environmental disaster in history (Bartikowski and Walsh, 2011). This is attributed to BP's acknowledgement of guilt and open display of remorse for what has happened. Although severely criticised at the time of the oil spill, the company has responded by providing daily updates on its efforts to restore the Gulf of Mexico and has made the restoration of its reputation as a model global citizen a key activity of its business (BP, 2012).

No business wants to be seen as having a bad reputation (Brunk, 2010). The author concludes that this is simply because the face of global business has changed. We all remember the Ford example of "you can have any colour as long as it's black!" Today's business environment simply does not have room for that kind of thinking (Burke et al., 2011). Consumers have a range of suppliers to choose from for most products and most often source their goods from those

with the best reputations (Cravens et al., 2003; Dowling, 2006; Elms, Johnson-Cramer and Berman, 2011). Besides this financial motive, companies genuinely want to be seen as being model corporate citizens (Fombrun, 2008).



Figure 12: BP share price (Times, 2011a)

The literature reviewed confirmed the analysis of the BP share price post the oil spill. Companies with a sound corporate reputation have a clear competitive advantage over competitors (Bahr et al., 2010; Boyd et al., 2010; Bartikowski and Walsh, 2011). The efforts made by BP to repair the damage to the environment and its reputation (BP, 2012) has proven that reputation might partly compensate for an investor's disillusion with the company (Grant, 2010).

In today's business environment a sustainable competitive advantage is what companies must strive for (Petrick et al., 1999). Whilst SAB remains the dominant player in the South African beer market, competitors are increasingly making their presence felt. Many South African consumers are turning to brands like Amstel lager because of its perceived reputation of being an elite beer. It is these kinds of perceptions that could lead to an erosion of SAB's local market share.

Worden (2003) points out that companies with a strong positive reputation could more easily charge a premium for their products, spend less on marketing and

influence decision making bodies than their counterparts with a poor reputation, thereby ensuring a sustainable competitive advantage over competitors. One of the perfect examples of this offered by the author is the automotive industry. Rolls Royce spends minimal on advertising, yet is able to charge a premium for its cars simply because it has a reputation for producing automobiles of unmatched quality.

The literature reviewed builds a clear case for the development and maintenance of a good corporate reputation. The advantages to global organisations are numerous and reputational threats are minimised. Although reputation cannot be quantified, the value attributed to its possession is well documented with numerous case studies testifying to it.

2.3.3 Research Question 1

What does corporate reputation mean to South African companies like SAB and how can it influence their bottom line?

2.4. The Role of Corporate Social Responsibility and Stakeholder Theory in Enhancing Corporate Reputation

Milton Friedman famously stated that the only responsibility of a corporate was to provide a return on investment to the shareholders (Friedman, 1970). These days executives find themselves in a very precarious position (Cornelissen, 2011). Do they contribute to charitable programmes, and if they do, which ones and how much do they contribute? Does a corporate look at sports sponsorships, art funding, women and child issues or education? The list is almost endless (Werther Jr and Chandler, 2010). If a company like SAB donates to a sports trust it could be criticised for not investing in schooling for the underprivileged. Social groups complain that the amount contributed is too less whilst shareholders argue that too much is donated to non-profit delivering activities (Banerjee, 2008).

According to Colyn (2011) all of the above decisions have stakeholders who have a keen interest in the decisions corporates make around corporate social

responsibility activities. Shareholders are no longer the only people that a Board must consider when making decisions (Werther Jr and Chandler, 2010). For SAB, the list of stakeholders could be employees, labour unions, political parties, government, law enforcement agencies, community forums, health groups like Alcoholics Anonymous and even competitors. There are probably many more that can be listed as well. What this effectively translates into is that the SAB Board, like any other corporate, now has a wide range of opinions that it must consider when making decisions impacting company strategy and performance.

2.4.1 Corporate Social Responsibility (CSR)

In today's business world, Corporate Social Responsibility (CSR) is an indispensable tool for corporate legitimacy and competitive advantage (Du, Bhattacharya and Sen, 2010). In his research Montiel (2008) concludes that CSR is fundamental for corporate sustainability. This is in opposition to Friedman's point that the only social responsibility a firm has is to increase shareholder wealth (Friedman, 1970). The argument put forward by Montiel (2008) is that a company simply cannot ignore the impact or influence it has on communities and the environment in a blind pursuit of profits.

Du *et al.,* (2010) advocate that in today's global economy a corporate will not remain sustainable if it ignores the opinions of all stakeholders. What is clear though is that no corporate can continue to just take and take from the environment and community without giving something back (Vlachos and Tsamakos, 2011). Any company refusing to give back in some form is clearly not considering the long-term sustainable economy principle (Gardner and Prugh, 2008). The authors present the case that in past decades the huge profits of many global corporations were fuelled by the exploitation of the land and its people. Corporates were able to avoid criticism of their actions owing to a lack of laws or social awareness.

This is no longer the case as countries across the world are passing laws to protect their environment and its people and communities are becoming increasingly aware of their rights (Putrevu et al., 2011). New social media

networks like Facebook and Twitter have proved to be new weapons in the arsenal of protestors against corporate greed and corruption (Pomering and Johnson, 2009; Mahon and Wartick, 2011).

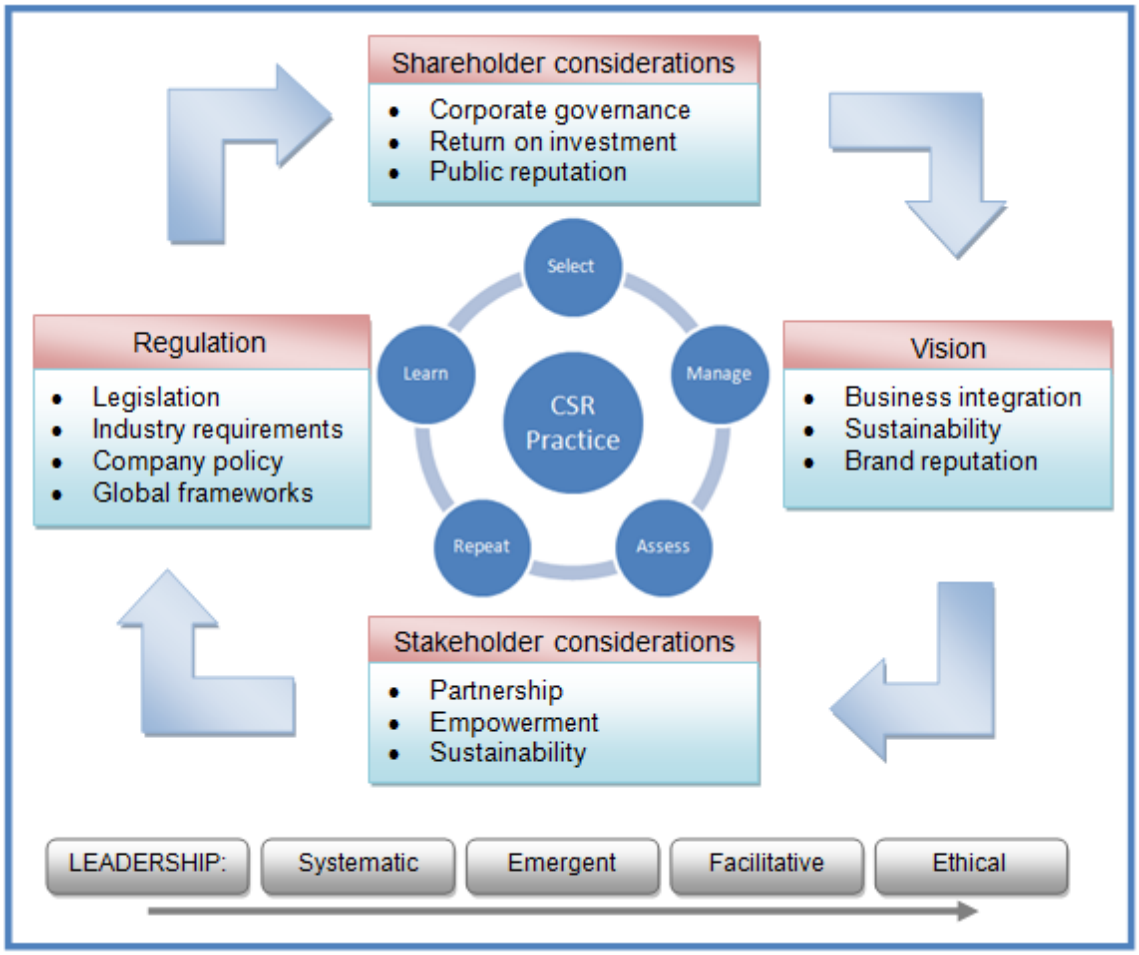


Figure 13: The CSR value chain (Visser & Tolhurst, 2010)

Visser *et al.,* (2010) recommends the understanding of CSR via a value-chain concept. This is shown in Figure 13. Global organisations today are amongst the most powerful entities in the world, even more powerful than elected governments (Talbot, 2011). Because of this the CSR value-chain plays a crucial role in the way an organisation manages its daily operations.

Earlier in this research Abratt (1989), Figure 9, highlighted the differences between corporate image, identity and reputation. In research conducted by Fukukawa *et al.,* (2007) the concept of ethical identity is introduced. Corporates are pursuing an ethical identity in the face of changing global business patterns.

Organisations are increasingly incorporating ethics and CSR within their corporate identity.

Recent global reputational disasters like the BP oil spill in the Gulf of Mexico, Toyota's mass recalls and Enron have facilitated a need for this (Balmer, Powell and Greyser, 2011). It becomes apparent then that the need for CSR initiatives is strong and comes from both within the organisation and from the external environment in the form of global competition or legal obligations (Fukukawa et al., 2007).

The development of ethical organisations is becoming increasingly important in today's global business environment (Engelbrecht, Van Aswegen and Theron, 2005). Whilst the need to promote self-interest will always remain, ethical and moral decision making is beginning to influence business decisions more and more (Carroll and Buchholtz, 2011). The question to be asked is, "does business have a duty to make the world a better place to live in?" When one considers Friedman's view that as long as a business meets its legal and contractual obligations it has no other responsibility to society (Friedman, 1970), the question of business ethics becomes a bit of an oxymoron. In opposition to the Friedman doctrine, shareholders activism is becoming increasingly popular in many organisations (Tsahuridu, 2010). Shareholders are demanding that their board not only act in accordance with the law but take into account social and moral issues when making decisions.

But many companies these days use CSR as just gloss, solely for the purposes of enhancing their own image in order to increase profit margins (Pomering and Johnson, 2009). Companies devote a large portion of their annual reports to advertise what they are doing in terms of CSR or splash it across their websites (Tsahuridu, 2010). Some use CSR to win favour with political parties whilst others use it to lure investors. The author argues that Friedman's view is egotistical and that corporates have a moral and ethical obligation to society. Of greatest concern is that CSR allows companies to feel good about themselves, while communities perish, environments die and economies descend into chaos (Visser and Tolhurst, 2010).

2.4.2 Stakeholder theory

Stakeholder theory is an integral part of corporate social responsibility and is rapidly gaining in popularity in business, political and social circles worldwide (Tsahuridu, 2010). Stakeholder theory prescribes that a business should be run to benefit all those that have a stake in them. This is of course, in total opposition to the Friedman doctrine that says that companies must be operated for the benefit of shareholders only (Friedman, 1970). The aim of stakeholder theory is to question and understand how firms are managed versus their ethical responsibilities (Elms et al., 2011). It attempts to address the lack of ethics in business decision making due to the separation of ethical concerns in modern day economics (Freeman et al., 2010).

Stakeholder theory has a specific moral angle and focuses on the intentions and outcomes of corporate strategy (Russo and Perrini, 2010). Different classes of stakeholders are identified in stakeholder theory. Stakeholders are classified as being either primary and secondary or normative and derivative (Phillips, 2003). The first group, primary or normative stakeholders are those that the organisation has a direct moral obligation to. The author includes employees, customers, suppliers and the community in this group. The second group of stakeholders, the derivative or secondary group are those stakeholders that can negatively impact the company in some way or benefit from it, but the company is not managed exclusively for them. In this group Phillips (2003) includes social activist bodies, the media and even competitors.

The fairness awarded to all stakeholders is another facet of stakeholder theory (Greenwood and Van Buren III, 2010). It aims to ensure that all stakeholders are provided an equal opportunity to participate in the decisions of the organisation and partake in the results of their contributions to the firm.

Perhaps a justifiable critique of stakeholder theory is that the potential number of stakeholders a company may have could be infinite (Tse, 2011). This makes it almost impossible for an organisation to focus on remaining profitable if it has to concentrate on identifying all its potential stakeholders and what strategies it needs to implement to please all of them (Harrison, 2011). This can be seen in Figure 14.

The research conducted by Jensen and Sandström (2011) shows that the company of today is more exposed to the risks of exploitation by certain stakeholders bent on furthering personal agendas. They are considered easy targets by members of the media, environmental watchdogs that are the flavour of the day or political parties wanting to win favour with the electorate. In South Africa, the topic of choice for many politicians around the holiday season is the banning of alcohol advertising. This is because South Africa has one of the highest road death tolls in the world (Government, 2010; SABLimited, 2010; SAPS, 2010).

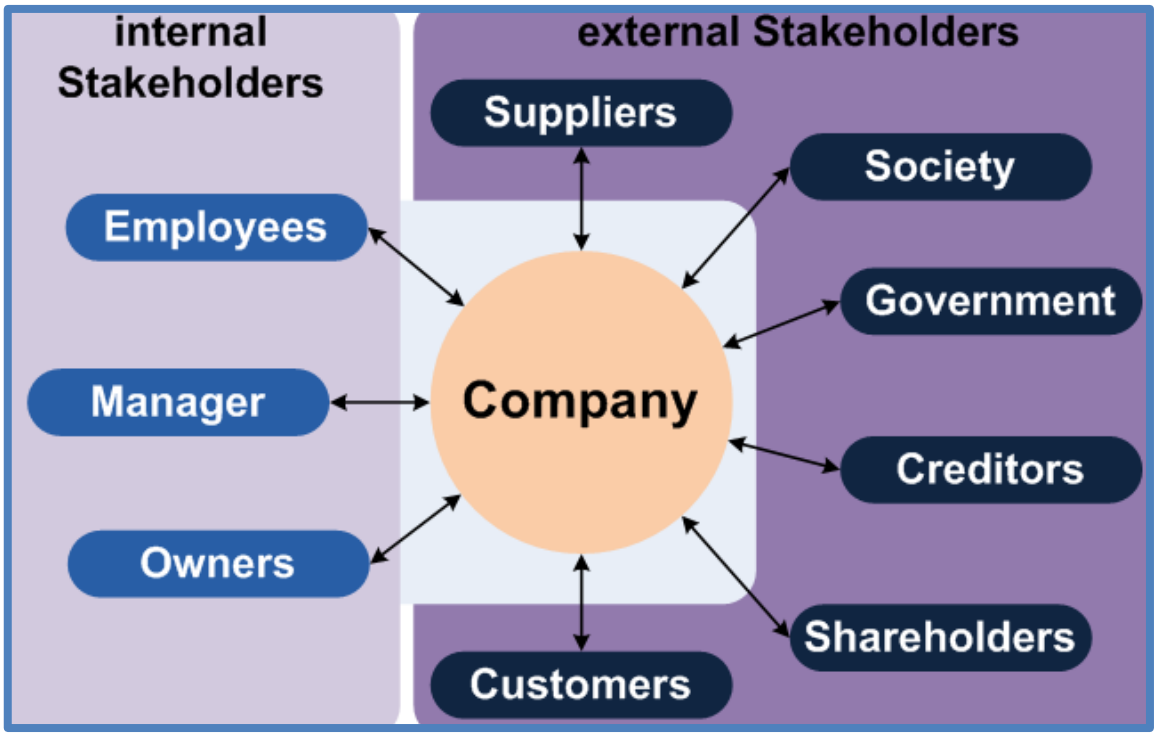


Figure 14: Stakeholders impacting global corporates (J. S. Harrison, 2011)

Even with the above criticism, it is apparent that a company's long-term success and survival depends on the board's ability to generate acceptable returns and levels of satisfaction for all primary stakeholders (Jawahar and McLaughlin, 2001). Perhaps what makes this a challenging task to managers is that the relative importance of different stakeholders varies over time in the eyes of the organisation (Jensen and Sandström, 2011). But even though most executives understand that how their company performs on a social scale is important for long-term success, many argue that a traceable link between corporate social

performance and financial performance has not been established (Ruf, Muralidhar, Brown, Janney and Paul, 2001; Jensen, 2010)

Supporters of stakeholder theory propagate that the concept of ethics and the ethical behaviour of businesses is what stakeholder theory hopes to achieve (Jensen and Sandström, 2011). The recent global financial crisis and other financial scandals like the Enron debacle are evidence of the lack of business ethics and non-consideration of stakeholder theory in business decision making (Phillips, 2003; Balmer, 2010). The authors advocate that stakeholders must take the centre stage in corporate decision making and be the centre-piece in executive mind-sets. Freeman *et al.,* (2010) suggests that the current global economic state calls for the level of ethics and fairness advocated by Phillips (Phillips, 2003).

2.4.3 Research Question 2

What role does corporate social responsibility (CSR) and stakeholder theory play in developing and maintaining a firm's reputation?

2.5. Conclusion of Literature Review

The literature review highlights what many of today's business leaders understand and appreciate – that companies can no longer follow the old business model of using shareholder capital to produce a product to sell at a profit as first proposed by Friedman (1970) (Zaman, 2003). Intangible assets like corporate reputation are fundamental to the long-term success of an organisation (Bonini et al., 2009; Dickinson-Delaporte et al., 2010; Burke et al., 2011; Edelman, 2011). Today's companies realise that having a strong positive reputation is not only financially beneficial, but is also demanded by internal and external stakeholders like shareholders and employees (Jensen and Sandström, 2011).

Consumers today are much more aware of their rights, issues concerning the environment and global developments in business and politics as compared to the public of many years back (Ghemawat, 2010). This is because informational

channels like the internet and satellite television have made it almost impossible for corporates to hide their dirty laundry (Helm, 2011). Adding to this is the multitudes of people that follow key public rights campaigners on social sharing platforms like Facebook and Twitter (Pike and Roos, 2010).

Muller and Kraussl (2011) state that companies that produce products like alcohol and tobacco must be especially mindful of their perceived reputation in the eyes of the public. A company's reputation is a largely perceived one by consumers, suppliers and investors amongst others (Gotsi and Wilson, 2001; Tsahuridu, 2010; Zellweger et al., 2010; Elms et al., 2011; Putrevu et al., 2011). Companies can make use of marketing and social initiatives to influence people's perceptions of their reputation (Bonini et al., 2009; Bahr et al., 2010; Balmer et al., 2011). Organisations quickly understand that their bottom line can be impacted either positively or negatively by their corporate reputation (Worden, 2003; Brunk, 2010; Burke et al., 2011).

Although corporate social responsibility (CSR) has been discussed for many years now, stakeholder theory is a relatively new concept in comparison (Tsahuridu, 2010). Both these concepts have deciding influences on a firm's reputation but fly in the face of the Friedman doctrine (Friedman, 1970) which states that a company's only social responsibility is to increase the wealth of its shareholders (Colyn, 2011).

Companies cannot exist in isolation of communities. CSR activities ensure that companies give back to the communities that provide their capital and goods in some form whilst also providing a market for their products (Donaldson, 2011). Stakeholder theory asks that companies consider all primary and secondary stakeholders when making business decisions. It introduces a level of fairness and ethics into modern-day business which is sorely lacking (Phillips, 2003). Whilst there is a level of criticism against stakeholder theory (Tse, 2011), most agree that stakeholders must be top-of-mind for executives.

2.5.1 Research Question 1:

What does corporate reputation mean to South African companies like SAB and how can it influence their bottom line?

2.5.2 Research Question 2:

What role does corporate social responsibility (CSR) and stakeholder theory play in developing and maintaining a firm's reputation?

CHAPTER 3: RESEARCH METHODOLOGY

This section outlines the methodology that will be used to conduct the research required to answer the two research questions posed in Chapter 2 of this report. The objectives of this research is to understand what corporate reputation means to large global corporates like the South African Breweries and to explore the role corporate social responsibility and stakeholder theory play in influencing corporate reputation.

Helm and Klode (2011) highlighted the challenges of measuring corporate reputation due to its intangible nature. Certain literature reviewed advocated a quantitative approach to measurement (Fombrun, 2008), others discussed the success of a qualitative approach in studies (Hawabhay, Abratt and Peters, 2009) and certain studies were completed using the mixed method of research (Walker, 2008; Harrison and Reilly, 2011).

Literature focussing on the qualitative approach will be discussed. This will be followed by an analysis of the research design and research instrument to be used in this report. Data collection and analysis with reference to this study will then be provided. The section will be concluded by a discussion on the validity and reliability of the research undertaken.

This research will employ the case study method since a specific company, the South African Breweries (SAB), will be studied for a defined period of time.

3.1 The Qualitative Research Approach

This report will employ the qualitative research approach to gather the necessary information required to provide answers to the two research questions posed. Flick (2009) states that the qualitative approach is becoming very popular in fields as diverse as engineering and psychology with new approaches being continuously developed. Qualitative research is particularly important to the study of social relations because the way we lived in the past is so different from the way we live today (Flick, 2009). This was supported by the research of Helm and Klode (2011) who explained that quantitative tools cannot

explain why one firm's reputation is stronger than another due to the intangible nature of the subject.

This is of particular importance to the research being undertaken in this report as the concepts of corporate reputation, corporate social responsibility and stakeholder theory have increased significance owing to the way society operates today. The goal of this research is not to test what is already known, rather to develop new theories that can be used for follow-on studies. For the reasons listed above, the qualitative approach is best suited to this report.

The intention is to use the technique of interviewing to gather the data required for the research. Each interview will probe the respondent's knowledge and opinions on the subject and is scheduled for 60 minutes. Whilst there are several methods to conduct interviews the less structured approach allows the participant to freely pass on information (DiCicco Bloom and Crabtree, 2006). Because of this reason, the less structured approach will be employed in this study. The ethical rights and protection of the participants will be taken into account during the scheduled interviews.

Dul and Hak (2008) conclude that a case study method allows for the examination of a phenomenon in its natural setting, employing various methods of data collection to gather the information required from one or many respondents. It is for this reason that the case study method was chosen for this research. It allows for the study of corporate reputation, CSR and stakeholder theory within its natural setting, the offices of SAB. This study will be a single organisation case study as it focuses on SAB only.

The assumption being made is that the respondents are honest with the information sharing during the interview.

3.2 Research Design

Because the intention of this research was to delve into an intangible subject, the research design will be in the form of interviews with identified respondents. The study of corporate reputation has taken on an elevated level of importance since the BP oil spill and recent economic crisis (Burke et al., 2011), and the

intention of the research was to test the organisation's knowledge on the importance of the concept, hence the technique of interviewing was best suited to this.

The advantage of using interviews is that the respondents in this study are familiar with the technique as they are often interviewed by the media on matters relating to the organisation. It is this familiarity that allows a respondent to feel comfortable enough to openly share knowledge on the subject (Opdenakker, 2006). A key disadvantage of interviewing is that the person conducting the interview is of a more senior position as compared to the interviewee and as a result the responses obtained may be skewed in favour of what is perceived to be the answer wanted (Silverman, 2009). This is possible in this research report.

Face to face interviews were conducted with the target population of managers, strategists, and business analysts within the South African Breweries in order to gauge their perceptions and work experiences in relation to corporate reputation and the use of corporate social responsibility and stakeholder theory to enhance corporate reputation. The interview questions used were designed to test the interviewee's knowledge of the subject and allow for the free expression of opinions.

In a similar study concluded by Hillenbrand and Money (2007) the researchers chose to complete their study by focussing on one particular organisation only to gather richer data on the subject of corporate social responsibility and corporate reputation. It is for the reason of richer data gathering that this study focussed on the South African Breweries only and not a myriad of organisations.

3.3 Population and sample

3.3.1 Population

The target population was carefully chosen based on the common characteristics principle described by Teddlie and Yu (2007). The population

will be a combination of staff from the Corporate Affairs, Corporate Strategy and Marketing teams of the South African Breweries Limited (SAB), based at the company's central office in Sandton, Johannesburg. The target population had the following characteristics in common:

- Market facing
- Permanent employees

Working with a population with common characteristics gives a certain degree of validity and credibility to the study (DiCicco Bloom and Crabtree, 2006).

3.3.2 Sample and sampling method

Interviewing a cross section of employees from a department is a good way of obtaining a balanced view of the topic at hand (Flick, 2009). Senior managers and employees from all three departments that were best suited to discuss the strategic concepts of corporate reputation, corporate social responsibility and stakeholder theory were selected to be interviewed. Respondent participation was requested via telephone, email and face to face conversation. It was envisaged that a total of 20 interviews be conducted. If an interviewee was not available at the scheduled time, the interview was to be rescheduled or an agreeable alternate staff member of the same standing as the incumbent would be requested to conclude the interview. Hoaglin *et al.,* (2011) advocate the ideal sample size for this particular type of study to be between five and twenty interviewees. Table 4 gives a breakdown of the twenty interviewees chosen for this study.

Table 4: List of respondents

Department, Location	Number of respondents
Corporate Affairs, Sandton	8
Marketing, Sandton	5
Corporate Strategy, Sandton	7

Source: SAB Limited Human Resources office

The employees fall into 3 categories:

- 10 x Managers
- 5 x Strategists
- 5 x Business analysts

More managers were invited to be interviewed as they were the decision makers who had the most experience in dealing with issues relating to corporate reputation, CSR and stakeholder engagement activities.

3.4 The research instrument

A list of probing questions was prepared as recommended by Denzin and Lincoln (2005). This facilitated clarity and understanding of the responses gained during the interviews. The questions used for the interviews are provided in Appendix A. Staff were interviewed in order of seniority, from top down. Managers were the first group to be interviewed, followed by Strategists and finally, the Business Analysts. The intention was to understand if the main decision makers in the business, the managers, understood the concepts of corporate reputation, corporate social responsibility and stakeholder theory, and if their sentiments aligned with the executors of the concepts lower down i.e. the strategists and business analysts.

The questions were deliberately open-ended as this allowed the respondents to answer the questions in a manner they felt most comfortable in (Turner III, 2010). The questions covered the three concepts, namely corporate reputation, corporate social responsibility and stakeholder theory and were phrased to allow for the answering of the two research questions in this report. The interview guide depicted in Appendix C was used in all interviews to ensure that the research questions listed in Chapter 2 were covered.

To ensure that the research questions were being answered comprehensively, an interview matrix was developed and used in all interviews. The matrix linked each interview question to the two research questions listed in Chapter 2 and is

attached as Appendix D. It is sometimes advisable to test the interview guide to ensure depth of data gathering for the purposes of the research (Denzin and Lincoln, 2005). Hence, the interview guide was tested with two employees not on the chosen list of interviewees and this proved that the design of the interview guide would facilitate quality responses appropriate for the study.

3.5 Procedure for data collection

The interviews were scheduled two weeks in advance with all respondents owing to time constraints in their diaries. All interviews took place at SAB's Central Office in Sandton, Johannesburg. Turner (2010) recommends that the interview take place in an environment that the respondent feels most comfortable in. Accordingly a table in the gardens of SAB was booked. The reason for this is twofold; one, a natural pleasant setting like a garden allowed the respondent to be less resistive to questions and two, because most employees of SAB work in an open-plan space with little privacy for an interview type conversation. All interviews were recorded on approval of the respondent. This allowed for a review and clarification of the statements made during the interview. Where possible, the author made notes of the interview whilst it was in progress.

The interviews ranged in duration from the shortest of just 35 minutes, owing to pressing media issues that the interviewee had to attend to, to the longest interview with a manager that lasted 90 minutes. Interviewees found the pleasant garden setting very accommodating and whilst enjoying a cup of tea or coffee, patiently answered the interview questions.

3.6 Data analysis and interpretation

Because qualitative data was being analysed, inductive reasoning was made use of to facilitate the analysis and interpretation of the data. Rallis (2011) confirms that the nature of qualitative data does not allow for easy, simple analysis and relies heavily on the integrative power of the individual conducting the research.

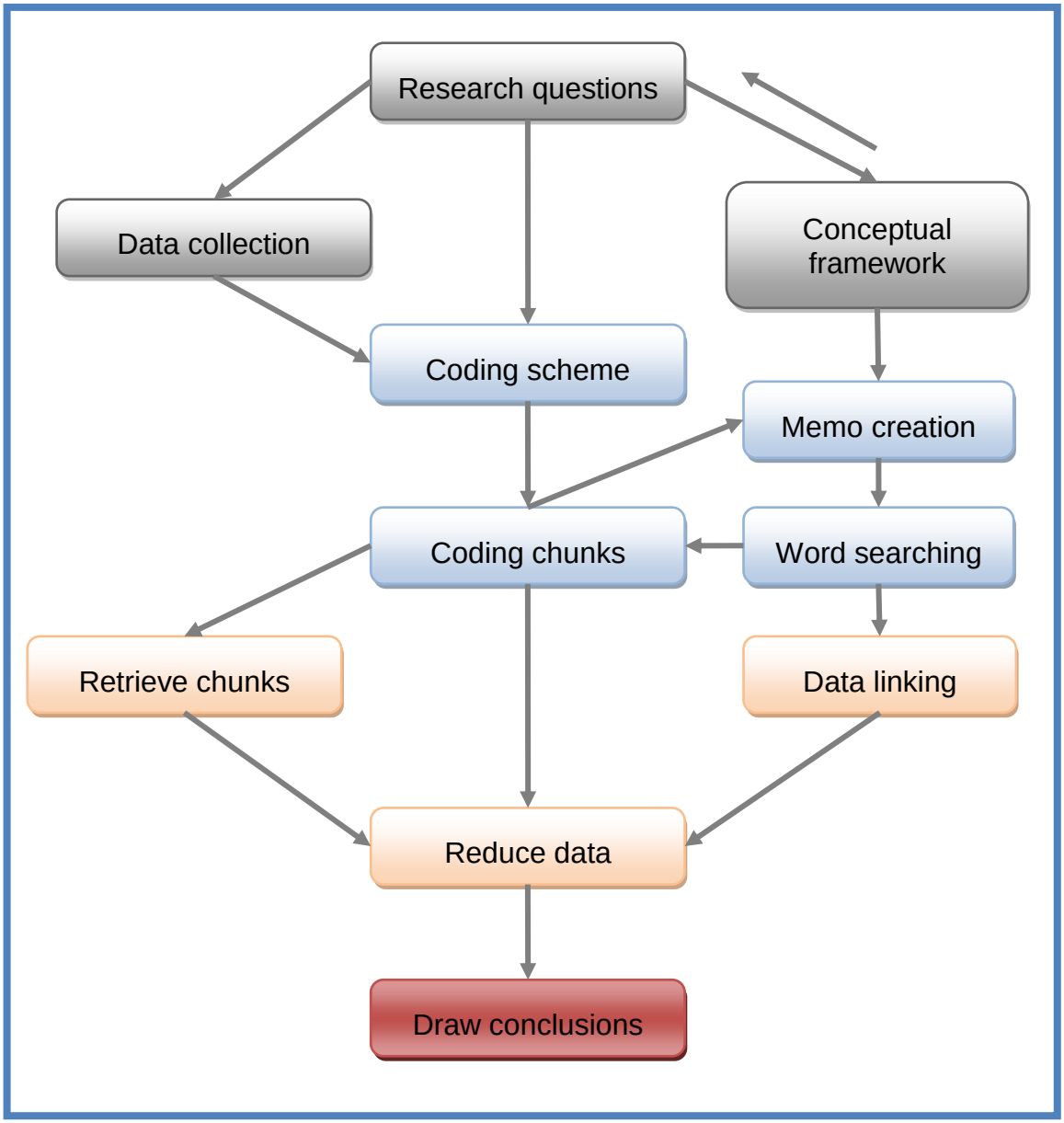


Figure 15: Data analysis procedure (e-Source, 2012)

Qualitative data analysis is about interpreting the participant's meaning of the situation at hand (Rogers and Goodrick, 2011). Because an inductive approach was adopted, using data to build theory, the research questions were first put together, followed by the conceptual framework which was used to guide the study. The process followed is illustrated in Figure 15 (e-Source, 2012).

All data was first sorted by topic and labels were used to identify the various conceptual categories. The author searched for specific meanings, themes and patterns of conversation in the recorded interviews. A common theme must be found in order to make sense of the data gathered (Smith and Davies, 2009).

Paragraphs of the interview transcripts were marked with codes. An example of this coding is shown in Figure 16. The tactics for generating meaning while coding the transcripts and notes was adopted from Miles and Huberman (2002).

- Descriptive codes - capture what the respondent is saying
- Interpretive codes - what the researcher thinks that means or is important about it
- Inferential codes - broader patterns or relationships that the researcher identified by looking at multiple segments of transcripts, across respondents

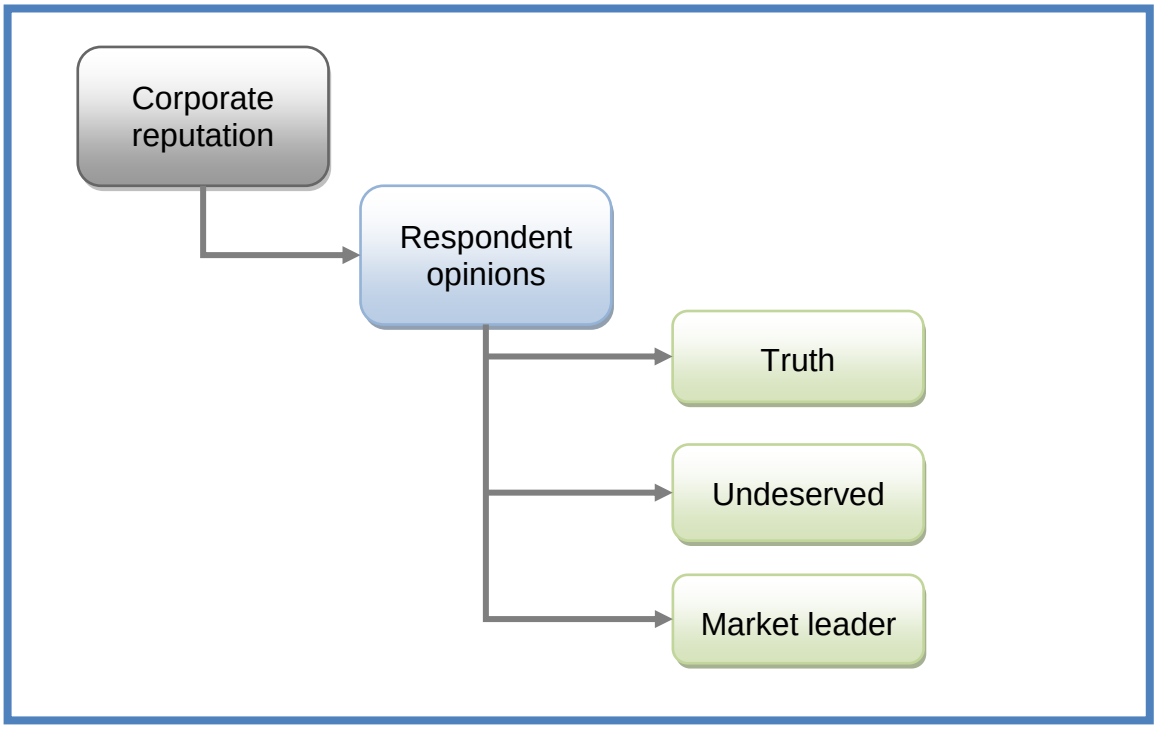


Figure 16: Coding of data

A memo was created for each transcript to record ideas and conclusions about the interview. At this point the data was also cleaned to exclude all non-relevant conversation. Interviewees were given pseudonyms and the names of other employees that came up during the interview were removed.

In order to become more familiar with the data the interview tapes were listened to a number of times and common words were listed in order to determine a

theme or trend. This is called active engagement with the data (Ruona, 2005). The methods used to identify themes were first proposed by Yin (2009).

- Noting of paterns
- Counting most used words
- Clustering of opinions
- Building chains of evidence

The data was then reduced by retrieving the chunks of data recordings associated with a particular code and summarised even further. A table was created for each interview and key words as well as the interviewer's thoughts were recorded. Next the data in the tables were segmented into themes and each theme was colour coded to identify similar themes. Finally, general meaning was found by comparative analysis of the coded data and the identification of trends in the data. The conclusions obtained were then verified by triangulating across the various data sources available.

3.7 Limitations of the study

The limitation of this research is that the study aimed to address a single organisation only. Only 20 participants made up the sample population. This was a relatively small sample so if any of the respondents cancelled this would have skewed the final analysis of the data presented. Of the 20 respondents, 13 interviewees were known to the author so bias did exist in the results. The author attempted to minimise this bias. This was not a randomly chosen group of individuals as the 7 respondents not known to the author were suggested by those known.

According to Dul and Hak (2008) only limited generalisation can be made as the purpose of case study research is to add to theory building and to articulate patterns rather than to generalise the population. However, generalisation can be performed if the research design has been informed by theory and is therefore seen as adding to theory building (Gibbert, Ruigrok and Wicki, 2008).

Furthermore, as anonymity could not be guaranteed, certain interviewees may not have been as candid as they could have been because their identity was known to the person conducting the research. The researcher is also not formally trained to conduct research. Finally, the results of interviews are often difficult to interpret and the results are usually suggestive rather than being definitive (DiCicco Bloom and Crabtree, 2006; Guion, Diehl and McDonald, 2011; Harrison and Reilly, 2011).

3.8 Validity and reliability

Whilst validity has traditionally been attached to quantitative research, many techniques have been developed to ensure qualitative research can be seen as being credible, trustworthy and most importantly, defensible (Johnson, 1997; Guion et al., 2011).

The data gathered was studied via several iterative cycles to validate the findings of each interview. Every interview transcript was then coded to reflect the interview question being asked at the time to ensure responses were being captured for the appropriate question.

3.8.1 External validity

This study was unable to study the entire target population therefore only a sample population of 20 individuals was selected. Because the sample population contains an even representation of the total population a level of generalisation was applied to ensure the research findings have population external validity (Tashakkori, 2006).

3.8.2 Internal validity

For qualitative research, internal validity refers to the match between the researcher's categories of data to what is actually true (Tashakkori, 2006). The interview guide used, shown in Appendix C, ensured all interviews took place in a similar format and resulted in the obtained themes being true. All observations

were confirmed with other data sources like SAB's annual reports, the organisation's corporate intranet, internal newsletters and other sources.

3.8.3 Reliability

Reliability is achieved if the results are consistent and if the results of the study are replicable under similar methodology (Wimmer and Bicking, 2009). The trustworthiness of the data was confirmed by using a peer to conduct an interview with a respondent not part of the sample population. Bias was limited to a minimum.

CHAPTER 4: PRESENTATION OF RESULTS

4.1 Introduction

The results are presented using tables, graphs and direct quotes from the respondents. These results were obtained from 20 semi-structured interviews. All respondents are based at the organisation's head office in Sandton, Johannesburg.

The respondents approached were from the three SAB departments that have the most involvement with the research matter at hand.

- Corporate Strategy
- Marketing
- Corporate Affairs

Table 5 lists the department and its associated function within the organisation.

Table 5: SAB department and organisational function

Department	Function
Corporate Strategy	The Corporate Strategy and Business Support department is responsible for advising the SAB business on the most appropriate course of action when introducing new products to market, building new plants, making decisions around capital investments or reacting to changing market conditions both in South Africa and across the world. The strategy department is closely supported by the newly created Development and Decision

Department	Function
	Support department. This department advises if the actions recommended by the strategy department align with the empowerment and development objectives of SAB.
Marketing	The key focus of the Marketing department is to promote all the beer brands produced by SAB to the consumer. Each brand has a marketing team dedicated to it and these teams create the television, radio and print advertising for the particular brand. The marketing department is responsible to increase the sales of the beer brands produced by SAB and ensure that the brands remain top of mind with the consumer.
Corporate Affairs	The Corporate Affairs department is the custodian of SAB's image and reputation. The department keeps a close watch on how SAB is perceived by stakeholders both internally and externally. Employees of Corporate Affairs regularly interact with politicians, government bodies, members of the media and members of the public concerned with alcohol abuse. Employees of Corporate Affairs perform daily monitoring of all SAB related press releases and respond accordingly wherever the organisation's reputation is threatened.

The respondents fall into three job roles within the departments listed. A brief description of each job role is listed below:

- **Manager**

The manager is responsible to execute the directives taken by the Head of the particular department in line with SAB strategy and objectives. He or she typically leads a team of strategists and business analysts.

- **Strategist**

SAB strategists study historical trends and prevailing market conditions to propose a future course of action for the department concerned. Proposals are usually ratified by the management team before implementation.

- **Business analyst**

The business analysts employed by the company are very often recent university graduates. They are responsible for gathering all data and information and packaging the data in a format required by the strategist.

Figure 17 shows the respondents per job role and department:

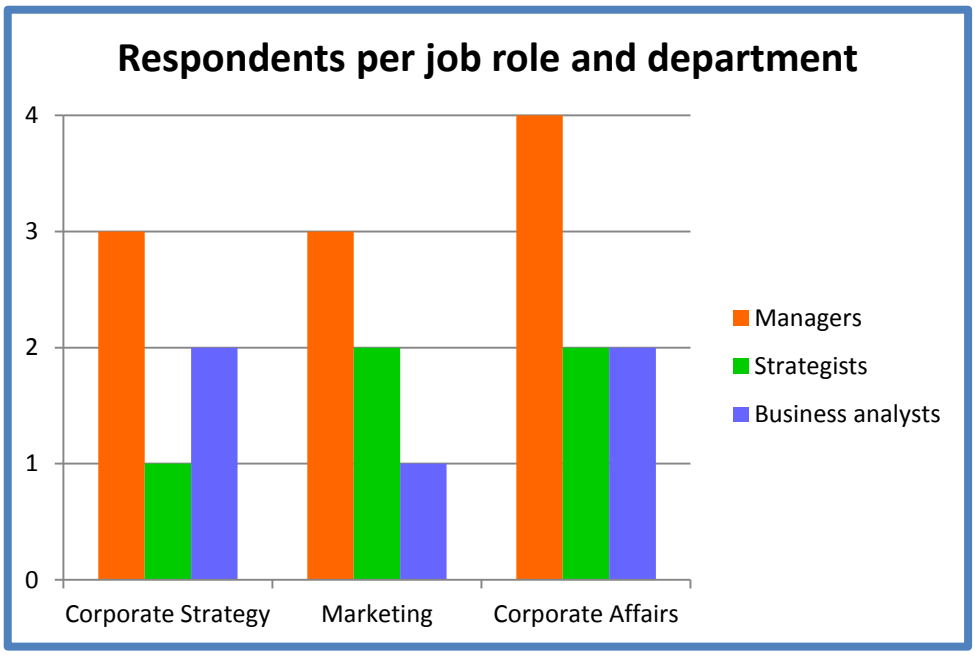


Figure 17: Respondents per job role and department

4.2 Demographic profile of respondents

There were 20 respondents from the company's head office in Sandton, Johannesburg. This was the planned interview number. Chapter 3 listed the target demographic as being 10 managers, 5 strategists, and 5 business analysts. All respondents accepted their interview schedule and there was no need to approach alternate respondents. The basic demographic of the interviewees is shown in Table 6.

Table 6: Interviewee demographics

Item	Category	Managers	Strategists	Business Analysts	% of total population
Age	25-35	1	2	4	35%
	35 plus	9	3	1	65%
Gender	Male	3	3	2	40%
	Female	7	2	3	60%
Work experience (years)	0-5	0	1	2	15%
	5 plus	10	4	3	85%

Figures 18 to 23 indicate the demographic split per item and category as listed in Table 6. This demographic provided the best spread of employees within the three identified business units. It allowed for the collection of qualitative data necessary to complete the research.

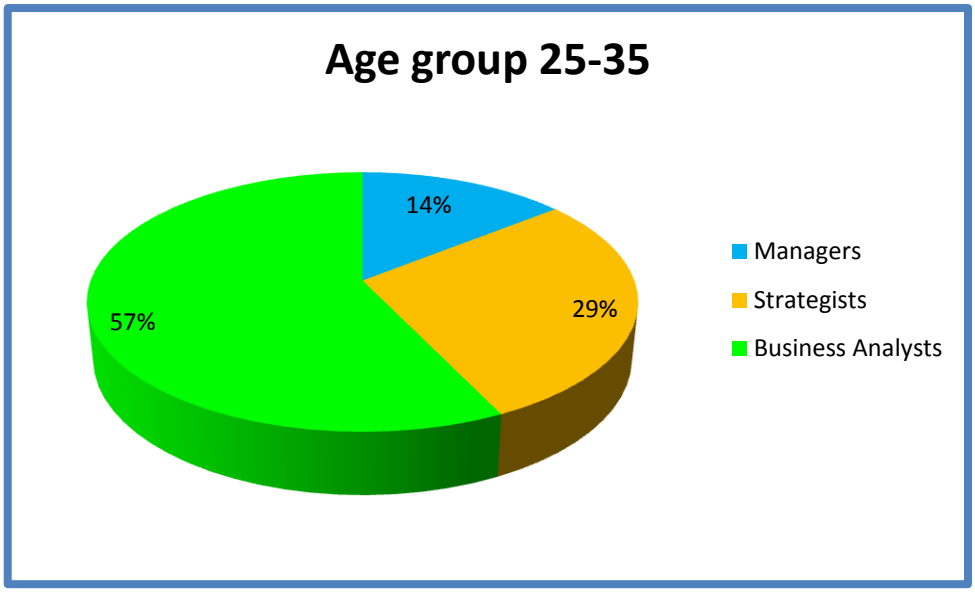


Figure 18: Age group 25-35

The statistics in Figure 18 is reflective of the type of business the organisation being surveyed is in. Only 1 manager surveyed was below the age of 35. It was considered unusual for a manager to be less than 35 years of age in the Corporate Affairs, Marketing or Corporate Strategy departments of the company as managers in these departments were responsible for very large teams of staff and interacted on a daily basis with members of government, the media and directors of the company.

This particular manager was specifically selected as she had over ten years of work experience with the company having started as a graduate in training. The alcohol industry, and in particular, the beer market, is a very image conscious market. The older consumer is often set in the choice of beer brand and no amount of marketing will persuade him or her to change brands.

In comparison, the 21 to 30 age group is seen by SAB as being a key market to secure. If a beer consumer is won in this age group the chances are that they will remain loyal to the brand for years to come. It is for this reason that most business analysts are in the 25 to 35 age group.

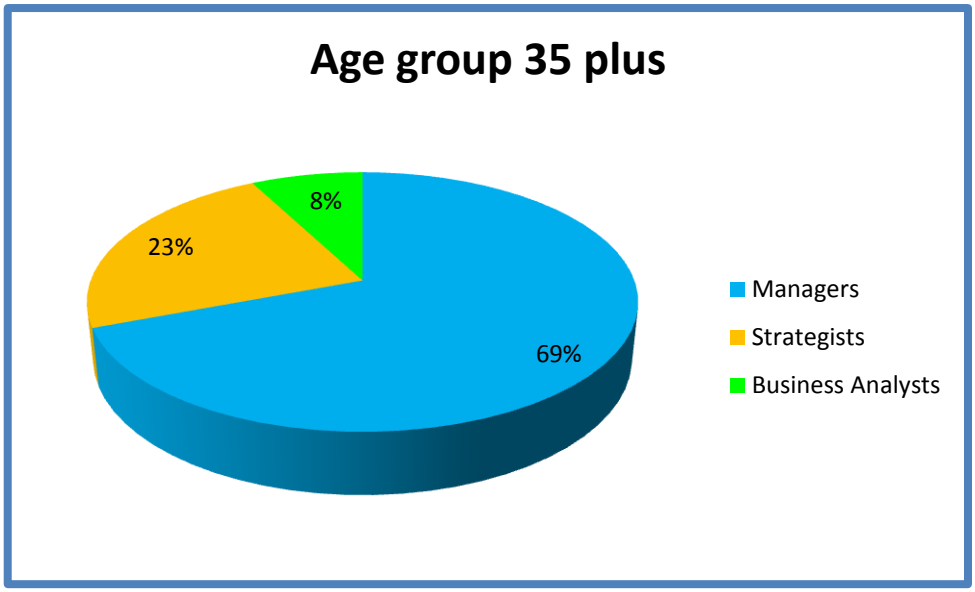


Figure 19: Age group 35 and over

Figure 19 shows that the bulk of the managers interviewed were 35 years or older. Only 8% of the business analysts interviewed fell in this category. Most business analysts employed by the company are recent graduates and hence, below the age of 30. Staff are usually promoted to the level of manager after having worked for many years as a business analyst.

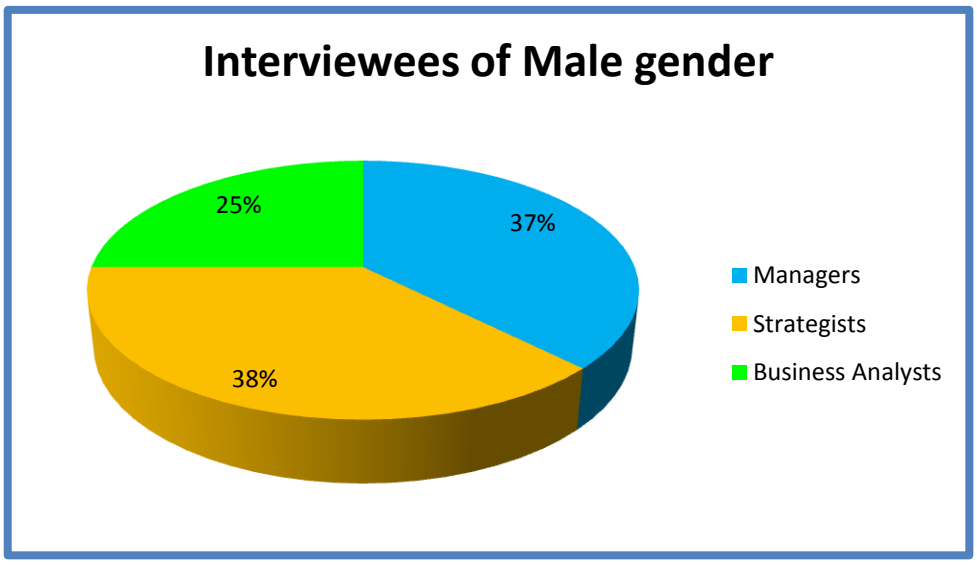


Figure 20: Percentage of male respondents

Figure 20 is reflective of the beer industry in general. It is still a very male dominated environment. Male respondents were not as concerned with reputation as much as their female counterparts.

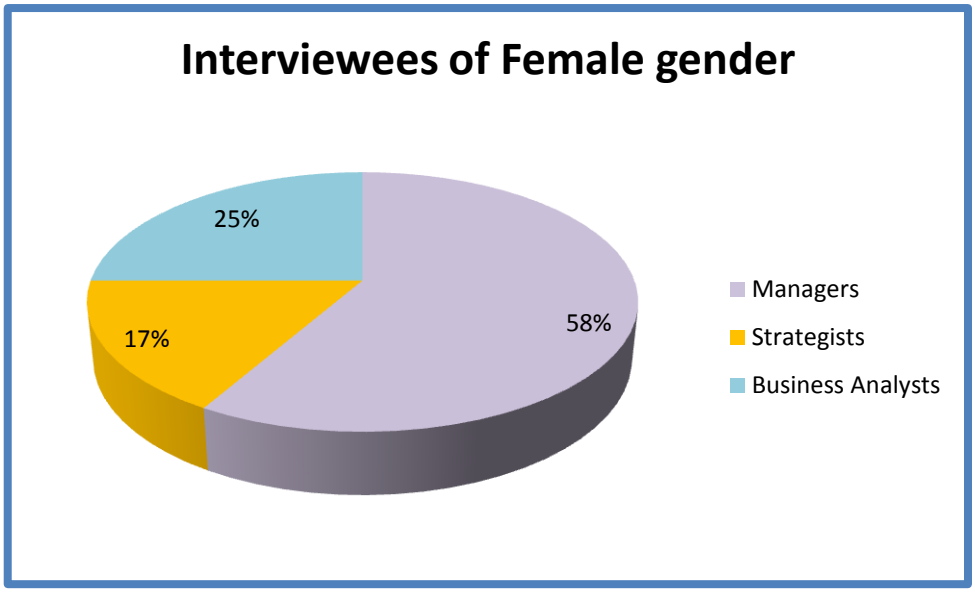


Figure 21: Percentage of female respondents

Female managers were generally more accommodating to the questions being asked in the interview and much more concerned with how stakeholders perceived the company's reputation to be. Five managers interviewed stated that as mothers themselves, they had a vested interest in the reputation of the company. Figure 21 reflects the female demographic split.

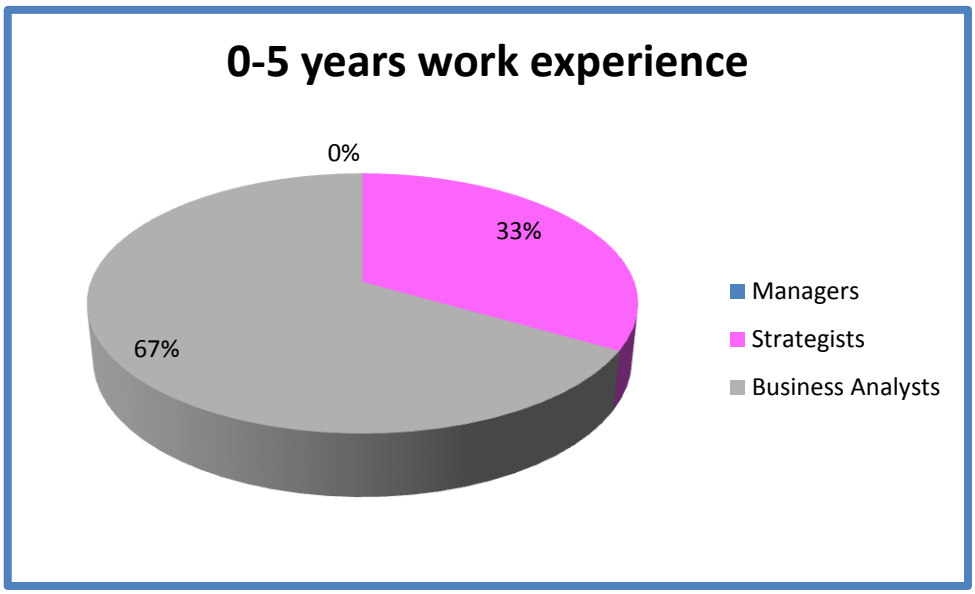


Figure 22: Respondents with 0-5 years work experience

SAB employs many recent graduates as part of its equity recruitment programmes. Figure 22 is reflective of the age group of the respondents shown

in Figure 18. As recent graduates, most business analysts had less than 5 years of work experience.

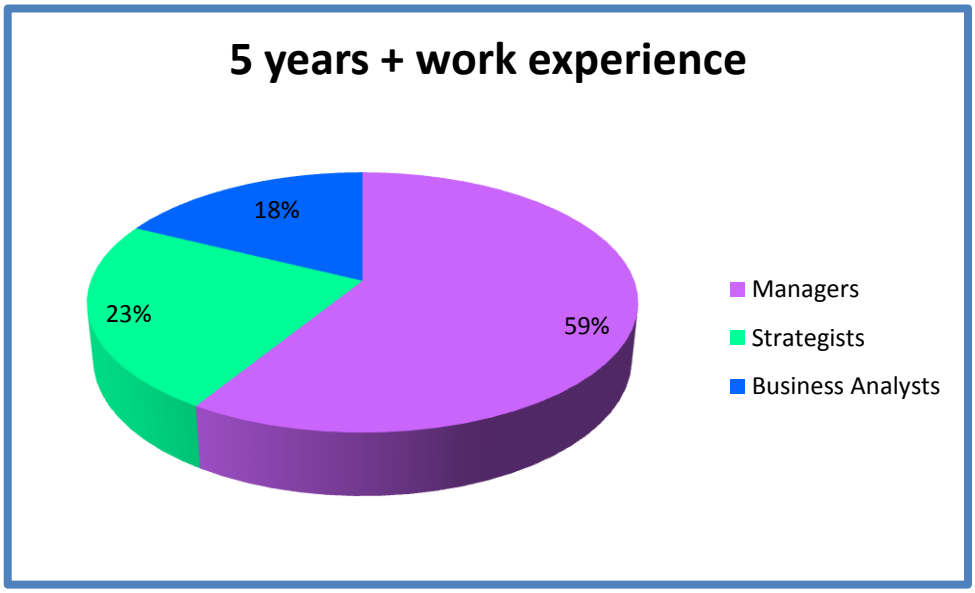


Figure 23: Respondents with 5 years or more work experience

Figure 23 and Figure 18 are also closely aligned. Most managers were above the age of 35 and hence, had more than 5 years of work experience. This experience was gained in various business units within the organisation over the years. Most managers had started their careers as business analysts.

4.3 Results pertaining to Research Question 1

What does corporate reputation mean to South African companies like SAB and how can it influence their bottom line?

Table 7 lists the words most commonly mentioned in the interviews. The interview matrix, listed in Appendix D, shows the interview questions asked in relation to the research question. By completing this exercise certain themes became apparent and these will be discussed in Chapter 5.

Most of the words are either of a positive or defensive nature. The words listed in Table 7 come from the transcripts of interviews held with all respondents. There were more managers that adopted a defensive position as compared to strategists or business analysts.

Table 7: Common words – Research Question 1

Word	Frequency	Word	Frequency
Positive	8	Strong	5
Ethics	11	Market leader	12
Support	3	CSR	15
Media	16	Publicity	7
Responsible	6	Investors	9
Brand	18	Integrity	12
Communities	12	Trust	16
Corporate citizen	9	Perceptions	9
Behaviour	7	Undeserved	13
Social investment	3	Stakeholders	4
Truth	5	Leadership	10
Fatalities	8	Giving back	14

Respondents were clearly full of admiration for the reputation of the company, though defensive at times. This will be discussed in Chapter 5.

- **Manager responses**

The time allocated per interview question was sufficient to allow for a broad discussion on the topic at hand. The interviewees were requested to compose their own definition of corporate reputation in order to relate it to the performance of the organisation. The majority of the managers were apprehensive to define corporate reputation in relation to the company as they felt the concept to be too broad. One manager answered as follows:

"The company's reputation is influenced by so many factors, both internal and external, it's impossible for me to state what our reputation is in the eyes of these stakeholders at any given point. I can assume that when we do a new CSR initiative in a poor community we score a few points but when someone dies on the roads because of drunken driving, we lose a hundred points!"

"We work hard to ensure that key stakeholders like the government see us as wanting to work with them to combat alcohol abuse. SAB has a reputation of always working with the authorities to ensure we are seen as a responsible corporate citizen"

Most of the managers argued against the negative perceptions that certain government departments and social groups had of the organisation. They felt that the criticism received was undeserved as the company made significant efforts to give back to the communities that supported it. The feedback received made it clear that the organisation was constantly aware that its reputation was under threat and had to work at it continuously to ensure sales were not affected by any negative perceptions.

It seemed that many mangers appeared to be troubled by the subject of corporate reputation. Although many of the responses received were clearly company rhetoric, personal feelings did come across. There were several responses that encompassed the feelings of the manager that said:

"SAB will always have its reputation questioned. I have been working for the company for 25 years now and although I'm very close to the many CSR activities the company undertakes, my family still asks me if we are doing

enough when there's a report of a road accident due to drunken driving, especially over the festive period"

In relation to the previous quote, a respondent pointed out that in certain environments the organisation's reputation was of no consequence as it was the product itself that was of most importance to the respective stakeholder, and this was what troubled certain respondents.

"I was in Alexander Township last week on a routine trade visit. The shebeen we visited was full of unemployed young men and women just sitting around drinking beer. While I was talking to the owner a fight broke out between the patrons. The owner told me this happened all the time because the patrons couldn't decide amongst themselves who should pay for the beer. For the patrons beer was most important. They do not care about which company it is that sells it to them"

Alexander Township is a low income historically black settlement near Sandton in Johannesburg. The Marketing department often visits customers in the settlement to promote SAB products and these visits are referred to as trade visits. The respondent continues to say:

"I was so upset by what I saw. The men were swearing and pushing the women around. It was terrible. I felt really guilty because all of this was happening because of a product I had come to promote"

However, not all respondents felt this way. When this comment was mentioned to other respondents, some were sympathetic and admitted to having witnessed similar incidents and having felt a similar level of remorse, whilst others expressed no such feelings of guilt.

"You must remember that in the townships there are several other factors that cause violence to break out. Unemployment is one reason, poor living conditions is another. There is also a high rate of drug use. SAB or beer is not the driving factor. I feel sad for the people within that environment but I do not feel guilty. As SAB, we do our best to make consumers aware that our products must be enjoyed responsibly. Our conscious is intact"

As the interviews progressed it became evident that many of the respondents had to engage in discussions concerning the company's reputation on a daily basis with various stakeholders that included the media and government. This continuous strain of defending the organisation's reputation led two managers to take a defensive approach in answering the questions posed.

"SAB invests millions of Rands in making people aware of the dangers of abusing alcohol, more than any other alcohol manufacturer in South Africa. Yet we are always the target of the media and certain government bodies wanting to portray us as being evil. SAB exists to make a profit. Our products don't kill people like cigarettes as an example"

The defensive stance continued with discussions pertaining to the economic contribution of SAB to the South African economy. The respondents were of the opinion that the primary and secondary financial contributions of SAB to the country's economy outweighed any negative impacts its products may have on the population.

"SAB has a reputation of being a model corporate citizen. We contribute billions of Rands to the South African economy every year in taxes. We are either the second or third largest tax contributor in the country. The government is fully aware of this yet use every opportunity to paint us in a bad light, especially before an election"

"There are so many businesses dependant on SAB. Farmers, transportation companies, engineering firms and advertising agencies are just some examples. SAB probably spends more than any other company on advertising. We contribute to the revenues of newspapers and magazines, radio stations and television stations. If we did not care about our reputation, all these stakeholders I just mentioned would distance themselves from us"

Several of the respondents suggested research on the overall contribution of SAB to the South African economy. The respondents argued that although the company is continuously blamed for the many evils of alcohol abuse, its exact contribution to the country has never been measured. They claimed that

stakeholders like the government did not fully appreciate the company's role in the economy.

SAB is also the historical birthplace of SABMiller, the second largest brewer of beer in the world, and as such, the need to develop and protect the organisation's reputation goes beyond the borders of South Africa. As market leaders, the reputation of either organisation is affected by the decisions and actions of the other. The respondents were acutely aware of the need to act in an ethical manner at all times as investors and competitors constantly monitored the market for any signs that could affect company performance.

"We are very proud of the fact that SABMiller was born out of South Africa. You cannot give birth to a global giant if you have no integrity in your business dealings or behave in an unethical manner. SABMiller is expanding at an enormous rate and now operates in just about every country in the world. We cannot afford to have any stakeholder see SAB in a negative light as it could have a ripple effect on SABMiller"

When questioned on how reputation relates to financial performance, none of the managers related efforts to maintain and improve the company's reputation to an intentional strategy to improve on financial performance but did not deny the financial advantages of having a good corporate reputation.

"SAB undertakes numerous alcohol awareness campaigns because we are genuinely concerned with the problems related to alcohol abuse. We do this because we want to be seen as a responsible corporate citizen, not because we want to sell more beer"

Another respondent concluded that there was no harm in benefiting from having a good reputation.

"I don't think I can deny the fact that investing in activities that enhance our reputation as a model corporate citizen brings us a certain level of publicity that assists in some way towards the sale of our products. But you must remember that we invest lots of money in these activities. If an increase in sales is a secondary result of doing good, then I say go for it"

A respondent from the Marketing department articulated his response as follows:

"SAB's high sales figures are as a result of excellent market research, brand management and carefully planned marketing campaigns. While I do not believe that SAB's reputation makes a huge contribution to our sales growth, I do think that if the company had to suffer a significant loss in reputation, our sales figures might be slightly impacted"

Many of the respondents made reference to the recent economic crisis and the BP oil spill in 2010. Long discussions were held on how the damage to certain firm's reputations had impacted their financial performance. Some of the responses provided by managers made it clear that SAB was very aware that any damage to its reputation could negatively impact sales, but only for a short term.

"I believe that after BP's oil spill the American public lost a lot of trust in BP and its leadership. The share price of the company suffered a huge drop at the time. But the Americans need oil and if you analyse the share price, you will see a steady recovery trend. It may be a bad comparison, but SAB is similar in a way. Beer has been consumed for hundreds of years and although our reputation is tarnished sometimes, we will always be profitable because South African's love beer"

Manager's in general seemed to adopt a typical corporate stance to the questions being asked. Most were guarded in their responses and took time to consider and articulate their responses to the questions being asked. It was evident that the respondents were very aware that a company that marketed and sold a potentially harmful product will always be at risk of stakeholders questioning its reputation.

In summary, the respondents viewed the organisation's reputation in high standing and had no need to rely on it for sales growth. Interviewees proposed that the products produced by the company will be enjoyed by consumers irrespective of the company's reputation. Any reputation destroying event will only slightly impact sales but the financial trough will be short lived.

- **Strategist responses**

Strategists are employed per product brand at the company i.e. there are strategists for Castle Lager, Carling Black Label, Peroni, etc. The principle task of a strategist is to study market data provided by the business analyst and map out and modify a particular product strategy catering for changing market conditions. Strategists are ideally positioned to answer the questions of the research as they analyse market data and interact with the consumer on a face to face level.

The responses provided by the respondents led to the conclusion that many of the strategists were more concerned with increasing product sales than they were with efforts to maintain and improve the organisation's reputation. The respondents, however, mostly equated an increase in sales to a positive increase in the organisation's reputation. Internal rivalry exists amongst the various beer brands of the company and the respondents develop strategies on a daily basis to improve sales of the brand they are responsible for.

"Consumers love SAB! I was at the 2011 Castle Lite New Year's Eve party in Umhlanga and we had a ball! We handed out free products, t-shirts, caps and we even had a draw for five iPads. The company ensured that everyone had a great time"

In this case the respondent identified the consumers' preference for a particular beer brand, Castle Lite, to the consumers' support for the organisation's reputation. This comment facilitated a long discussion around corporate brand, corporate image and corporate reputation. Further comments made it clear that the company used its brands to influence people's perceptions of its reputation.

"Our Hansa campaigns with Vuyo as the successful entrepreneur helps people, especially young black people, believe that they can make it in the world. Even in my township people always tell me I'm lucky to be working for a company that helps black people succeed. Because of the ad, SAB has a reputation in the township of supporting small businesses and helping people escape the crutches of poverty. My friends always ask me if SAB will help them with their business ideas"

The marketing campaign for Hansa beer centres on Vuyo, a young black man who started a small business but is now a millionaire and is surrounded by attractive women, fast cars, private jets and yachts. The marketing campaigns of SAB are very strategic in nature. A particular beer brand has a particular demographic that it targets. In this case, Hansa is predominantly aimed at young black people. Chapter 5 will explore the relationship between brand reputation and corporate reputation further.

A further example is Castle Lager. This is one of SAB's power brands. It is associated with all the major national sporting teams of South Africa. As such, SAB's reputation as a supporter, both of the country's national teams and the development of sporting talent in the country, is portrayed to consumers.

"The exposure we get from a cricket test match is enormous. The Castle Lager brand is in the media over the entire period of the test match. Stakeholders see that we are the market leader when it comes to supporting our national teams"

Another brand, Carling Black Label, has received numerous global beer awards and is often portrayed in media campaigns as the beer enjoyed by the working man in South Africa. One television commercial shows the beer being consumed by mine workers after a long shift and another shows dock workers enjoying the beer after a hard day's work. The strategist working on the Carling Black label account had this to say:

"Black Label has been around for many years. It is affectionately known as Zamalek in the community. Our strategy for the brand is to pitch it as the beer of choice for the working man in South Africa. It is not aimed at the office worker but rather the man that does physical labour every day. It is also unashamedly marketed as a man's beer. You will notice that there are no women in the ad campaigns. We have a reputation of supporting the man who breaks his back to support his family. Consumers can see SAB as an organisation that is not pretentious but as one that cares about the man in the street"

The respondents also provided insight to how the company worked at enhancing its reputation in the country. Strategists have to regularly formulate plans to counter negative reports of the company in the media. It was apparent

that these plans were most often knee jerk reactions once its reputation was threatened. Due to the high levels of violence against women and children in South Africa, the government recently tabled plans for a complete ban of all alcohol advertising in the country. In response to this a strategist commented as follows:

"We are aware that there are certain government ministers that support the ban on advertising but the majority do not. The ruling party is aware of just how much tax SAB pays and are hesitant to do anything to risk that income stream. We could have done nothing when the talk of the banning of our ads started but instead we chose to supply equipment to a few previously disadvantaged schools and at the same time, screened more commercials on television warning against the dangers of alcohol abuse as opposed to the normal brand ads"

The topic of the banning of alcohol advertising has since subsided. The respondents, however, remain cautious to the many threats facing SAB's reputation currently.

"I believe our three biggest threats to be drunk driving, domestic violence and foetal alcohol syndrome. SAB has displayed its willingness to work with government on these issues many times. We want to be seen as a company that does not hide from its responsibilities but rather works with all stakeholders to address these problems"

The respondents appeared satisfied that the organisation made every effort to maintain a positive reputation, even if these efforts were through the promotion of various brands. However, respondents could not correlate a direct relationship between corporate reputation and financial performance.

"Our reputation of being supportive of black entrepreneurs has clearly helped us achieve record sales figures of Hansa. I would have to say that having a positive reputation definitely helps to increase financial performance"

This comment once again highlights the close relationship between brand loyalty and brand image to corporate reputation. Many of the respondents echoed the comments of one of the interviewees:

"My family thinks I have the best job ever. I get to travel across the country to attend parties and launches. Although we are associated with certain bad things in society I can tell you that every brand within SAB tries to ensure that people enjoy it responsibly"

- **Business analyst responses**

Rich data was gathered from the interviews with the business analysts. Analysts are responsible for studying sales figures, profitability margins, historical trends and prevailing market conditions that include stakeholder perceptions of the brands and company. This information is then passed on to the strategists.

The interviewees provided a mixed response to the perceived reputation of the organisation by various stakeholders. Some were of the opinion that SAB held a strong, positive reputation in South Africa but made it clear that this reputation was constantly in jeopardy of being tarnished whilst others were more forthcoming with the criticism of the organisation.

"SAB's reputation in the marketplace fluctuates from time to time. Some of the factors influencing this fluctuation include the time of year, we have a poorer reputation closer to the holidays, and it improves when say, our cricket side have a major victory"

For the purposes of clarity of research it should be explained that SAB sponsors South Africa's national cricket side. Although business analysts had much less work experience than strategists, it is their close working relationship with the media and key stakeholders that led to some very interesting responses. Research conducted by the respondents showed that a number of media platforms often debated the issues surrounding alcohol abuse in South African societies. In these debates, SAB was frequently mentioned as it is synonymous with alcohol in the marketplace.

“I don’t think SAB can do much more to improve its reputation. There will always be people that like us and those that don’t. Selling beer is what we do, it’s who we are. South African’s have been enjoying beer for years and I know that SAB tries its best to discourage excessive drinking. I like what I do and I’m proud to work for the company. ”

“I believe that SAB has a good reputation in the industry. We are often invited by talk shows to share our views on alcohol abuse in South Africa. We receive these invites because many media houses acknowledge that SAB always tries to provide a balanced view and does not try to hide the facts”

The notion that because the organisation sells alcohol it will never win favour with all stakeholders came across in many of the interviews with the business analysts. One analyst pointed out that what was important was the manner in which SAB engaged with all stakeholders, irrespective of their views concerning the company.

“I really do believe we try hard to talk to everybody that raises a concern about alcohol abuse. When the government started talking about banning alcohol advertising, SAB was the first company to start discussions with the state”

But the respondents’ opinions of SAB’s reputation were not all complementary. Because business analysts constantly monitored all forms of information sources pertaining to SAB like media reports and crime statistics, they very often knew the real impact of the company’s products on the South African population.

“I often wonder if SAB even cares about the damage it causes to people’s lives. My manager believes that we have a good reputation but I don’t. Every year there are hundreds of people that die because of drunk driving. I have many reports where SAB products were found in the car after an accident. But we don’t talk about those incidents. All we do is talk about the ads we flight on television that warn people about drinking too much”

Another analyst had this to say:

"I only graduated in 2009 and because SAB had given me a bursary, I had to come work for them. My religion does not condone alcohol use and my family does not like it that I work for SAB. Once I pay back my bursary I will leave. Not only because of religious reasons but also because I have seen what the abuse of alcohol can do in my community"

Respondents were adamant though, that SAB could not afford to let its reputation slip in any way. There are many competitors entering the South African liquor market and SAB will have to seriously invest in its reputation if it has any desire to continue enjoying the lion's share of the local beer market.

"Our brands have made us the face of beer in South Africa. Whenever there is anything negative relating to alcohol reported in the press, communities associate the incident with SAB. It is important that people trust us to do the right thing"

Although there has been much research done by the analysts towards understanding the threats SAB faces as a business, none of the research was ever focussed on reputational threats. Respondents appreciated the questions posed and confirmed that they would push for it to be placed on the agenda for research by the company.

"It is reports in the media that could most hurt SAB's reputation. Whenever some terrible incident involving alcohol abuse happens it is immediately reported in the press. In the past we did not pay much attention to these reports but with new competitors and politicians looking for blood, we have to make greater efforts ensure our reputation remains solid"

The respondents stated that the behaviour of corporates like SAB is constantly under the spotlight in the media. SAB would not be able to always use CSR activities to take focus away from the harmful effects of alcohol abuse. Statistics monitored by the business analysts' show that drunk driving was on the increase in South Africa. Other issues like under-age drinking and HIV/AIDS was also on the increase. Whilst some of the criticism levelled at the company was undeserved, SAB could not reject the majority unconditionally.

- **Conclusion to Research Question 1**

The majority of the interviewees had varying definitions of corporate reputation that they used as the base to answer the interview questions with. These definitions are shown in Figure 24.



Figure 24: Corporate reputation definitions

The interviewees also had varying opinions on what impact key elements had on corporate reputation and overall financial performance of the company. This is plotted in Figure 25. There were no elements identified by the respondents that had a high financial impact but caused reputational losses.

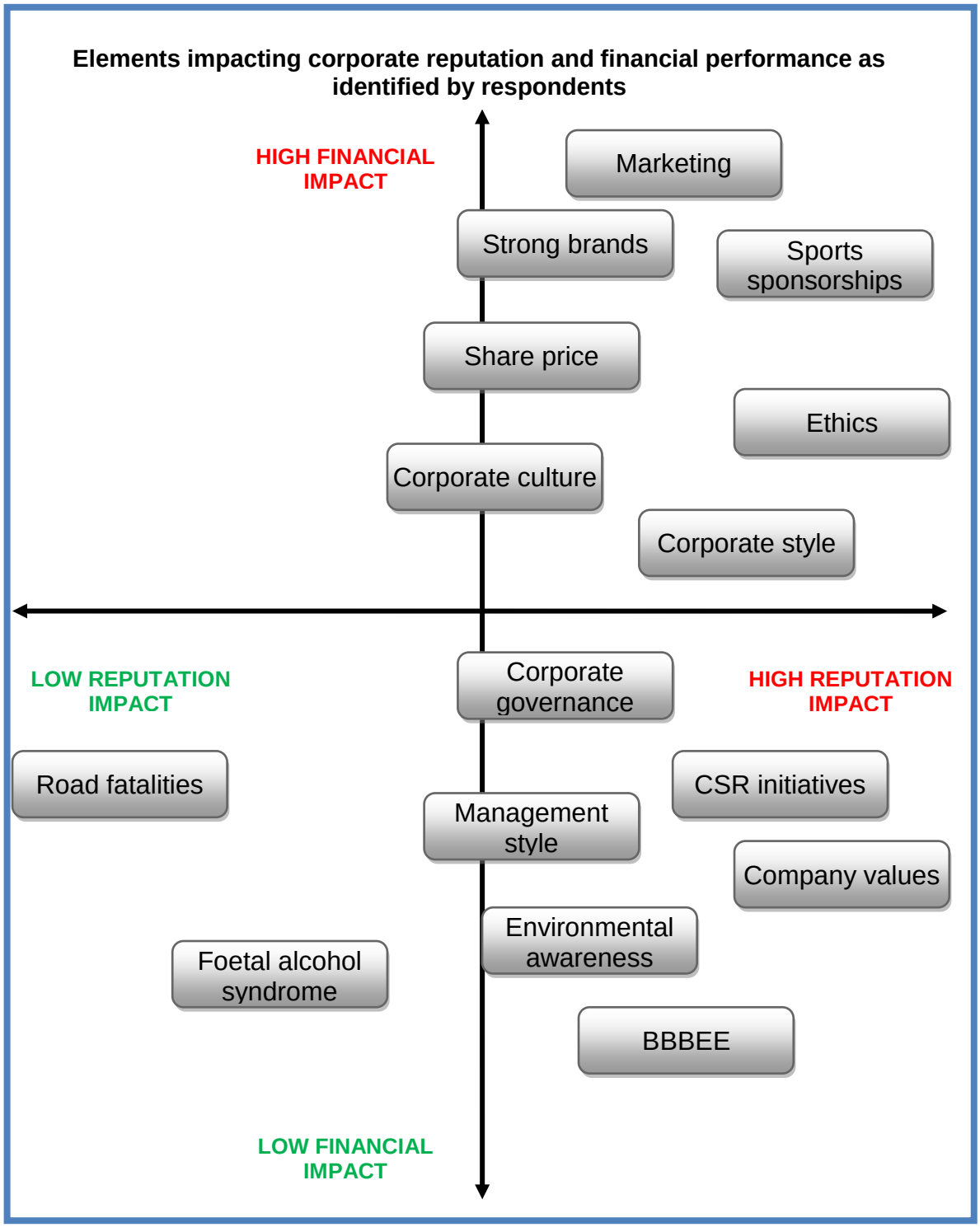


Figure 25: Corporate reputation vs. financial performance

The majority of interviewees discussed corporate conduct in their responses to interview questions. This was implied by the use of terms like corporate culture, ethics and behaviour. The responses are reflected in Figure 26.

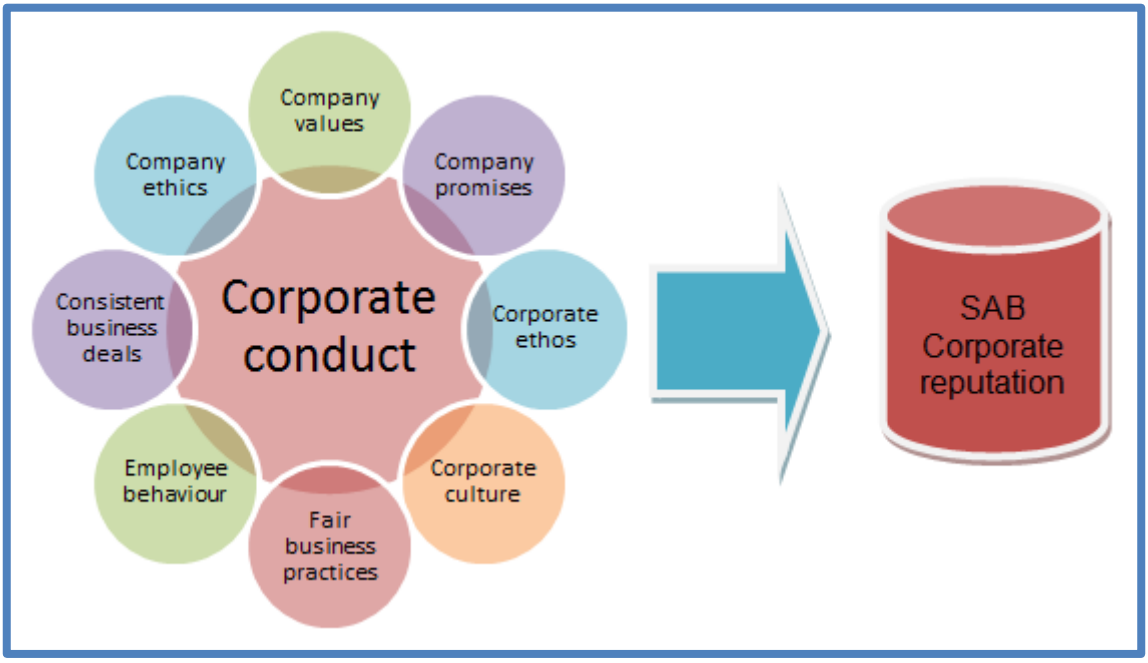


Figure 26: Elements of corporate conduct influencing reputation

"SAB has been in existence for over 100 years. We could choose to ignore what people think of us because we have the lion's share of the market or we could demonstrate that we deserve to be number one by conducting our business in a manner fit of a global leader"

All interviewees agreed that having a positive corporate reputation was beneficial in some form to the organisation. However, varying responses were obtained as to what value corporate reputation added to the bottom line. One strategist put it bluntly:

"South African consumers' choice of beer centres on image and price. They don't particularly care that SAB has a good corporate reputation or has done a 100 corporate initiatives in some poor community"

It was clear that a good corporate reputation provided the organisation with a competitive advantage over rivals. Competitive factors included consumer loyalty, investor confidence, share price growth, staff retention, attracting new

customers and the potential to overcome reputational threatening incidents like alcohol related road deaths.

Analysis of the interview transcripts revealed the number of times a particular factor relating to competitive advantage was mentioned by an interviewee. This is shown in Figure 27.

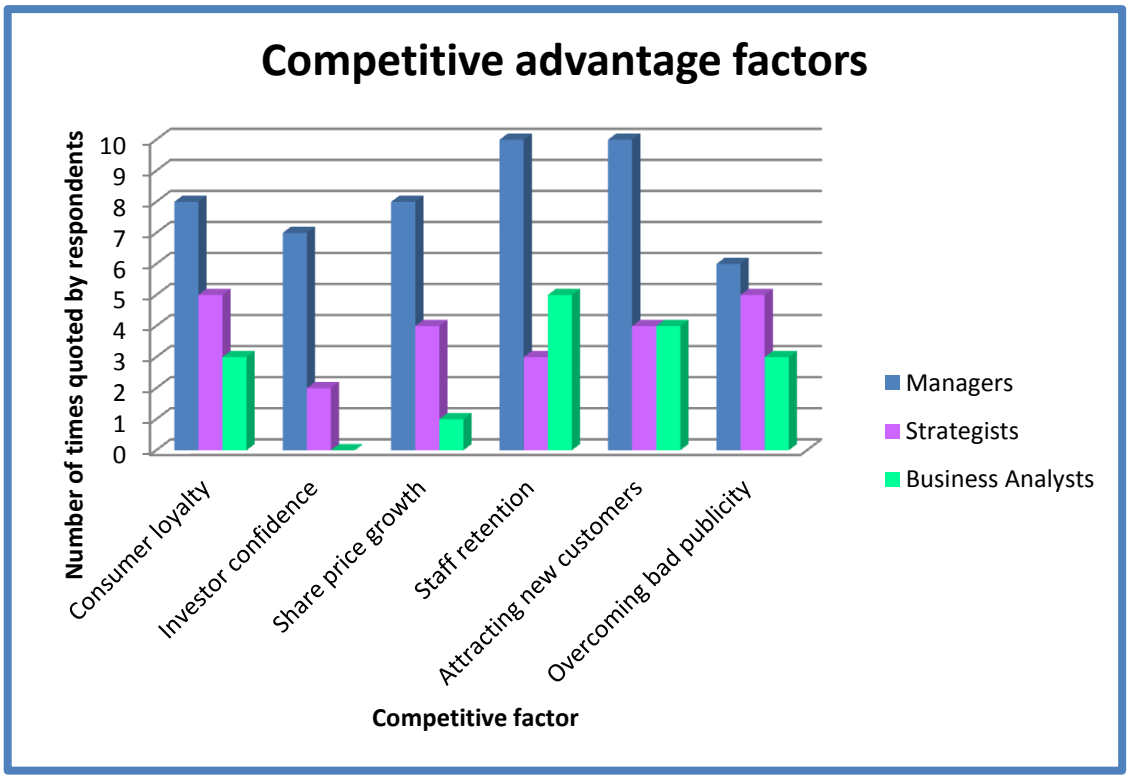


Figure 27: Competitive advantage factors

Corporate reputation is certainly not a new concept to the employees interviewed. Most believe that the organisation has been addressing its reputation in some form or the other as long as they could remember. The fact that the organisation sells a product that could be harmful when abused puts the company at permanent danger of having its reputation tarnished.

Interviewees defended this by listing numerous examples of how the company contributes to social initiatives to counter the negative associations of its products. With more competitors entering the local beer market, the interviewees are in agreement that having a positive corporate reputation will provide the company with competitive advantage it needs to face off stiff competition.

4.4 Results pertaining to Research Question 2

What role does corporate social responsibility (CSR) and stakeholder theory play in developing and maintaining a firm's reputation?

As with the approach followed for Research Question 1, Table 8 lists the words most commonly used during the interviews. These were used to identify a pattern to provide a start to the results for Research Question 2.

Table 8: Common words – Research Question 2

Word	Frequency	Word	Frequency
Adequate	10	Stakeholder	8
Shareholder	12	Community	14
Passionate	5	Customers	11
Suppliers	9	Trust	8
Integrity	15	Feelings	14
Sponsorships	16	Abuse	8
Genuine	9	Government	13
Image	10	Brand	9
Legitimate	7	Promotions	15

Word	Frequency	Word	Frequency
Road accidents	16	Most in industry	14
Relationships	6	Informal settlements	11
Domestic violence	4	Committed	14

- **Corporate social responsibility (CSR)**

SAB undertakes numerous CSR activities every year. As one of the largest corporates in South Africa, the organisation embraces the opportunity to give back to the community (SABLimited, 2011). The company dedicates a significant portion of its annual report to the array of CSR activities that it sponsors.

All interviewees were visibly more comfortable talking about corporate social responsibility (CSR) as compared to corporate reputation. This could be because all of them had been involved in some sort of CSR activity and it was more tangible to talk to than reputation. One respondent was quick to provide this comment as soon as CSR was mentioned:

"Our department won the recent shoe box challenge and it was such a thrill to deliver the boxes to the orphanage. The entire department got involved and the exercise was coordinated by our CSI committee"

The shoe box challenge is a charity event where you fill a shoe box with a pre-defined list of items for an underprivileged child. The company participates in the challenge every year and each year results in more shoe boxes being delivered.

- **Manager responses**

As senior members of the organisation, managers are first consulted by the corporate CSI committee before any communication of an upcoming CSR activity is communicated to staff. Often the purpose of the participation in the CSR activity is discussed with the managers. It is important that the involvement in the activity aligned to the company values and strategy. Managers would also gather suggestions for CSR activities from staff and then liaise with the CSI committee to undertake the activity.

The managers interviewed represented the SAB departments that had the most involvement in CSR activities. The Corporate Affairs, Marketing and Corporate Strategy departments worked closely with one another to ensure that SAB met its responsibilities as a model corporate citizen. The respondents confirmed that information was readily shared between the three departments to ensure that any CSR activity was completed in the best possible manner to benefit all those involved. Figure 28 displays the engagement between the SAB departments, as described by the respondents, when undertaking a CSR activity.

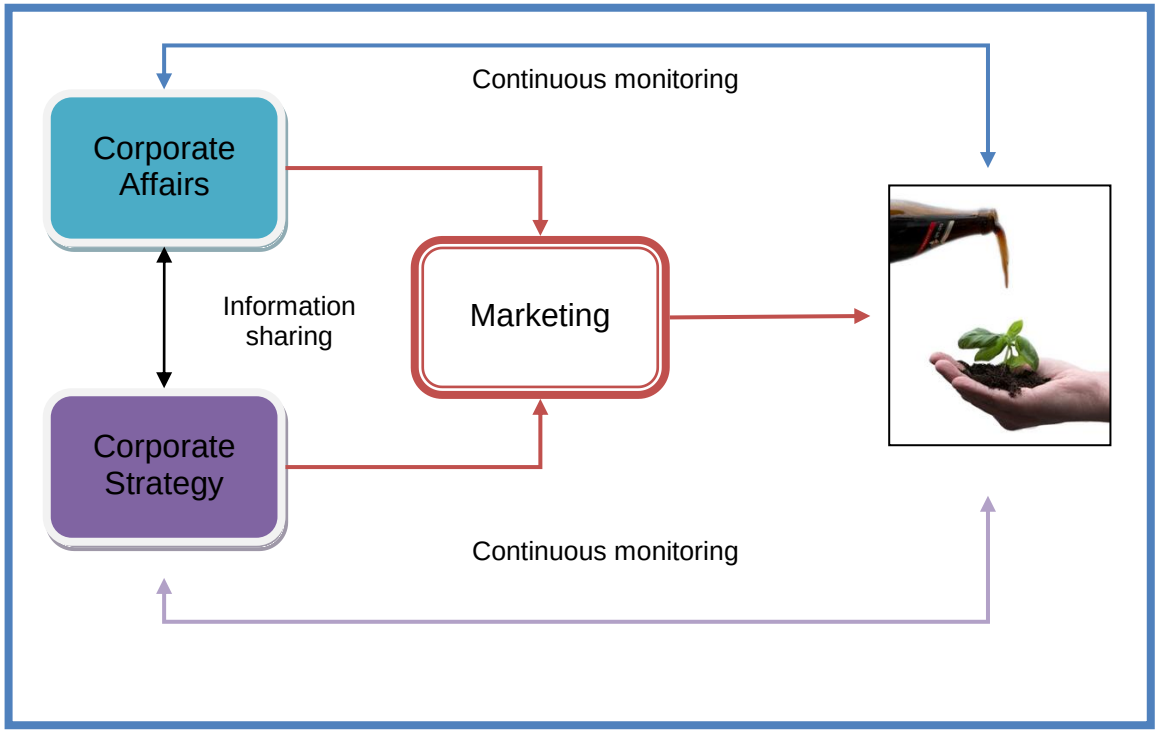


Figure 28: CSR engagement model

One of the key performance indicators for the departments was the involvement in CSR activities. As such, the organisation participated in various activities, more than any competitor.

"Because we are aware of the effects of alcohol abuse we try very hard to educate consumers to the dangers of excessive drinking. If you just drive around Johannesburg you will see numerous SAB billboards warning consumers of these dangers. Do you see another beer manufacturer making such an effort to warn consumers?"

The respondents understood that as the largest alcohol producer in the country, SAB had a responsibility to the public to educate consumers to the dangers of alcohol abuse whilst at the same time ensuring it gave back to the communities that supported the company.

"It is well documented that the Western Cape has the highest incidence of FAS in the world. The Western Cape is also the largest producer of wine in the country. The communities that have high FAS cases typically surround wine producing areas. Although we have no involvement in the wine industry, SAB has invested heavily in helping families that have children with foetal alcohol syndrome and we educate those communities on why mothers should not drink alcohol during their pregnancy"

"It is our responsibility to get involved in all activities relating to alcohol abuse in our country. Even if the issues caused are related to wines, spirits or any form of alcohol that we do not produce, SAB will still do its utmost to assist. We do this for two reasons: one, because we are concerned with the problem of excessive drinking in our communities and two, because we are the largest producer of beer in the country, key stakeholders expect us to take action on any issues related to alcohol abuse"

The managers interviewed explained that SAB took its involvement in CSR activities very seriously and prided itself as a market leader in terms of CSR. However, Figure 28, as described by the respondents, illustrates that every activity was undertaken in liaison with the Marketing department. This could

suggest that the company used its participation in CSR activities to bolster its reputation.

- **Strategist responses**

The strategists interviewed had all been involved in various CSR activities. They explained that SAB made every effort to act on a CSR request from members of the public, stakeholders and staff members. The respondents further confirmed the engagement model illustrated in Figure 28 by explaining that requests for SAB to participate in CSR initiatives was always checked for alignment to the company strategy. This alignment check was taken one step further by comparing the CSR activity to the individual brand strategies. Brand strategies are confidential and the respondents were hesitant to explain further when requested to do so.

"Our department is really passionate about CSR work. There may be an element of self service in certain activities because we often publish our involvement in CSR activities but I can assure you that we really care. SAB is often in the spotlight when alcohol abuse is discussed so it's important that we inform all stakeholders about what CSR work we do"

An interesting observation was that the organisation monitored the CSR activities of its competitors and used these to baseline its own activities against. This further supports the theory in Figure 28 of the company using CSR work to enhance its reputation and assist it to gain a competitive advantage over competitors.

"I can confirm that SAB undertakes more CSR activities than any of our competitors. We know what CSR work our competitors are involved in and all of it is on a much smaller scale than SAB. There are certain markets in South Africa that we are in fierce competition for with our competitors. It does help if the community sees that we do a lot more CSR work in their area as compared to a competitor"

The respondent was more proud of the fact that the organisation participated in more CSR activities than the competitor as compared to being proud of the

actual CSR work itself. The line between what was legitimate CSR work and that undertaken for gloss became blurry when a respondent commented:

"You must understand that we are in a beer war right now in South Africa. SAB is facing stiff competition from brands like Amstel Lager and Windhoek Lager. We need to ensure we use whatever weapons at our disposal to win this war. One of this is to make sure people are aware of the CSR work we do"

- **Business analyst responses**

The business analysts conduct market research on a daily basis on all aspects pertaining to CSR. Respondents monitored what CSR activities competitors undertook, what activities the South African economic climate suggested and what the global market demanded. The respondents explained that although SABMiller had an overarching CSR strategy for the group, the types of CSR programmes needed across the world differed from country to country and it was because of this that SAB Limited's CSR activities were unique as compared to those of SABMiller.

"I believe that we invest more in CSR work than any other competitor in South Africa. CSR is critical to our sustainable business model. SABMiller has a permanent CSR professional in London. I'm not aware of any other competitor having such a manager on its board"

Respondents claimed that based on research undertaken by both SABMiller and SAB Limited, the CSR requirement in South Africa centred on HIV/AIDS programmes, education and poverty reduction. Other markets like Europe were more concerned with energy usage, carbon management and water conservation.

"Our research shows that SAB is dependent on emerging markets for long-term sustainability. That is why we have to focus on CSR work concerned with HIV/AIDS and poverty reduction. These two issues affect our consumers, staff and their families the most"

The organisation has tabled a list of CSR priorities for South Africa. These include HIV/AIDS, poverty reduction, education, water management and energy

usage amongst others. To ensure business unit involvement, key performance measures were put in place to measure the CSR work being done.

"We work on a scale of 1 to 4 as far as our CSR work in concerned. Level 4 is for activities we rate 'most admired'. In our industry, reputation can be lost in an instant. That is why we strive to participate in CSR activities that have a rating of 4"

Several of the respondents included the word "reputation" in their response to the interview questions on CSR. It was evident that CSR work done by the company was closely matched to the need to maintain or improve on the organisation's reputation in the country.

"One of the biggest challenges facing the government today is HIV/AIDS. To commemorate World Aids Day last year, we handed out condoms and red ribbons to every staff member in South Africa. We also provide free voluntary counselling and testing at all SAB offices around the country"

- **CSR in general at SAB**

All interviewees were very proud of the CSR work done by the company. What was interesting to note is that it appeared as if the more senior the employee was in the organisation, the more CSR activities he or she participated in. Figure 29 shows the number of interviewees that assisted in some sort of CSR activity mentioned during the interviews. Participation in these activities was as a company employee and not in a personal capacity.

It was further evident from the statements made by the respondents that the organisation was acutely aware that it was dependant on emerging markets for long-term sustainability. The company therefore strategically chose the CSR activities that were most needed in these emerging markets. A performance measurement was placed against participation in these CSR activities to incentivise employee participation.

The company also actively monitored the CSR activities undertaken by its competitors. Respondents stated that because certain beer markets were at stake, CSR initiatives were used to win favour with the market concerned.

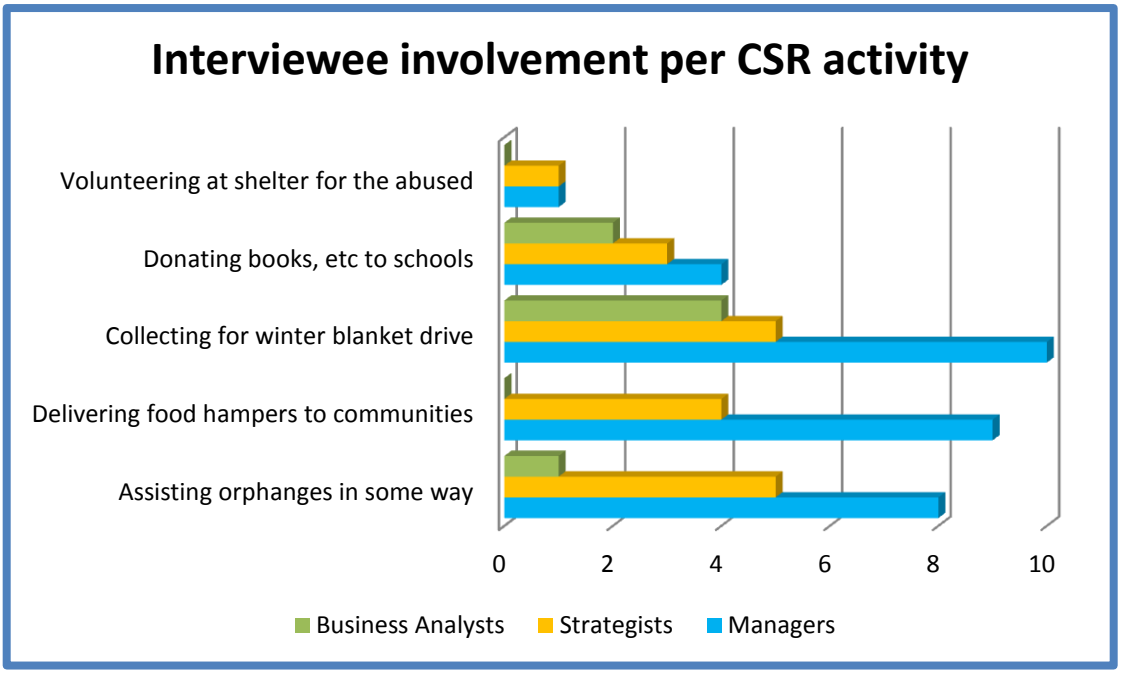


Figure 29: Interviewee participation per CSR activity

"Although I have been involved in only one CSR activity in my two years at the company, I know that we do a lot more. We get regular updates via email and our monthly newsletter lists all the CSR activities that we are involved in"

Further questioning of the interviewees as to the source of their information concerning the company's CSR work provided the following statistic illustrated in Figure 30.

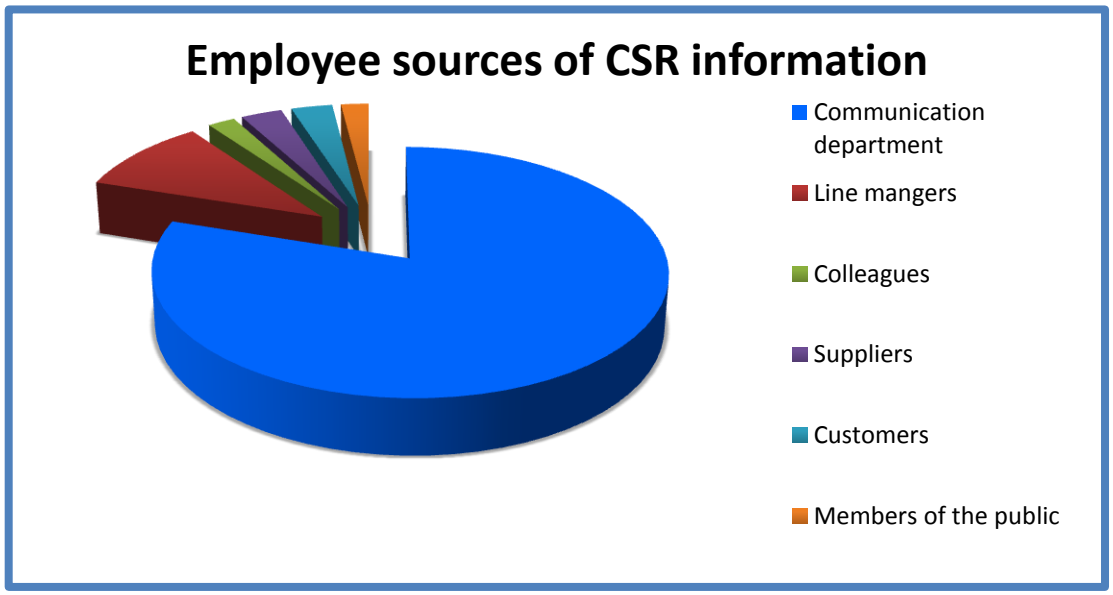


Figure 30: Employee sources of CSR information

Figure 30 will be discussed further in Chapter 5. The employees' chief source of information relating to the CSR activities of the company was the corporate communications department. There appeared to be a conscious drive by the organisation to make employees aware of the various good deeds it undertook. The notion that the organisation was attempting to calm feelings of remorse or guilt within its staff was highlighted by this comment:

"Whenever my family asks me if we are doing enough to combat drunk driving or stop the abuse of women and children by intoxicated perpetrators, I feel more comfortable answering them, knowing that we are involved in numerous CSR initiatives to stop these terrible things from happening"

The interview transcripts reflected a clear inter-play between the concepts of CSR and corporate reputation. Many interviewees equated doing CSR work to having a good corporate reputation. The assumption made by the respondents was that any remarks challenging the organisation's reputation could be rejected or outweighed by the number of CSR initiatives the organisation was involved in.

"SAB has to have one of the best reputations in the country because of all the CSR work we do. In our last newsletter, it was reported that we have started the Kickstart programme to help young black entrepreneurs, funded an AIDS orphanage in Tembisa with books, computer equipment and a minibus and we are helping previously disadvantaged farmers in the Western Cape grow hops. This probably explains why we need an entire department focussed on CSR work. The government, communities and shareholders all expect us to give back in some way and we are happy to do so"

SAB strives to ensure that it portrays an image of trust to all its stakeholders. It cannot be disputed that all the CSR activities undertaken by the organisation provided valuable, much needed assistance to deserving communities and individuals. However, there were many comments that led to the legitimacy of the initiatives being questioned.

"Even though we sell beer that can cause harm when abused, surely all the CSR work we do makes up for that?"

- **Stakeholder theory**

Questions concerning stakeholder theory proved the most challenging for all respondents. None of the employees interviewed were familiar with the concept of stakeholder theory. Although all respondents had opinions on which groups constituted SAB stakeholders, they were at strain to explain how the word "theory" fitted into the discussion.

"I'm assuming that stakeholder theory involves the study of stakeholders' key to an organisation. If it is that, I'm not sure why it would be critical to SAB. We currently know who our stakeholders are and work with them to ensure our reputation remains credible in South Africa"

Although the above comment most closely aligns to the literary definition of stakeholder theory, the respondent's questioning of its relevance to the organisation is key to the discussion at hand.

"I believe stakeholder theory to be giving your shareholders what they expect from you. As an example, they expect to get a dividend from the company every year and want the leadership of SAB to execute business decisions to grow the organisation whilst behaving in an ethical manner"

The above comment reflects the opinion of most interviewees who proposed that shareholders are the most important stakeholder of the company. The respondents were prompted to cast the net wider to identify potential stakeholders to SAB other than just the shareholders and also to use their answers to the CSR questions as clues to identify other stakeholders. The additional stakeholders identified by the respondents are shown in Figure 31.

Following the prompting, managers almost predictably listed shareholders, customers and suppliers as being the most relevant stakeholders to SAB. Figure 31 also reflects the pattern of stakeholder identification per respondent group. On conclusion of the interview other potential stakeholders not identified by any of the respondents was discussed. This led to lengthy debates as to why the stakeholders not mentioned by the respondents should be seen as being critical to SAB from a reputation perspective.

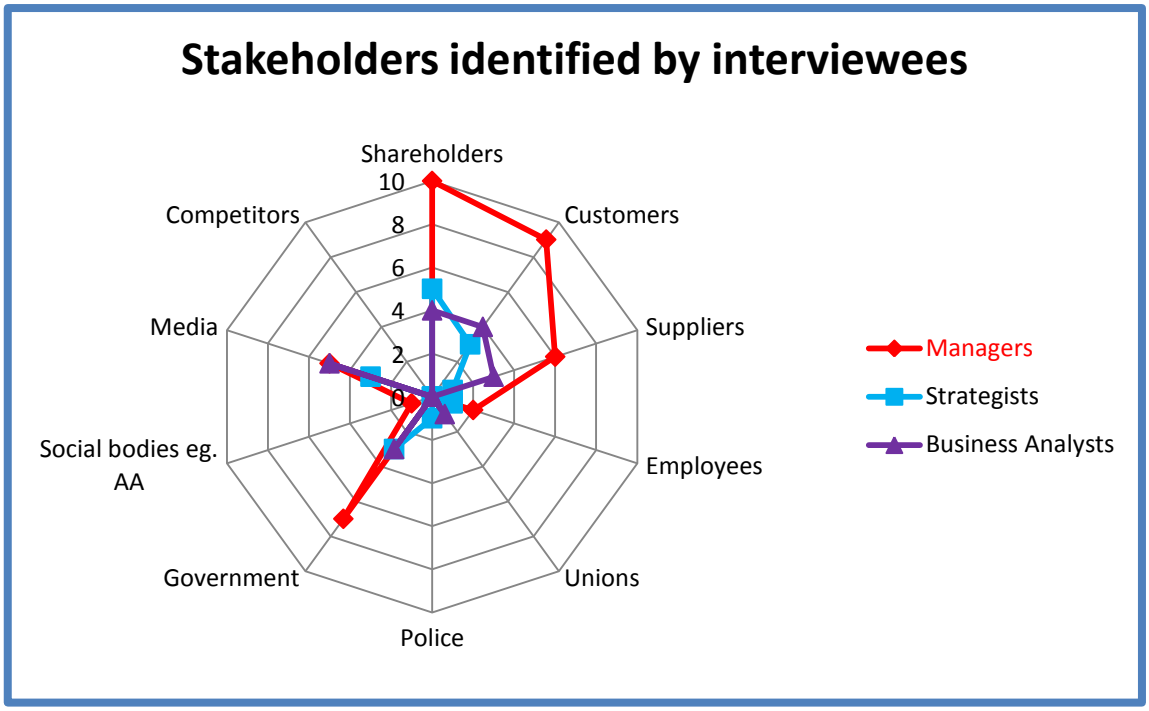


Figure 31: Stakeholders identified by interviewees

The most identified stakeholder was the shareholder. Very few interviewees listed the SAB labour unions, South African police service, social bodies like Alcoholics Anonymous or even other competitors as stakeholders to SAB. This prompted the listing of all potential stakeholders to SAB and ranking of the stakeholder by way of importance to the company. There was much hesitation by the respondents but a ranking scale was eventually produced. Figure 32 shows this ranking scale.

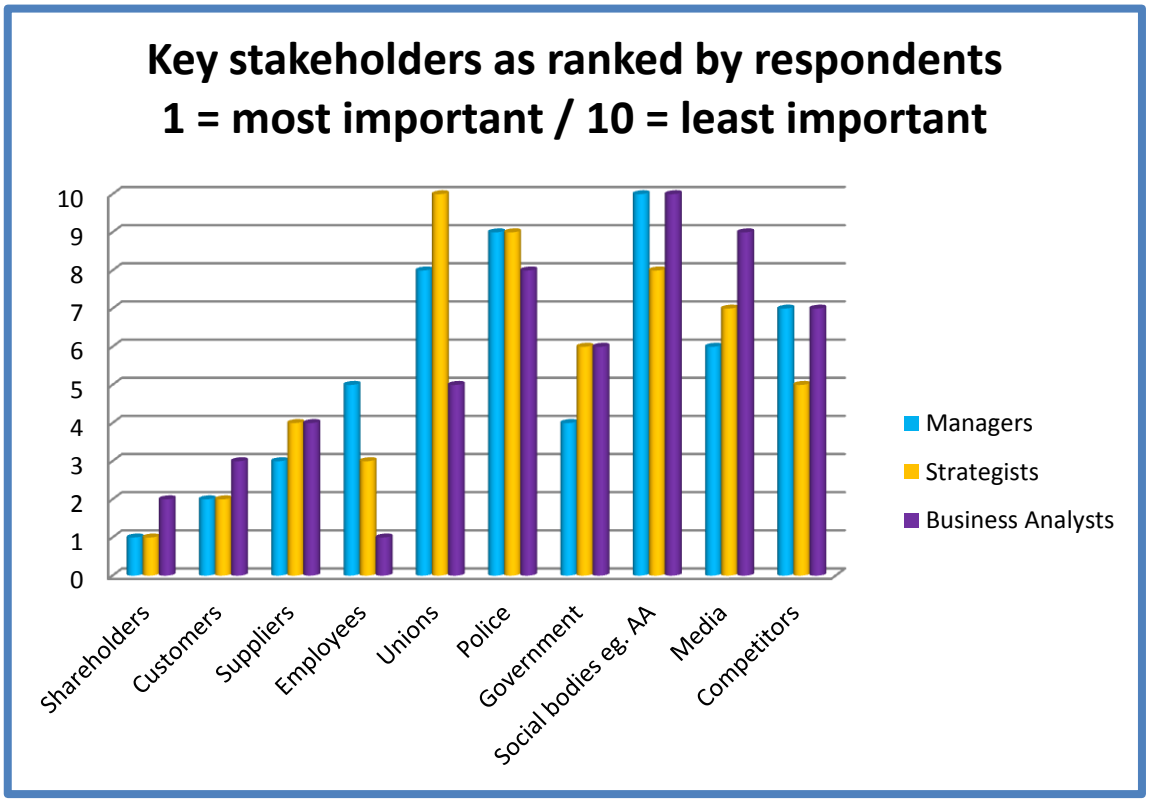
"Why would I view my competitor as a stakeholder? He runs his business and I run mine. I wouldn't share my way of doing business with him so surely seeing a competitor as a stakeholder can't be right?"

An interesting observation from the stakeholder identification exercise was that it produced an unexpected, defensive response from a manager interviewed. The respondent would not concede that certain key stakeholders had any value-adding influence to SAB's business operations.

"If I acknowledge that Alcoholics Anonymous, the police and to some degree, the media are stakeholders then I'm admitting that beer causes problems in society, and I can't do that. Organisations like the AA live outside of SAB and

exist to help people that could have a drinking problem because they consume non SAB products. The same argument could be said of the police. If someone is caught drinking and driving, it does not imply that the person was consuming an SAB product. As I explained when we discussed the CSR work we do, SAB prides itself in the number of initiatives it runs to make people aware of the dangers of excessive drinking. We do everything possible to prevent the situation from happening. Once it's happened, it has no direct impact on us"

The respondent concerned went further to make the analogy of a motor vehicle accident and the motor manufacturer. As explained by the respondent, the manufacturer does everything to ensure that the car is safe for use but once an accident takes place because of driver negligence, the manufacturer does not get involved with the police or towing service.



Key: (1 = most important and 10 = least important)

Figure 32: Key stakeholders to SAB as ranked by respondents

"You must remember that the importance of a stakeholder to an organisation is dependent on the opinion of the person doing the ranking. Different SAB

departments will have differing views on who constitutes key stakeholders. To me, our shareholders are most important, followed by our customers. Reputation is how willing our shareholders are to invest in SAB and how eager the consumer is to buy our beer"

- **Conclusion to Research Question 2**

The bulk of the interview time with each employee was around the questions relating to corporate social responsibility and stakeholder theory. Whilst the interviewees found it easy to talk about CSR, they had varying levels of difficulty in defining or explaining stakeholder theory. The organisation tries to involve its employees in CSR activities as shown in Figure 29. Most of the respondents were very proud of the CSR work done by the company but admitted that the bulk of what they knew came from the company's internal communications department. This could have an influence on the opinions of employees and is explored further in Chapter 5.

The discussion around stakeholder theory drew mixed responses from the interviewees. Most related a shareholder to being the most important stakeholder. It was only after a bit of prompting that interviewees acknowledged the other potential stakeholders to the business and ranked them by way of importance to the organisation. Figure 31 shows a clear concentration of this importance around shareholders, customers and suppliers.

4.5 Summary of the results

Many of the responses obtained from the employees interviewed can be attributed to their age, years of work experience and position within the company. Managers showed the highest level of insightfulness to the questions being asked. Business analysts mostly used information obtained from within the organisation to answer the questions. Strategists provided an insightful mix of answers to the questions and were understandably very cautious with their answers given.

There were a number of definitions obtained for corporate reputation. Most of the interviewees agreed that when an organisation manufactures and sells

alcohol, its reputation will always be questioned. This is especially true around the holiday periods in South Africa. Although SAB launches massive anti-drinking and driving campaigns before every holiday period, there are still hundreds that are killed on South Africa's roads because of drunk drivers.

Interviewees were of the opinion that the company had a positive reputation in the country despite the numerous social ills associated with alcohol abuse. This was attributed to the many years that SAB has been part of South African society and because the company sponsored many of the nation's sporting teams. South African's are loyal to home grown companies and the population by large is sport crazy.

An interesting observation was that many interviewees were not convinced that the company would suffer from poor financial performance should its reputation be tarnished in some way. South Africa's annual road fatality toll attributed to drunken driving was used as an example by one employee. Every year the organisation's reputation is negatively impacted by these deaths. Law enforcement officials, politicians, and social activist bodies place the blame for these deaths on the doorstep of alcohol producers like SAB. But the organisation continues to be highly profitable and remains so after over 100 years in existence.

The interviewees were very proud of the CSR activities undertaken by the company. All had been involved in some type of CSR activity as an employee of the company. It seemed that the managers attempted to defend the business of selling alcohol with the numerous CSR initiatives of the company. The national television and radio campaign warning against the dangers of drinking and driving was an example of such. Interviewees concluded that if the company did not care, it would not spend millions of Rands on an awareness campaign warning consumers against the dangers of alcohol abuse.

Discussing stakeholder theory proved to be very insightful. It was clear that the majority of the employees saw the shareholder as the most important stakeholder. It was only after some deliberation that some saw it fit to include parties like labour unions and the government as stakeholders. This will be discussed further in Chapter 5. Certain managers displayed a level of arrogance

by refusing to acknowledge certain stakeholder groups as being critical to the decision making process of the company. This gave the impression that because SAB contributed to CSR activities it held itself blameless for the many social ills of alcohol abuse.

CHAPTER 5: DISCUSSION OF THE RESULTS

5.1 Introduction

In this chapter the research questions listed in Chapter 2 are discussed by comparing and contrasting the results of the interviews held with employees in Chapter 4 with the studies of academia summarised in Chapter 2. The intention is to show how in tune a modern day corporate, like the South African Breweries, is to factors shaping and influencing global business.

For ease of reference, the research questions listed in Chapter 2 are shown again.

Research question 1

What does corporate reputation mean to South African companies like SAB and how can it influence their bottom line?

Research question 2

What role does corporate social responsibility (CSR) and stakeholder theory play in developing and maintaining a firm's reputation?

5.2 Demographic profile of respondents

There were no changes to the sample demographic during the course of the research. Employees initially approached for the study confirmed their attendance of the interview and there were no cancellations or changes to the interview date or time. The demographic listed in Chapter 3 comprised of 20 interviewees in total, with 10 being managers, 5 strategists and 5 business analysts.

The sample was carefully selected based on age, gender and years of experience in the company. This is because the research questions covered complex social concepts and called for a sample demographic that had a wide

range of both work and life experience. This proved true in the answers received during interviews that ranged from superficial, face value responses to detailed, academic style discussions.

Sampling a broad cross section of an organisation's population is also a good way to ensure that the results of the study are reflective of the population and not skewed in any way (Smith and Davies, 2009; Turner III, 2010; Rogers and Goodrick, 2011).

5.3 Discussion pertaining to Research Question 1

Gaines-Ross (2008) writes that the Bush administration's handling of the Hurricane Katrina catastrophe in 2005 was one of the key factors that ultimately led to the demise of the administration. Although the American population rallied around the administration after the September 11, 2011 terrorist attacks, those very same supporters voted against the Bush administration following Hurricane Katrina, demonstrating just how irreparably damaged the administration's reputation had become. People around the world are becoming increasingly conscious of the actions of governments and corporates and are demanding change from those with poor reputations. Long term sustainability is no longer guaranteed for those organisations with poor reputations (Jin and Yeo, 2011).

Following on from the recent corporate scandals like Enron, Lehman Brothers and the BP oil spill in 2010, corporate reputation is one of the most talked of subjects in global business circles (Burke et al., 2011; Edelman, 2011). These incidents have moved the study of corporate reputation from the circles of academia to a standing board agenda item at most corporates today. If the theories of Gaines-Ross (2008) is to be believed, it would appear that the survival of a corporate into the future is dependent on the organisation having a strong positive reputation.

Reputation loss can strike any corporate today. Organisations like SAB that sell potentially harmful products, are probably more at risk of sudden reputation loss than others. Any tragedy reported in the media relating to alcohol abuse could lead to a serious plunge of SAB's corporate reputation. Gaines-Ross (2008)

suggests that even if a company had built up a strong positive reputation, a single negative incident could lead to a total collapse in time. This is why having a solid reputation is critical to SAB. It is as if SAB's stakeholders have given the company a licence to continue to operate and grow in South Africa.

Besides being critical for long term survival, the King III report has for the first time, placed corporate reputation as a board level discussion item (Barnett et al., 2006; Balmer, 2010; pwc, 2011). The report places emphasis on the interdependency between business, its responsibilities to stakeholders and the opinions of all stakeholders (McGregor, 2011). As a South African company, SAB aligns itself to the report and the proposal that a company must focus on being sustainable rather than maximising profits for its own sake. The King II report discussed the importance of corporate citizenship and long term sustainability whilst advocating the triple bottom line accounting principle; reporting on economic, financial and socio environmental factors. King III builds on this by focussing on sustainability. The directors at SAB perform their duties in accordance to the King III report (SABLimited, 2011). SAB must understand that the economic value of a company can no longer be based on the balance sheet alone.

- **The importance of corporate reputation to SAB**

The literature reviewed concluded in the identification of three key reasons why having a positive corporate reputation is critical to SAB. This is shown in Figure 33. If the organisation can build and maintain a positive reputation, SAB will take significant steps towards the long term sustainability of its business operations in South Africa. A strong reputation will also provide the company with a competitive advantage against its rivals in the fight for a share of the South African consumer's disposable income. Lastly, compliance to the King III report will display its commitment to being a model corporate citizen, which in itself will lead to greater levels of sustainability and provide further competitive advantage.

The face of global business is changing to recognise the importance of this intangible asset called corporate reputation (Boyd et al., 2010). The various literatures reviewed emphasised that no corporate in any country today is

guaranteed of long term survival and sustainability unless it acknowledges the importance of reputation to its business strategy model. Research question one was framed to test this hypothesis put forward by academia. The global energy giant, BP, believes in this hypothesis by stating that it has only two business goals for the future; one of which is to restore the trust of the global community following the 2010 Gulf of Mexico oil spill thereby beginning the process of rebuilding its reputation as a responsible corporate citizen (BP, 2012).

The importance of reputation to the long term sustainability of an organisation was subsequently tested in terms of the qualitative data gathered from the interview sessions with employees of SAB. The qualitative data provided valuable insight to the interviewees understanding of corporate reputation and its importance to the company. Clear themes around corporate conduct and stakeholder perceptions could be formulated from the qualitative data gathered.

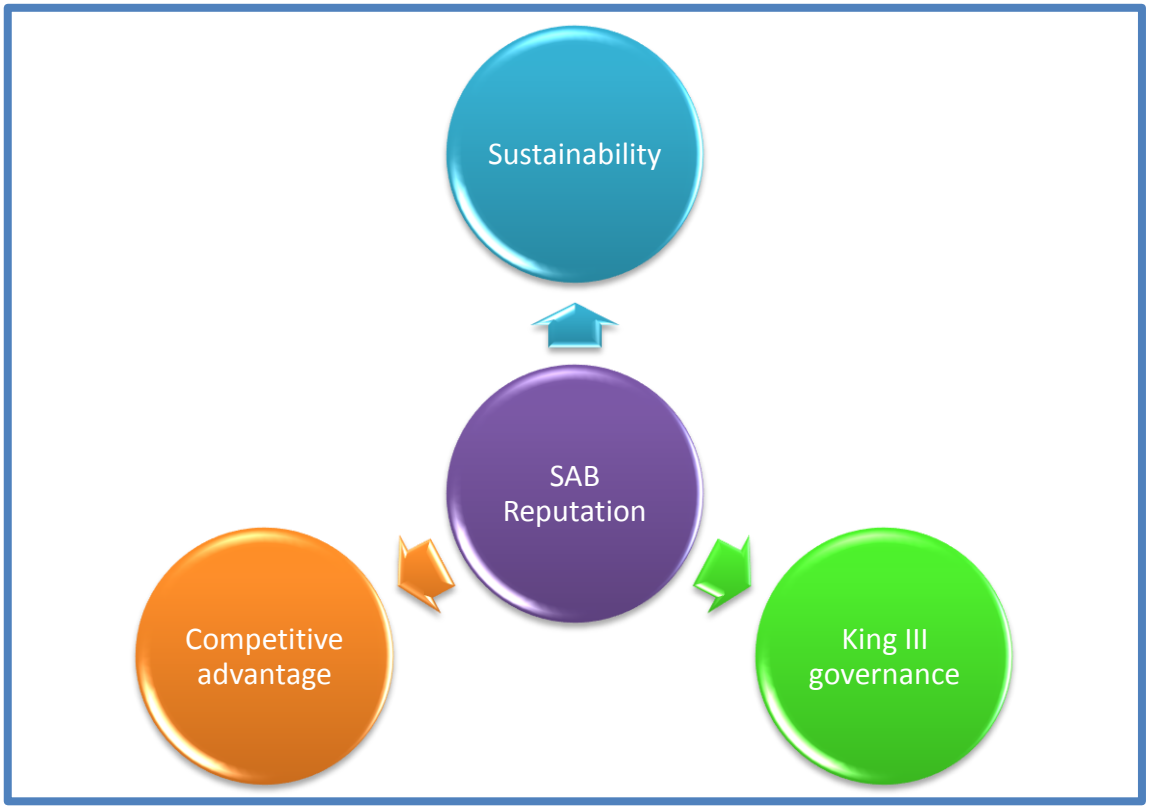


Figure 33: The importance of corporate reputation to SAB

Taghian *et al.,* (2011) conclude that achieving successful business outcomes requires an organisation to take advantage of market opportunities. By understanding the realities of the dominant business conditions that the

company operates in and by responding accordingly the organisation builds credibility in the eyes of its stakeholders. This credibility relates to a positive market reputation. The respondents were aware that SAB operates in a market that will always attract criticism from certain stakeholders due to the nature of the product it sells.

"I don't think SAB can do much more to improve its reputation. There will always be people that like us and those that don't. Selling beer is what we do, it's who we are"

In support of the theories of Taghian *et al.,* (2011) the respondents confirmed that the company understood that investing in certain activities leads to long term sustainability. The company also undertakes strategic CSR initiatives to maximise the value-add to its reputation.

"I don't think I can deny the fact that investing in activities that enhance our reputation as a model corporate citizen brings us a certain level of publicity that assists in some way towards the sale of our products."

With reference to the use of corporate reputation to deliver long term sustainability it is evident that the actions of SAB align to the teachings of academia. SAB is acutely aware that the way society operated when the company was established over a hundred years ago is vastly different to that of today. Although the enjoyment of beer as a social drink has not faltered over the years, its associated ills as a result of abuse of the product is now more widely understood and reported on. In the early days of SAB issues like drunk driving, domestic violence and foetal alcohol syndrome were either not applicable or not reported on. There was no reporting because the issue on hand was either an accepted practice within society or there was no medium to report with.

As society has evolved, those accepted misdeeds of the past relating to alcohol abuse are no longer considered societal norm. Furthermore, the technology era has made it impossible for corporates to hide their dirty laundry. If a drunk husband beats his wife in South Africa it can be captured on a cellular phone and be broadcast across the internet, reaching millions of people within

minutes. For SAB, its sustainability into the next 100 years is now more than ever dependent on it having a positive corporate reputation.

A key point made by respondents was that although SAB undertook many activities to promote and build its reputation, its reputation was still largely determined by the perceptions of the many stakeholders the company has. This was reflective of the work of Burke *et al.,* (2011) who stated that although the actions of an organisation ultimately determine its reputation, it's the perceptions of its stakeholders that sometimes matter the most. Reputation can thus be characterised as the perceived evaluation of the firm as compared to its competitors evaluation on key dimensions that resonate with stakeholders (Taghian et al., 2011).

The notion that its reputation is determined by the perceptions of its stakeholders should be seen by SAB as a risk in the highest category. As previously stated, the potential list of stakeholders to SAB could be infinite. It would be unwise for SAB to dismiss the perceptions of certain stakeholder groups as these perceptions are a reality and have the potential to negatively impact the reputation of the organisation. In response to questions on stakeholder theory the majority of the employees interviewed considered shareholders and customers to be the only stakeholders the company had. This has the potential to seriously flaw the organisation's view on how its reputation is perceived to be.

Although shareholder activism is becoming popular, shareholder views can still be influenced by the dividends paid out by SAB. Figure 34 reflects the earnings per share and dividend paid out by SABMiller. An attractive return on investment could be equated to an organisation of high reputational standings. Furthermore, customers' views are influenced by the various marketing campaigns of the company. All of the beer brands produced by SAB have very strong marketing campaigns associated with them. These campaigns often show a high quality of life as an associated by-product of the beer being consumed. This, together with the brand association to national sporting teams easily leads one to believe that the company producing the beer is very reputable. A third dimension is the perception SAB's employees towards the

company's reputation. The respondents to this study were very satisfied with the reputation of SAB.

An organisation's reputation is influenced by the perceptions of all its stakeholders (Jensen, 2010). SAB could be lulled into a false sense of security if it chooses to focus on the views of shareholders, customers and employees only when analysing its corporate reputation.

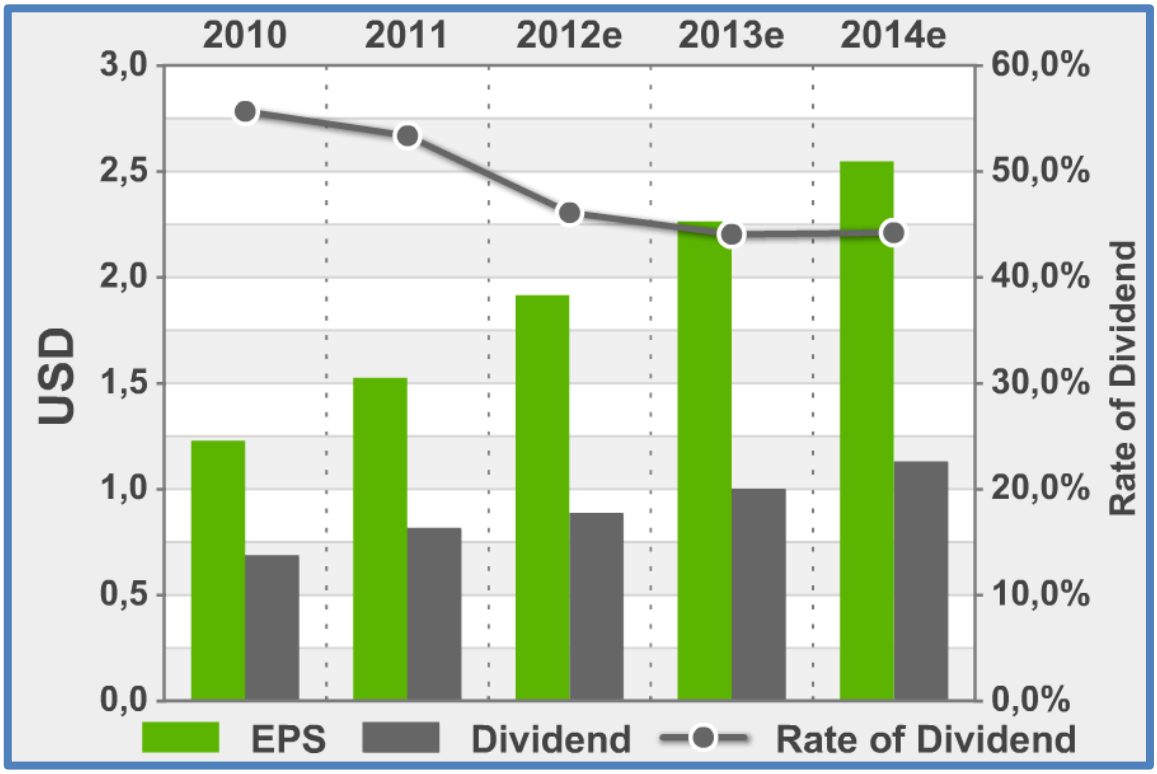


Figure 34: Dividend payment trend for SABMiller (4-traders, 2012)

The employees interviewed generally commented that the company's reputation was mostly influenced by its financial performance, and this is how internal and external shareholders judged the company. Identifying mostly with financial performance as the source of corporate reputation was contradictory to the findings of Bonini *et al.,* (2009) and Harris (2011) who listed financial performance as only one factor amongst a list of several others that included the company's products and services, workplace environment, vision and leadership. Harris (2011) reports that a holistic understanding of all factors influencing corporate reputation is required if an organisation is to enjoy long term sustainability and competitive advantage.

It could be argued that SAB will always enjoy superior financial performance by virtue of the nature of the product it sells. After all, beer has been consumed for thousands of years and is a firm favourite of the South African population. However, ignoring the other factors like workplace environment and vision and leadership could lead to SAB experiencing a drop in its reputation levels in the years to come. The modern day corporate is measured not only on financial terms but by how it engages with the society it exists within. This is further emphasised by the King III focus on the triple bottom-line accounting approach.

Surprisingly, none of the employees interviewed mentioned vision and leadership in their responses to the questions posed. A plausible explanation could be that by virtue of the fact that the company is one of the most successful beer manufacturers in the world, the quality of its business vision and leadership provided by its directors is implied. SAB would be wise to learn from the experiences of BP. Following one catastrophic reputation destroying event, the Gulf of Mexico oil spill in 2010 and its subsequent handling of the disaster, the leadership at BP suffered a total loss of all trust placed in it by stakeholders (Balmer, 2010). The leadership of SAB must constantly work to demonstrate to all stakeholders that the organisation exists not only for self-profiteering but to play a pivotal role in the development and upliftment of the communities it operates within.

One of the findings pertaining to corporate reputation, as referenced in the academic literature, is that organisations either see corporate reputation as an asset that added tangible value to the organisation or as some concept that was a result of the way the organisation was viewed by people around it (Barnett et al., 2006; Boyd et al., 2010; Bartikowski and Walsh, 2011). The views expressed by the interviewees, whilst unintentionally subtly suggesting that corporate reputation was an intangible asset to the company, were mostly concerned with the way various stakeholders viewed the company. This supported the research done by Barnett (2006). However, forward thinking companies are the ones that view corporate reputation as a key strategic asset that will deliver a competitive advantage over rivals and ensure long term survival and profitability (Harris, 2011; Helm, 2011; Jensen et al., 2011). It could be that because SAB has been in existence for so long and has always enjoyed

the lion's share of the South African beer market, its employees have been lulled into thinking that the organisation's reputation is something that stakeholders assess the company by and not something it must work hard at developing to ensure long term profitability and survival. SAB will have to embrace the notion that a strong positive corporate reputation is invaluable to future success.

It was Jensen and Sandström (2011) who stated that sometimes when an organisation has a very strong brand it is quickly forgiven for any transgressions to its reputation. This does seem to justify the views of the respondents in that most were of the opinion that SAB is simply too strong a company to ever have to worry about either damage to its reputation, or suffer financial losses as a result of reputational infringements. This interplay between brand reputation and corporate reputation could be a source of great pain for SAB in the future. In a study conducted by public relations company, Weber Shandwick in November 2011, a survey of customers and executives across the United Kingdom, USA, China and Brazil showed that the majority of respondents chose to look beyond the brand and focussed their trust in the reputation of the corporate itself (Shandwick, 2011). This is illustrated in Figure 35.



Figure 35: Weber Shandwick survey (Shandwick, 2011)

SAB must understand that corporate reputation and brand reputation are now nearly indivisible. The survey conducted by Weber Shandwick (2011) concludes that a firm's reputation is now unified with the reputation of product brands to create an enterprise brand. In time, SAB's consumers will demand that their money is spent on beer that is produced by a company that shares their values. They are not afraid to practice consumer activism and turn their backs on companies that have poor reputations.

Another interplay of terms used by the respondents was between corporate identity, corporate image and corporate reputation. This was not as described in the work of Abratt (1989) and Barnett *et al.,* (2006) who defined these elements as individual, unique factors impacting an organisation. The respondents could be excused as the literature confirms that these are terms often incorrectly used in place of the other (Fombrun, 2008; Bonini et al., 2009). Camara (2011) explains that the concepts of identity and image are traditionally associated with organisational culture, behaviour and marketing. This could explain the employee responses as SAB is by large, a marketing orientated company. Figure 9 shows that identity and image are key building blocks for successful corporate reputation. By focussing on just corporate identity and image the employees of SAB could falsely conclude that the reputation of the company was positive as it was equated to a strong corporate image.

Furthermore, the respondents clearly displayed the attitude of the study done by Haywood (2005) who showed that if the price, quality and convenience of a product was right, there was no need to bother with anything else. Several interviewees cited the numerous awards received by the beer brands in the SAB stable as reason enough that consumers will never stray from any SAB product. These awards proved that SAB produced beer that was amongst the best in the world. Together with this high quality of beer, the majority of SAB's beers cost less than the average competitor beer. The company also made regular deliveries to shebeens within South Africa's informal settlements ensuring that the consumer did not have to travel far to purchase beer.

Of concern to SAB should be that the respondents did not acknowledge any of the cautionary notes highlighted by Helm and Klode (2011) in that the modern

day consumer is well versed in a range of issues as a result of the ease of access to information via the internet and mobile technology. Although the price of beer is still key to the South African consumer, the technology era has empowered consumers to consider other factors like community involvement, CSR, advertising and media reports when making their choice of beer. A certain level of arrogance was shown by certain respondents, some who claimed that even if alcohol advertising was banned, the company would continue to be profitable because its brands and reputation in South Africa were so strong. If SAB continues to underestimate the economic awareness of the average South African consumer the company could experience further market share reduction in the years to come.

- **Conclusion to Research Question 1**

None of the respondents echoed the work of Brown *et al.,* (2010) who advocated that reputation was arguably the single most valuable asset a company can possess. The loss of reputation has seen the demise of elected governments as in the case of the Bush administration following its handling of the Hurricane Katrina tragedy, the loss of all trust in the banking sector following the 2009 world economic crisis and the collapse of corporate share prices as in the case of BP following the Gulf of Mexico oil spill in 2010.

Jin and Yeo (2011) wrote that having a positive corporate reputation is a requirement for long term sustainability and a proviso for competitive advantage. In South Africa the King III report encourages companies to practice good governance by focussing on the triple bottom-line accounting principle by reporting on financial, economic and sustainability performance. SAB must understand that investing in its reputation will provide the organisation with the three success factors for South African corporates as illustrated in Figure 33; long term sustainability in a market becoming increasingly aware of the associated ills of alcohol abuse, the competitive edge over new entrants to the South African liquor industry and adherence to corporate governance thereby displaying to all stakeholders its commitment to being a model corporate citizen.

Respondents did state that because SAB was in the business of manufacturing and selling alcohol, it will always have its reputation questioned by certain

stakeholders. The best that SAB can do is to ensure that its actions are always morally justifiable and demonstrate its willingness to discuss the concerns of those stakeholders questioning its reputation.

Brand reputation, corporate image and corporate identity were all used as substitutes for corporate reputation by the employees interviewed. The misnomer that any one of these concepts equates to corporate reputation could be at the detriment to SAB in the years to come. As a primarily marketing orientated company, SAB has very powerful beer brands and uses various advertising mediums in the media to bolster its image. This could give the organisation a false sense of security as far as its reputation is concerned.



Figure 36: SABMiller share price 2008-2012 (Times, 2012)

Although Reuber and Fischer (2010) suggest than any loss to corporate reputation has the potential to lead to huge financial losses for the company concerned, respondents to this research suggested that SAB was in no danger of having any damage done to its reputation and therefore had no need to be concerned with any drop in profit margins. It is possible that the respondents have a case to talk to. Figure 36 shows the share price of SABMiller from 2008 to 2012. The graph shows a rising trend in the share price of the organisation from 2008 to 2012. If the company had suffered any losses to its reputation in

the above period, it is clearly not reflective in its share price. Figure 36 is perhaps a fitting answer to Research Question 1 – reputation is not seen as a key strategic asset to SAB as it has no influence on the bottom line.

5.4 Discussion pertaining to Research Question 2

Corporate social responsibility was discussed in much detail during the course of the interviews. Following the discussions pertaining to corporate reputation, CSR proved to be a more tangible subject that the respondents could talk to. Employees were eager to share their experiences of CSR and very proud of the work done by SAB in this field. Hence, the views and opinions shared by the respondents dispelled the Friedman doctrine that a company's only responsibility was to its shareholders (Friedman, 2007), in the context of SAB at least.

Stakeholder theory proved more complex with many of the respondents identifying the shareholder as the most important stakeholder to SAB. A series of interesting discussions took place once other stakeholders were identified. Respondents either agreed with or disputed the suggestions made of other potential stakeholders to SAB. Valuable qualitative data was gathered concerning both corporate social responsibility and stakeholder theory.

- **Corporate social responsibility (CSR) and corporate reputation**

It can be concluded from the respondent's answers that the company undertook numerous CSR activities to demonstrate its commitment to being a model corporate citizen in South Africa. Du, Bhattacharya and Sen (2010) concluded a study that recognised CSR as being an indispensable tool for corporate legitimacy and competitive advantage. However, the manner in which the respondents answered the interview questions did not indicate that SAB had an ulterior motive in completing these CSR programmes.

Respondents spoke proudly of the CSR activities that they had been part of and mentioned that SAB was a proudly South African company that enjoyed giving something back to the various underprivileged communities in the country. No respondent equated the CSR work done by the company to the corporate

legitimacy and competitive advantage philosophy advocate by Du, Bhattacharya and Sen (2010). It can be thus concluded that SAB undertook CSR activities for no other reason than to demonstrate its commitment to the upliftment of South African communities.

However, Figure 30 in Chapter 4 shows that 80% of the information the respondents received concerning the CSR work being done by the company came from the company's own internal communications department. Whilst there is nothing sinister about promoting one's own work, constantly communicating to staff the CSR work being done by the company could be linked to the literature of Du, Bhattacharya and Sen (2010). The management of the company could see CSR exercises as strategic tools in delivering long term corporate sustainability as discussed by Montiel (2008). The respondents may not be aware of these strategic drivers of the organisation. By doing so, the respondents' opinions of SAB's reputation could be influenced by the organisation itself.

According to the research and findings of Du et al., (2010), Vlachos and Tsamakos (2011) and Gardner and Prugh (2008), in past decades corporates made huge profits by exploiting the land and its people but globally countries are now passing laws to protect their environment and its people. Furthermore, communities are becoming increasingly aware of their rights (Putrevu et al., 2011). SAB must be aware that the environment that it operates in today is vastly different, both politically and economically, to when it first started operations those many years ago. By analysing the various CSR activities mentioned by the interviewees it becomes clear that the company is undertaking activities to win favour with a certain market or government sector. This is in conflict with the opinions of respondents that SAB performed its CSR duties for no selfish reason.

On further analysis of the respondents' interview transcripts it becomes apparent that SAB is aligning itself on some level to the CSR value chain of Visser and Tolhurst (2010) first shown in Figure 13 in Chapter 2. For ease of reference this is shown again in Figure 37. All the CSR activities listed by the respondents have company's vision, stakeholder considerations, regulation and

shareholder considerations in them. It is further evident from the qualitative data gathered that every CSR activity undertaken by the company is carefully selected, managed, assessed for success, repeated if necessary before lessons are documented for future use.

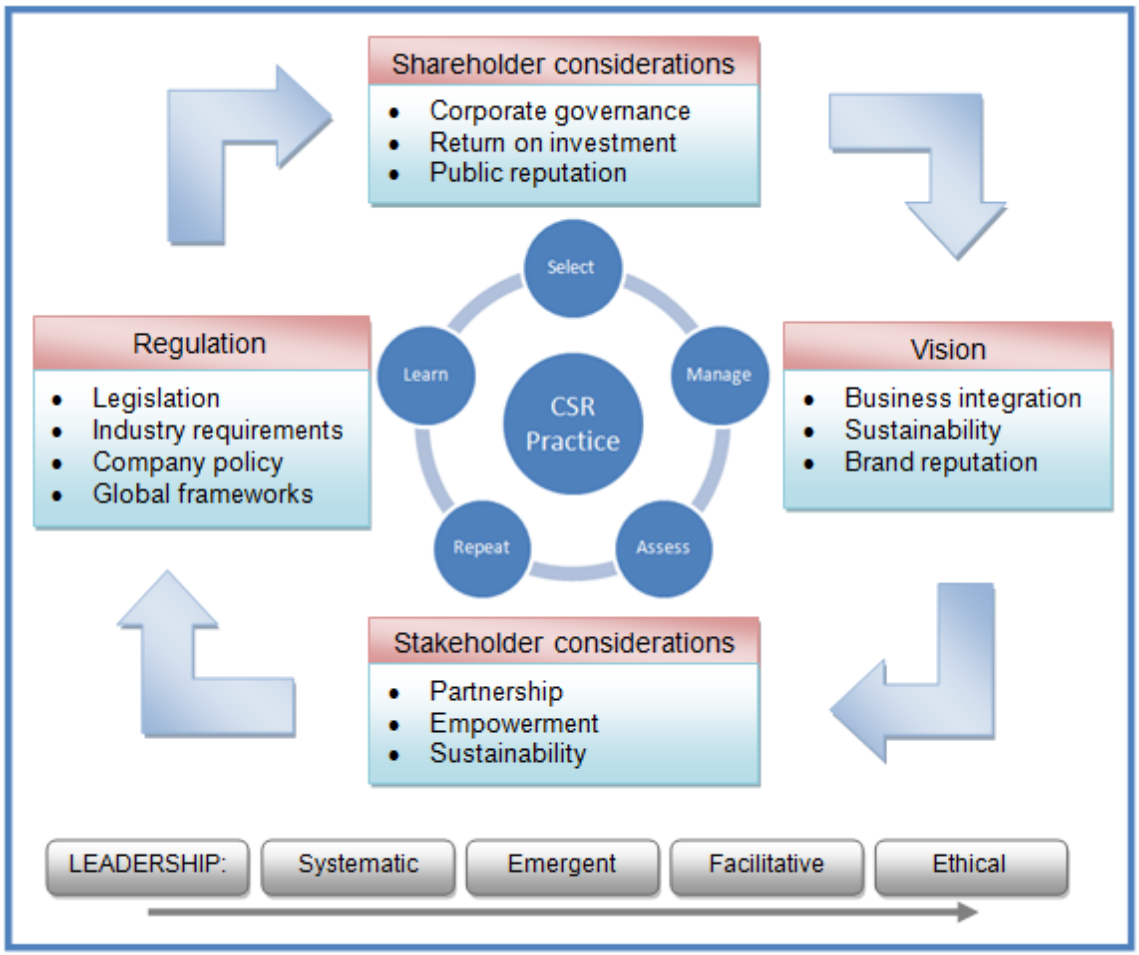


Figure 37: CSR value chain – SAB alignment (Visser & Tolhurst, 2010)

Carroll and Buchholtz (2011) acknowledge that the need to promote self-interest will always remain and this is evident in the CSR activities of SAB. Respondents confirmed that every CSR activity that they have been part of has been heavily branded to reflect one of the company's beer brands. But ethical and moral decisions are becoming increasingly important to big business (Engelbrecht et al., 2005). Two respondents confirmed this when they shared their experiences of donating used computer equipment to a school in an underprivileged community. On their way to the school the manager noticed a SAB beer billboard a kilometre away from the school. Although SAB was legally allowed to have the billboard there, the manager immediately called the

advertising agency responsible and requested the billboard to be moved further away from the school. So, it would appear that whilst certain CSR activities are undertaken by SAB for self-promotion, there is a degree of unselfishness associated in some of them.

Whilst the argument put forward by Pomering and Johnson (2009) that many companies these days use CSR as just gloss could be true for many organisations, the interviews with the respondents has led to the conclusion that SAB shows genuine interest and compassion in the CSR activities it undertakes.

- ***Stakeholder theory and corporate reputation***

Although stakeholder theory is seen as an integral part of corporate social responsibility and is discussed frequently in business circles worldwide (Tsahuridu, 2010), the employees interviewed were not familiar with the concept. In fact, the term shareholder was most equated to stakeholder and used interchangeably by the interviewees during the course of the data gathering. The respondents simply did not consider parties like the labour unions, police or social bodies like Alcoholics Anonymous as key stakeholders in their business. This does not suggest that the respondents were ignorant to the impact or influence these parties had on their daily operations. It was simply a case of the shareholder, customer and supplier as being top of mind.

The case of shareholder, customer and supplier being top of mind is reflective of modern day economics (Freeman et al., 2010). Respondents were certainly quick off the mark in identifying these three categories of stakeholders. Literature states that stakeholder theory attempts to address the lack of ethics in today's economic climate (Elms et al., 2011). It promotes the inclusion of all possible parties when making business decisions. It would be harsh to accuse the respondents of unethical business decision making simply because they did not consider certain parties as stakeholders. A plausible explanation for this confined level of thinking is that in South Africa, the need to practice stakeholder theory is not as critical as it is to say, a global giant like BP as an example.

But this by no means absolves the respondents of being guilty of being short sighted. After all, the respondents were from three key business functions of the company i.e. Corporate Affairs, Marketing and Strategy. If anyone needed to understand the workings of stakeholder theory, as described by Freeman *et al.,* (2010), it was this group of individuals. Phillips (2003) classified stakeholders into two categories. The first category is primary stakeholders, and these are stakeholders that a company has a direct moral obligation to, like employees and customers. The second group is secondary stakeholders and these are stakeholders that can negatively impact the company or benefit from it. This group includes social activist bodies, the media and competitors. Both groups are equally important to the long term sustainability of a company. The qualitative data gathered showed that the respondents were only able to identify with the primary group of stakeholders. When the secondary group of stakeholders was highlighted to the respondents, some acknowledged their importance whilst others disputed it. One manager is quoted as saying:

"If I acknowledge that Alcoholics Anonymous, the police and to some degree, the media are stakeholders then I'm admitting that beer causes problems in society, and I can't do that"

Once again, a possible explanation to the above could be that because SAB Limited operates within the confines of South Africa only, and has always been the dominant beer manufacturer in the country, its staff have developed a certain level of arrogance to new issues facing today's global corporates. Ignoring the opinions of secondary stakeholders could hold dire consequences for SAB. With easy access to information today, the South African consumer is kept informed of the actions and behaviour of corporates. These secondary stakeholders could easily influence the opinions of government and legal bodies and SAB's plans for the future could be seriously jeopardised.

The lack of ability to identify the two groups of stakeholders put forth by Phillips (2003) could be a major hindrance to the company's future growth plans. Providing all stakeholders with an equal opportunity to participate in the decisions of the company is also a philosophy of stakeholder theory (Greenwood and Van Buren III, 2010). So, if the respondents could not identify

all stakeholders, or chose not to acknowledge them, there is little possibility of them complying with the proposition of Greenwood and Van Buren III (2010). If the rankings of stakeholders by order of importance to the company as shown in Figure 32 of Chapter 4 are anything to go by, the respondents have no intention of offering the same level of fairness to the police, labour unions or Alcoholics Anonymous as they would to shareholder, customers and suppliers.

Tse (2011) offers valuable criticism of stakeholder theory in that the potential number of stakeholders that a company could have may be infinite. Harrison (2011) added to the criticism of stakeholder theory by Tse (2011) by advocating that if a company had to spend all its time identifying its stakeholders and what strategies it had to implement to please all of them, it would be impossible for that company to focus on being profitable. When one considers a company like SAB, that sells products that has the potential to be harmful when abused, it is easy to understand the resistance of certain of the respondents to the concept of a secondary group of stakeholders as proposed by Phillips (2003). If SAB had to constantly address the concerns of stakeholders like Alcoholics Anonymous, law enforcement agencies, media bodies and government entities, the organisation would have little time to focus on winning the war with its main competitor, Brandhouse.

Companies are also at risk of being exploited by certain stakeholders bent on furthering personal agendas (Jensen and Sandström, 2011). An organisation like SAB could be considered an easy target by members of the media, labour unions or government departments. One manager interviewed echoed this when he pointed out that SAB always comes under the spotlight every holiday season when consumers over indulge and then drive drunk. The organisation faces a tidal wave of protests from various community bodies and media stations. He also cited the recent example of a minister in the government that blurted out his intention to ban all forms of alcohol advertising just before a key election.

- **Conclusion to Research Question 2**

Both corporate social responsibility (CSR) and stakeholder theory proved to be a fascinating discussion with the respondents. Their comments around the

numerous CSR activities undertaken by the company demonstrated a high degree of pride and admiration they had for the organisation. Whilst it could be argued that some of the CSR activities undertaken by the company was for self-promotion, there is a definite element of genuine caring displayed by the organisation, as argued by the respondents. SAB remains one of the largest contributors to CSR in South Africa (SABLimited, 2010).

The discussions around stakeholder theory highlighted gaping holes in the respondents' knowledge of the primary and secondary stakeholders key to SAB. Some argued flatly against the acknowledgement of certain parties as stakeholders. Having analysed the literature pertaining to the criticisms of stakeholder theory, it is feasible to offer the benefit of the doubt to the respondents. When a company manufactures and sells a potentially harmful product, its reputation will always be questioned. But, even though SAB operates in a capitalist society and its focus is to provide a return to shareholders by making huge profits, the organisation will not be sustainable if it continues to ignore the opinions of secondary stakeholders.

In the context of SAB, based on the qualitative data gathered from the interviews, it can be concluded that the CSR activities undertaken by the organisation, do, to a small extent, influence its corporate reputation. The comment offered by a strategist is key to understanding this:

"South African consumers' choice of beer centres on image and price. They don't particularly care that SAB has a good corporate reputation or has done a 100 corporate initiatives in some poor community"

The data gathered around stakeholder theory makes it clear that it plays only a minute part in influencing the corporate reputation of the company. This is because employees consider the most important stakeholders to SAB to be shareholders and consumers. SAB exists to make a profit, like any other corporate today. Hence, the organisation is concerned with primary stakeholders only and entertains the opinions of secondary stakeholders as a second thought. There are simply far too many stakeholders that SAB would have to take into account because it sells a product that can be potentially harmful to society.

Certain actions of the company, as listed by the respondents, make it evident that the organisation only engages secondary stakeholders when its sales targets are threatened in some way. If the organisation had to afford the requirements of secondary stakeholders the same level of attention awarded to consumers and shareholders there would simply not be enough capacity to focus on remaining profitable. However, to ensure future sustainability, SAB will have to include the concerns of all stakeholders in its strategy planning.

5.5 Conclusion

SAB has been in existence in South Africa for over a 100 years and its reputation is firmly cemented in the country and in the minds of its consumers. Because it enjoys the lion's share of the local beer and fruit ale market, the company seems indifferent to the manner in which its reputation is perceived by any stakeholder. The almost continuous up trend of the SABMiller share price, as depicted in Figure 36, is testament to this. The company suffers damages to its reputation constantly, especially during the holiday period, when the carnage of the roads of South Africa is at its worst due to drunken driving. Despite this, it remains a highly profitable company.

As a model corporate citizen of South Africa, the organisation invests heavily in CSR work across the country. It is clear that the company has no financial motive to do CSR work as it continuously posts high profits year on year. Yet, the organisation and its people take pride in giving back to the communities that support it so unconditionally. The data gathered is not clear on whether the organisation undertakes these CSR activities for the purposes of improving its reputation or just because it wishes to be a model corporate citizen. What was concluded though is that every CSR activity undertaken by the company is heavily branded with either the company logo or a beer brand of choice. The area where the CSR activity is taking place seems to determine the branding used.

Stakeholder theory could prove to be the Achilles' heel of the company in the years to come. Although a fair argument was presented by the respondents that it is not practical to include all stakeholders in business decision making, the

literature is conclusive in that the world is seeking and demanding ethical organisations that take into account the opinions of all stakeholders in light of the numerous recent global corporate scandals. It will prove interesting to research and understand how a company that sells potentially harmful products will address this new demand. Some industries may be more open than others to the inclusion of the views of all stakeholders in its decision making but an industry that produces alcohol will never be able to include the views of all stakeholders. It can, however, take cognisance of them.

CHAPTER 6: CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

The purpose of this study was to explore what corporate reputation meant to the South African Breweries and to understand how corporate social responsibility and stakeholder theory influenced the organisation's reputation. Corporate reputation is considered a key intangible asset by many academics who believe that it could offer the competitive advantage that most global organisations need today (Taghian et al., 2011).

This chapter of the research describes the implications of the study from both an academic and business management perspective. It aims to provide valuable insight to future students of the subject matter as well as assist business leaders, especially those managing companies that manufacture potentially harmful products, understand the critical importance of investing in corporate reputation from an early stage.

Furthermore, although the directors of SAB are seen as the custodians of the company's reputation, it is the managers that are responsible for the execution of daily tasks that influence stakeholder perceptions of SAB's reputation. Hence, it is appropriate to include a section on guidelines for managers, not only in SAB, but in any company selling potentially harmful products in South Africa.

6.2 Conclusions of the study

The literature is abound with the call for today's global business leaders to embrace corporate reputation as a construct vital to the success of their business (Jensen et al., 2011). There are numerous case studies of companies in recent times that have suffered huge financial losses as a result of bad decision making that has led to tremendous reputational damage to the company (Edelman, 2011). Although corporate reputation is discussed heavily

in the literature reviewed, there is still no universally accepted definition of the construct (Walker, 2010). This study contains a portfolio of views and opinions of the subject. Perhaps a future study could use these views and opinions to address the sourcing of a single definition acceptable to today's global corporates.

Whilst the literature was clear on the criticality of corporate reputation to modern business, it was not adept in advising just how any corporate, especially those selling potentially harmful products, can improve and sustain its reputation. The contribution of this study was to clarify the importance of reputation to SAB and to help the company understand what it must do to develop and sustain its reputation for generations to come. Although no step-by-step framework was produced, the actions needed for building a positive corporate reputation is contained within this research thereby contributing to academia and advancing the field of corporate reputation in firms selling potentially harmful products.

This research report attempts to explore certain dimensions of corporate reputation in order to allow for future testing of the conclusions by students with an interest in this field of study. The importance of corporate reputation to firms selling potentially harmful products was explored. The researcher proposes that the findings add value to the existing academic literature but recommends that it is validated by future research. Furthermore, the influence of corporate social responsibility (CSR) and stakeholder theory on corporate reputation was researched and documented. The findings align to existing academic literature to a certain degree but at the same time provide new insight to the importance of these two concepts.

This study assisted significantly to expose employees of organisations selling harmful products to the importance and relevance of corporate reputation, corporate social responsibility and stakeholder theory. It brought to the fore actions that managers and employees need to undertake to build and manage their organisation's corporate reputation in order to develop a level of competitive advantage needed in today's economic climate.

By demonstrating the critical nature of corporate reputation to organisations like SAB, it is hoped that employees and key decision makers within the company

display a higher degree of acceptance to the subject and its tributaries of corporate social responsibility and stakeholder theory, so that it not only remains within the confines of the board room, but is also discussed within the corridors of the organisation on a daily basis.

- **Theoretical and managerial implications of the research**

The research conducted in this study theoretically suggests that no firm today will survive into the future if it does not make reputation a key business priority. This is highlighted in the work of Walsh *et al.,* (2011), Lange *et al.,* (2011) and Helm (2011). A number of high profile corporate failures are used to justify this argument (Edelman, 2011). This is further substantiated by evidence of total corporate collapse or crashing stock prices as in the case of Enron, BP and Toyota. However, none of literature studied focused on the role the actual product produced by the firm played in this equation. In the case of SAB, this product is beer. Beer is consumed by societies across the world and has been so for hundreds of years (Mager, 2010). As highlighted by a respondent to this research; in the real world, consumers drink beer in good times and bad times. It is a product that is literally consumed throughout the year, in South Africa at least. In the opinion of the respondent, beer is so entwined in South African culture that consumers do not particularly care about the reputation of the company selling the beer.

Another theoretical implication of this research is that having a positive corporate reputation is a pre-requisite for a sustainable competitive advantage (Taghian et al., 2011). Academics propose that with the large amount of suppliers of similar products today, companies need a differentiating factor to enjoy a competitive advantage and this factor is reputation (Raithel et al., 2010; Jensen et al., 2011; Lange et al., 2011). Because the public are aware of both the numerous suppliers available and their own rights as consumers in the country, they will practice consumer activism and not purchase a product from a company with poor reputation. However, for most South African consumers of beer, it is the price of the product that is the differentiating factor, not the reputation of the beer manufacturer. Together with the price differentiator, respondents also cited the image of the beer brand as a factor that influences a

consumer's decision to buy that particular brand of beer. The image of the beer brand is communicated to consumers via various advertising mediums. Once again the real world scenario demonstrates that when the product being sold is of the nature of liquor, or in particular beer, theoretical implications do not hold true.

6.3 Recommendations

The literature reviewed highlights the need for all corporates to focus on reputation for long term sustainability (Helm, 2011; Jensen et al., 2011; Lange et al., 2011). This need is perhaps greater so for firms selling potentially harmful products. This study highlights the need for SAB to place reputation now as one of its top priorities for the future and not wait until a major reputation destroying event as BP did in the case of the Deepwater Horizon disaster that saw the company being associated to one of the worst environmental disasters in recorded history (Grant, 2010; Edelman, 2011). The South African consumer is no longer blind to the many social ills of alcohol abuse, thanks mainly to the advent of the technology era. Globally, consumer activism is increasingly on the rise against firms with poor corporate reputations.

Also, SAB must invest heavily in a greater understanding of stakeholder theory to broaden employee views on the impact that both primary and secondary stakeholders have on an organisation's reputation. Technologies like Facebook and Twitter have provided the platforms for any stakeholder to voice their objections to any company's strategy thereby mobilising mass protests against the organisation concerned. Against the teachings of Friedman (1970) the modern day corporate can no longer consider shareholders as the only stakeholders it has (Tse, 2011). In today's global economy there are simply far too many parties that can influence the success or failure of an organisation.

Employees of organisations selling potentially harmful products must be aware that sometimes companies use CSR activities as strategic tools to win favour with a particular group of stakeholders. It is recommended that employees remain cautious of the motives of companies and question the validity of certain decisions instead of blindly following company rhetoric. Furthermore,

companies selling potentially harmful products must continuously promote discussions around corporate reputation at all levels of its ranks and not only have it discussed at a boardroom level on recommendation of reports like King III.

- **Guidelines for managers at SAB**

Although these guidelines are addressed at managers at SAB, they remain applicable for any persons in positions of responsibility in firms selling potentially harmful products, either in South Africa of worldwide.

This study contributes towards raising the level of awareness of corporate reputation in the minds of the executors of actions directly impacting reputation at SAB. It has provided the managers with an array of dimensions for corporate reputation, an insight to what employees of the organisation consider reputation, CSR and stakeholder theory to be and highlighted the consequences of poor reputation in the form of documented cases of corporate failure. Furthermore, it has provided managers at SAB with a clearer understanding of what needs to be done should SAB wish to regain some of its lost market share and provide the company with the competitive advantage it needs to fight of very strong competition for the South African beer market.

This study further demonstrated the value of having a strong positive reputation and because managers at SAB are the principle executors of business strategy it is envisaged that there will be an improved level of understanding amongst managers towards implementing business actions that have the reputation of SAB as a driving factor. If the findings of this research are taken to heart, SAB's reputation will be elevated and as a result, the company will be rewarded for its efforts towards being a role model in how a company selling potentially harmful products can become an example of world class corporate reputation.

Managers at SAB searching for competitive advantage factors will be well placed to take heed of the findings of this research. Although these research findings can be used by members of any organisation, SAB staff can customise these findings on an on-going basis to ensure the company is never looked at in

the same light as Enron, Lehman Brothers or BP. Some of the factors provided by this research include:

- Increasing the level of awareness of SAB managers towards the key discussions currenly taking place surrounding reputation worldwide and value of corporate reputation to today's coporate
- Highlighting to the managers the various definitions of corporate reputation so that they may caucus a definition most suited to SAB
- Providing the basis for the development of a portfolio of corporate reputation dimensions unique to SAB and the prioritsation of each dimension in terms of its level of importance to SAB
- The critical importance to enage with all stakeholders, both primary and secondary, to evaluate their opinion of SAB's reputation and address any shortcomings highlighted by stakeholders
- Continuously evaluating the reputational performance of SAB via the dimensions chosen by the managers and reassesing any dimension against changes to the South African environment

6.4 Suggestions for further research

This research addressed a perceived short-coming in the literature. The short-coming being what corporate reputation meant to companies selling potentially harmful products and how the corporate social responsibilities undertaken by that company, together with stakeholder theory, influenced its corporate reputation. Therefore, it is recommended that the findings be tested via a quantitative study to expand on and confirm the findings of this research. The quantitative study will provide managers at SAB with a view on the exact performance of the company in terms of corporate reputation.

There are various dimensions that influence corporate reputation. These dimensions are highlighted in this study via the review of literature and discussions with employees of SAB. A future study could focus on the weighting

of each of these dimensions to SAB and a recommendation of priority to the company. A development and management plan could be included in this research. These dimensions will have to be monitored and measured over a period of time to prove its relevance to SAB.

A further possible study could be a more detailed analysis of corporate social responsibility with particular reference to corporate reputation. There are numerous CSR activities undertaken by a company like SAB. The list of activities performed ranged from donating equipment to schools, providing toys and essentials to underprivileged children, financially supporting centres for abused women and children, empowering new farmers with tools to succeed and financially supporting mobile alcohol testing stations. The weighting of each one of these activities, together with its impact on corporate reputation and therefore importance to the company can be researched. The outcome of this study will highlight if strategic CSR activities add more value to SAB's reputation as compared to those undertaken as pure goodwill.

Stakeholder theory remains largely unstudied within the context of an organisation selling potentially harmful products. The discussions with the employees of SAB showed that the company still largely considers primary stakeholders as being most important to its daily business operations. It will be interesting to analyse what impact the side-lining of the opinions of secondary stakeholders has on SAB's reputation. The criticism of stakeholder theory put forward by Bahr et al., (2010) and Harrison (2011) in that there are simply far too many stakeholders that modern corporates must consider will have relevance in this particular study. This particular study will also test the Friedman doctrine that a firm's only social responsibility is to increase its profits (Friedman, 1970). Can SAB focus on just maximising its profits and by default, satisfy the needs of all its stakeholders or will the organisation fail in the years to come should it chose to pursue Friedman's teachings?

For a firm like SAB, that sells potentially harmful products, its list of stakeholders could be endless. A study focussing on just stakeholder theory in relation to SAB will prove strategically beneficial to the organisation. Understanding who one's potential stakeholders are is the first step towards

developing a long term sustainable business model (Harrison, 2011). The influence each identified stakeholder has on the reputation of SAB could be studied. This will assist the organisation to prioritise its approach towards the requirements of its stakeholders. Furthermore, this study will prove valuable to all SAB's employees as it will demonstrate the influence these stakeholders have on SAB's reputation, thereby encouraging those internal to SAB to always remain mindful of their business actions.

This study focussed only on respondents from the Corporate Affairs, Marketing and Corporate Strategy departments of SAB as these departments engage with the subject matter at hand more than any other. However, there are a number of other departments within the company that include Sales, Manufacturing, Supply-Chain, and IT. All these departments employ seasoned professionals with many years of experience working for SAB. Many would have worked at the various breweries or beer distribution depots of the company. A future study could test the opinions of all these stakeholders towards corporate reputation as they could have more insight towards the subject as opposed to those employees interviewed in this study.

A limitation of this study is that it was focussed on SAB only. SAB is but one producer of alcohol in South Africa. Other beer and spirit liquor manufacturers have set up operations in the country recently. Every one of whom manufactures and sells products that could be potentially harmful when abused. The findings of this research can be tested across a sample of these companies or across the entire liquor producing industry. This will assist to gauge the level of importance awarded to corporate reputation by all manufacturers of potentially harmful products in South Africa. A study of this nature will show if these foreign manufacturers view South Africa as a pure profit pool with no consideration for the wellbeing of its population or as a country that has the potential to provide a long term sustainable business practice.

Also, if SAB does in time, implement an active reputational management strategy that includes the use of CSR activities and stakeholder theory to maximise its reputation, a study could seek to understand what impact this has on the financial performance of SAB as opposed to a competitor that has no

reputational strategy in place. Such a study will prove invaluable to all corporates as it would justify, or not, the investment that particular firm has chosen to make in its reputation and provide a case for those companies that have ignored corporate reputation.

Finally, this study looked at the importance of reputation to firms selling potentially harmful products only in South Africa. There was no association in the research to any firm within South Africa selling non harmful products. A study on the importance of reputation to any company selling non harmful products can be undertaken to gain a greater perspective on the impact global consumer patterns have on South African buying culture.

- **Summary**

The World Health Organisation (WHO) lists South Africa amongst the five countries with the most risky drinking pattern in the world (Organisation, 2012). This risky pattern is defined as binge drinking and is illustrated in Figure 38. This is highly disturbing for any country, more especially so for a developing nation like South Africa.

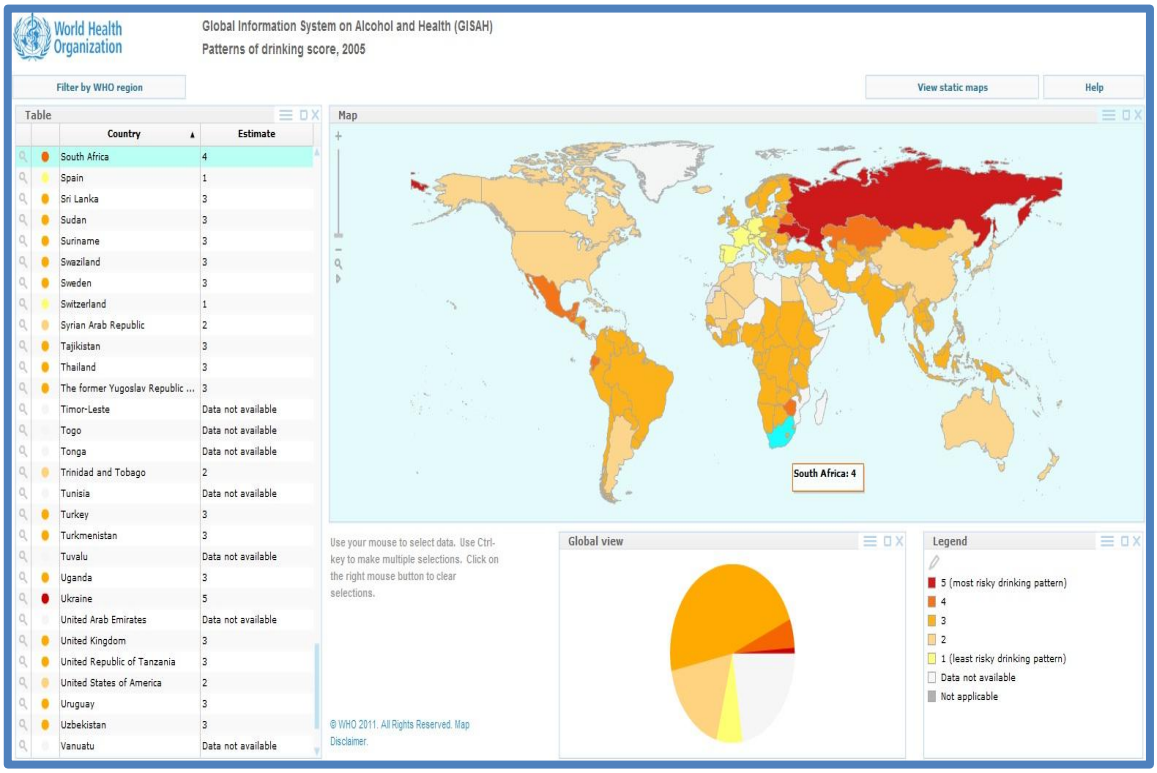


Figure 38: Global drinking patterns (Organisation, 2012)

Media reports quote the South African Health Minister as stating that the country has one of the highest violent crime rates in the world, fuelled by excessive drinking (Parry, Plüddemann, Louw and Leggett, 2004; Spotlight, 2011). As mentioned in Chapter 1 of this research, beer is amongst the cheapest forms of alcohol in South Africa and is the type of liquor most frequently consumed in the country's informal settlements where the violence levels are at the highest. Eighteen years after democracy, South Africa continues to be plagued by violent crime that has led to the destruction of innocent lives, the division of families and the separation of communities. This kind of heartache is not something a country with a long history of hatred and division should endure. The fact that its product is associated with this scourge of violence in South Africa has to be one of the biggest concerns of SAB.

Unfortunately, violence is not the only social ill associated with the products produced by SAB. South Africa continues to have the highest number of people living with HIV/AIDS in the world (AVERT, 2010). Research has shown that alcohol promotes irresponsible sexual behaviour (Fritz, Morojele and Kalichman, 2010; Shuper, Neuman, Kanteres, Baliunas, Joharchi and Rehm, 2010). SAB now has to contend with being associated not only to high violence levels but also with a disease that mankind seems to have no answer for.

The combined tangible and intangible costs of high crime levels and HIV/AIDS on South Africa's development are incalculable. At face value it would appear then, that there is simply no place for a company like SAB in South Africa, or even the world for that matter. But, beer has been an accepted social drink for thousands of years. SAB will argue that it does all it can to warn consumers against the dangers of alcohol abuse and that it invests millions of Rands on CSR activities to help the citizens of South Africa live better lives. Does any of this matter to a family that has lost a loved one to a drunk driver, a child that has lost a parent to HIV/AIDS or a family that has been destroyed by violent crime? Only time will judge SAB for the actions it takes towards improving its reputation in South Africa.

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APPENDIX A

Actual Research Instrument

Interview Questions

- Can you please explain what you believe SAB's corporate reputation to be?
- How would you compare the corporate social responsibility (CSR) initiatives of SAB to those of a competitor or any other South African corporate you are familiar with?
- Can you please explain your understanding of stakeholder theory in your own words?
- What SAB CSR activities have you been personally involved in over the last year?
- Do you believe the CSR activities undertaken by SAB to be just gloss or are they meant to really benefit the community?
- Can you please list at least five stakeholders you believe to be key to SAB?
- How can SAB develop and maintain its reputation in South Africa?
- What, in your opinion, are the 3 biggest threats to SAB's reputation right now?
- What are your thoughts on SAB marketing its CSR activities in the media, on its website and its annual report?
- What is your or your family's feeling about you working for a company that sells alcohol that often causes so much damage to society?

APPENDIX B

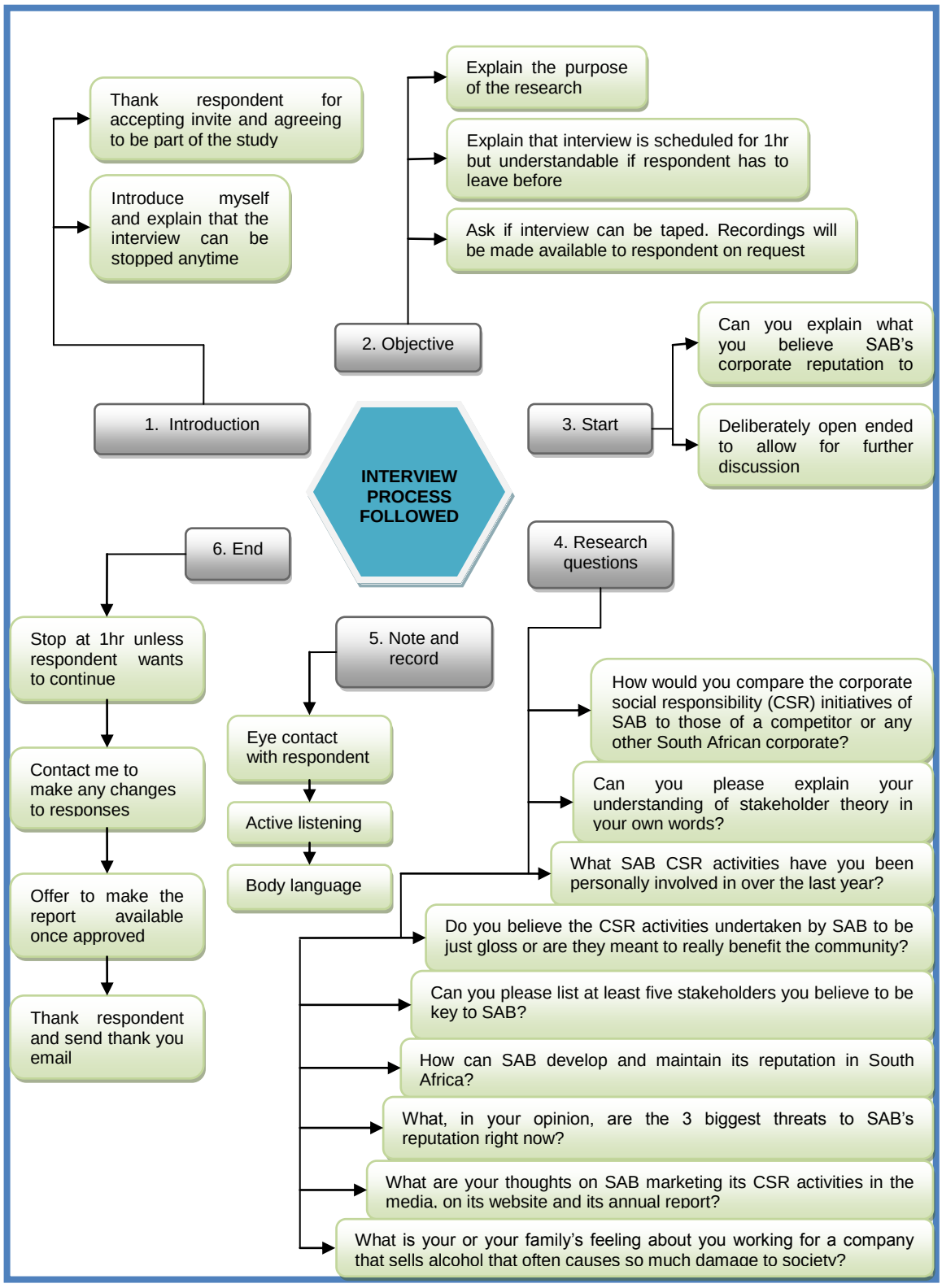
Consistency matrix

Table 9: Consistency matrix

Research problem: Analyse how a company builds corporate reputation amongst its stakeholders when the product it manufactures and sells is seen by many as having a negative impact on society.					
Sub-problem	Literature Review	Research questions	Source of data	Type of data	Analysis
The first sub-problem is to understand what corporate reputation is in the context of multi-national corporations	(Burke et al., 2011; Taghian et al., 2011) (Burke et al., 2011) (Helm, 2011)	What does corporate reputation mean to South African companies like SAB and how can it influence their bottom line?	One on one interviews with SAB staff, SAB Annual Reports, SAB Intranet, Media articles	Qualitative data	Data collection, data coding, key word identification, data linking, data reduction and drawing of conclusions (e-Source, 2012)
The second sub-problem is to understand the role corporate social responsibility (CSR) and stakeholder theory play in assisting a firm build its corporate reputation.	(Vlachos and Tsamakos, 2011) (Jensen and Sandström, 2011) (Harrison, 2011)	What role does corporate social responsibility (CSR) and stakeholder theory play in developing and maintaining a firm's reputation?	One on one interviews with SAB staff, SAB Annual Reports, SAB Intranet, Media articles	Qualitative data	Data collection, data coding, key word identification, data linking, data reduction and drawing of conclusions (e-Source, 2012)

APPENDIX C

Interview guide



APPENDIX D

Interview matrix

Research question	Interview question	Research objective
What does corporate reputation mean to South African companies like SAB and how can it influence their bottom line?	• Can you please explain what you believe SAB's corporate reputation to be? • How can SAB develop and maintain its reputation in South Africa? • What, in your opinion, are the 3 biggest threats to SAB's reputation right now? • What is your or your family's feeling about you working for a company that sells alcohol that often causes so much damage to society?	• Establish the drivers of corporate reputation
What role does corporate social responsibility (CSR) and stakeholder theory play in developing and maintaining a firm's reputation?	• How would you compare the corporate social responsibility (CSR) initiatives of SAB to those of a competitor or any other South African corporate? • Can you please explain your understanding of stakeholder theory in your own words? • What SAB CSR activities have you been personally	• Understand the employees' perspective of CSR and stakeholder theory

Research question	Interview question	Research objective
	involved in over the last year? • Do you believe the CSR activities undertaken by SAB to be just gloss or are they meant to really benefit the community? • Can you please list at least five stakeholders you believe to be key to SAB? • What are your thoughts on SAB marketing its CSR activities in the media, on its website and its annual report?	