What are South African food retailers' corporate social responsibility and environmental sustainability programs/activities?

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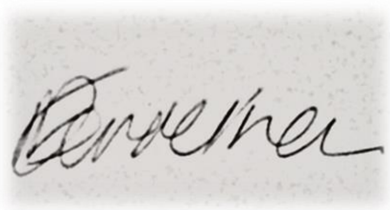
ABSTRACT

The consultancy report was intended to evaluate the CSR, social and environmental initiatives, and ethical behaviour of South African food retailers and how their efforts are being communicated to stakeholders. This was done with a view to make a recommendation to one of the companies as to how they compared with their peers and suggesting possible improvements. The key question in the consultancy report explores how the four well-known food retailers are communicating their social and environmental activities to stakeholders. The study examined the Integrated Annual Reports of four well-known food retailers in South Africa, exploring how they are communicating their social and environmental activities to stakeholders and the types of initiatives they run. The study was conducted by means of Qualitative Content Analysis and shows the extent to which retailers bring ethical, social and environmental aspects to into the food retail environment and communicating this to stakeholders. Qualitative Content Analysis systematically describes the meaning of qualitative material. Retailers have various projects in place to assist communities and minimise their environmental impacts. The report concludes with recommendations as to how best to improve social and environmental reporting.

DECLARATION

I, Margaux Ferreira, 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.



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On the 28th day of March 2018

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CHAPTER 1. INTRODUCTION

1.1 Purpose of the report

The purpose of the consultancy report is to determine the extent to which retailers in South Africa (SA) are actively involved in Corporate Social Responsibility (CSR), environmental sustainability programs and ethical products in the food retail environment and how they communicate it to stakeholders. The industry is highly competitive and companies within the industry compete at all levels. This consultancy report for Pick n Pay, one of the four largest food retailers, focuses on the reporting in their Integrated Annual Report compares it with their peers. It is intended that the report will be used to improve reporting for the organisation in future.

1.2 Background and Context of the Report

In SA there is wide spread poverty and inequality. Governments in developing countries often struggle to address such problems which are reasons why many companies become involved in social development programs (Morsing & Roepstorff, 2014).

There has been an increase in demand over the past few years for the government to provide adequate social services (Hinson & Ndlovu, 2011). Appeals have been made to businesses to become more involved in social and environmental issues and it has been debated that businesses may benefit from involvement in CSR and sustainable initiatives (Hinson & Ndlovu, 2011).

The debate of CSR has been around for years. In the 1970s Milton Friedman, the Nobel prise winning economist, wrote a New York Times article arguing that: "*The social responsibility of business is to increase its profits*" (Grant, 1991). Friedman's article received much criticism where those who oppose him state that his view of business is oversimplified, and that business is more intertwined with the community in which it operates (Grant, 1991). Furthermore, some scholars maintain that businesses do have responsibilities to assist in social and environmental issues (Hinson & Ndlovu, 2011). It is in the interest of business to be socially and environmentally responsible as ethical conduct is more cost-effective and rational than unethical conduct (Hinson & Ndlovu, 2011).

Businesses that have innovative approaches, whereby they are looking for operational activities that take all stakeholders and their perceptions into account, produce more sustainable solutions - economically socially and environmentally (Hinson & Ndlovu, 2011). This study focuses on fresh food products, price benefits and social and environmental initiatives of well-known South African retailers such as Shoprite Holdings Ltd. (SHL), Spar Group Ltd. (Spar), Pick ‘n Pay Holdings Ltd. (PnP) and Woolworths Holdings Ltd. (WHL). The study looks at whether these retailers have such programs in place and how they communicate it to their stakeholders.

In order for organisations to survive and be able to fund CSR initiatives they have to be profitable. Organisations compete for consumers who purchase their products. Consumer surveys have found that CSR and ethical products positively influence purchase intent and the view consumers hold of an organisation (Janssen & Vanhame, 2015). Despite the findings of consumer surveys, the actual effect CSR has on purchasing decisions remain low (Janssen & Vanhame, 2015). This CSR-consumer paradox may be because consumers are not as socially inclined as they claim and describe their intention in line with what they believe is socially acceptable (Janssen & Vanhame, 2015).

The way consumers select products has a direct and indirect effect on the environment and society at large (Lai & Cheng, 2016). In comparison with various age groups younger generations seems to be more ready to accept new and innovative ideas (Lai & Cheng, 2016). The business environment is changing at a rapid pace therefore organisations should be innovative and adaptive (Jung, Chow, & Wu, 2003) and this includes an organisation’s social and environmental responsibility.

Consumers who are aware of socially and environmentally friendly products are well-informed about social and environmental issues and are likely to be educated people (Lai & Cheng, 2016). Undergraduate students are generally young and educated for their age and make purchasing decisions without consulting their parents (Lai & Cheng, 2016).

Research conducted in Hong Kong show that students at undergraduate level realise their individual responsibility in social and environmental protection and this affects their decision making in purchasing green products (Lai & Cheng, 2016). Do South Africans feel the same individual responsibility toward the environment?

The Hong Kong study suggests that improving undergraduate students' understanding and awareness of green marketing by organisations is an important influence on their buying intention of green products (Lai & Cheng, 2016). To improve the general consumer population's understanding and awareness of green practices organisations should promote green marketing concepts further (Lai & Cheng, 2016). Organisations make use of sustainability reports and sponsorships of events to highlight the positive effects deriving from their social and environmental activities. It is not apparent how many stakeholders read these reports and familiarise themselves with the social and environmental activities of organisations.

Organisations could make use of new technologies available to bridge the gap in communicating their activities by means of shared interactions on mobile devices as consumers are attracted by what the sharing economy can provide (Zhu, Kam fung So, & Hudson, 2017). The sharing economy makes use of internet platforms connecting people such as with Air B 'n B where people can rent out properties to holiday makers (Zhu, Kam fung So, & Hudson, 2017). Organisations can utilise platforms such as social media to communicate their social and environmental efforts in more interactive ways.

Areas that are of most concern to Hong Kong students are packaging, education, environmentally friendly products, manufacturing processes, supply chain, green labelling and eco-friendly communication (Lai & Cheng, 2016).

Companies can use CSR and sustainability activities to create a competitive advantage for themselves as it has potential to reduce production, packaging and logistics costs and create substantial cost savings (Fatma & Rahman, 2015).

Companies can influence consumers' willingness to purchase green products by influencing their social and environmental attitudes, awareness and responsibility (Lai & Cheng, 2016). To change attitudes of consumers companies can create green marketing strategies relaying information of specific social and environmental issues. Companies can also elaborate on the positive consequences of purchasing green and the negative consequences of purchasing non-green substitutes (Lai & Cheng, 2016).

There needs to be a connection between the social and environmental practices of organisations and the way they are assessed by consumers and this connection should be monitored by organisations as it affects their reputations (Tsai, Tsai, & Chang, 2013). Where there are weak connections stakeholders may not be aware of organisations' socially or environmentally responsible practices or it can be seen as acts of window-dressing (Skilton & Purdy, 2017) either way it will be how the stakeholders assess the organisations' responsibility programs (Tsai, Tsai, & Chang, 2013).

Do South African consumers support organisations that produce and provide ethical products, services and have good CSR programs in place? A study conducted by Wray-Lake, Flanagan and Osgood (2010) found that adolescents have diminished responsibility over time and have a propensity to assign responsibility to government rather than themselves (Lai & Cheng, 2016). Therefore, pressure for government to intensify efforts in providing assistance to those in need has lead them to urge organisations to play more active roles in assisting in social and environmental efforts (Hinson & Ndlovu, 2011).

CSR and sustainability has a positive influence on intended support from customers and it is argued that CSR and sustainability programs lead to a competitive advantage for an organisation (Hinson & Ndlovu, 2011), but this does not show whether it is actually supported by customers. Do consumers actually purchase certain products or support certain retailers because of their CSR programmes or ethically produced products compared to those organisations that do not? If consumers do not support organisations that are involved with CSR programs these organisations will allocate fewer resources to CSR programs (Janssen & Vanhame, 2015). Ethical consumerism is described as deliberate purchases of products that are considered to be produced with minimum harm to the environment, people and animals (Burke, Eckert, & Davis, 2014).

In the UK and USA consumer spending on ethical household products were less than 4% and 2% in 2011 (Janssen & Vanhame, 2015). If CSR and sustainability is good for society and consumers indicate that it is probable that they would buy socially responsible products then why are consumers hesitant to purchase ethical products (Janssen & Vanhame, 2015)? With all the social problems SA is faced with daily, are consumers more willing to support ethical products and services that assist in alleviating social problems such as poverty, HIV/AIDS, pollution, etc.?

SA has an unemployment rate of 27.7% for the first quarter of 2017 (Statssa, 2017) therefore, many South Africans are impoverished and do not have access to further education. This part of the population does not have the financial means nor education to be able to choose ethical products or support socially and environmentally responsible retailers as they most likely choose the most affordable option available. Consequently, an investigation on how retailers communicate their ethical, social and environmentally responsible initiatives to stakeholders will be conducted.

PnP was founded by Raymond Ackerman in 1967. It has over 1 000 stores country-wide, and over 50 000 employees. It is currently the second largest retail grocer in the country behind Shoprite Checkers (PnP, 2016)

The total size of the retail grocery industry in South Africa, according to PnP (PnP, 2016) was about R492 billion in 2014, with formal grocery retailers accounting for some 80% of grocery sales.

In terms of target markets, according to PnP (2016) “Shoprite-Checkers, Spar, and Pick ‘n Pay all cater squarely to the LSM 5-7 categories, while Pick n Pay enjoys a higher proportion of LSM 8-10 consumers than either of the other two. Shoprite and Spar both serve more LSM 1-4 consumers than Pick n Pay, while Woolworths targets more LSM 8- 10 consumers than Pick ‘n Pay. The South African Audience Research Foundation’s (SAARF) Living Standards Measure (LSM) is the most commonly used segmentation tool in SA (eighty20, 2017). It is a way of segmenting the South African market across race, gender, age, or any other variable utilized to categorise the population (eighty20, 2017). It groups people by looking at their living standards (eighty20, 2017).

The food market in South Africa is dominated by the four largest retailers. In 2013 their market shares were: Shoprite 36%, Pick ‘n Pay 28%, Spar 28%, Woolworths 8% (Veneto, 2013).

Stakeholders have been defined different ways. Freeman defined stakeholders as any group or person who is affected by or can affect the achievements of an organisation and its objectives (Freeman R. E., 1984). Another definition suggests classes of stakeholders are categorised based on their possession or accredited ownership of the following attributes: power to influence the organisation, the level of legitimacy of the relationship between the stakeholder and organisation and the urgency of the claim that that the stakeholder has of the organisation (Mitchell, 1997). A third definition is provided by Donaldson and Preston who argue that stakeholders have legitimate interests in an organisation and that their interests have inherent value (1995).

1.3 Scope of Work

1.3.1 Problem to be resolved

The main problem was to compare how companies in the food retail industry in South Africa communicate their CSR, sustainable activities and ethical products with the intention of positively influencing South African consumers and/or stakeholders’ perceptions of the retailers. The Integrated Annual Reports of the four largest food retailers in South Africa were evaluated to establish the degree of awareness being created about their CSR and sustainability initiatives. The question therefore is, how do the Integrated Annual Reports of the four major South African food retailers compare in their communication of their CSR, sustainable social and environmental activities? How could this be improved?

1.4 Significance of the study

The report provides guidance to understanding if food retailers in SA are actively involved in sustainable social and environmental activities and how they communicate this to stakeholders through their Integrated Annual Reports. The report will influence the preparation and content of future Integrated Annual Reports.

CSR is an organisation's level of social and environmental undertakings to its perceived social and environmental responsibilities and commitments (Janssen & Vanhame, 2015). This is a broad scope for interpretation. Some companies have extensive CSR and sustainability programs and others minor programs.

Supporting organisations with worthy CSR and sustainability initiatives should be the "right thing to do" for consumers (Janssen & Vanhame, 2015). An organisation is judged as moral from a stakeholder viewpoint by its achievements, work according to socially recognised procedures and its ability to perform well (Bhattacharyya, 2015). Consumers should be drawn to products and retailers that are environmentally and socially responsible and it has been found that consumers view these organisations positively (Janssen & Vanhame, 2015). However, this does not translate into more sales. In the USA ethical spending accounts for less than 2% for environmentally friendly purchases of traditional products and in the UK less than 4% (Janssen & Vanhame, 2015). Organisations could improve on their communications to consumers by being legitimately pragmatic which originates from customer's perceptions that an organisation is beneficial for them (Bhattacharyya, 2015). This is a form of exchange that attends to the needs of self-interested people and by focussing on the expectations of stakeholders' and in this way organisations can gain pragmatic legitimacy (Bhattacharyya, 2015).

There a mismatch between consumers' socially responsible intentions and their actual purchasing actions (Janssen & Vanhame, 2015). Does this mismatch occur in SA too? Do educated South Africans with the financial means to purchase ethical products actually doing so as they are made aware daily of people living in poverty. Additionally, are positive actions of retailers' CSR, social and environmentally responsible and ethical products actually being communicated to stakeholders?

The study provides insight into behaviours of South African retailers with relation to CSR, sustainability programs and ethical products. The consultancy report may benefit marketing functions of retailers and how they communicate their CSR, sustainable activities and ethical products in their Integrated Annual Reports.

1.5 Delimitations of the study

- The report focuses on Integrated Annual Reports of four large food retail firms in SA.
- The report focuses on non-financial sections of the Annual Reports for 2016.
- The report concentrates on fresh food offerings, prices and social and environmental initiatives.
- Products that are referred to are nondurable consumer goods. These products have a short lifespan, generally three years, and include items such as food, clothing, cosmetics, medicines and stationary. These products are bought on a regular basis. This remains a large section of the retail environment therefore focusing on food items bought at retailers such as SHL, Spar, PnP and WHL.
- The report is focused on food products that are purchased regularly (daily, weekly, monthly) at large food retailers such as SHL, Spar, PnP and WHL.

- The report does not include durable consumer products. These products have a lifespan of longer than 5 years and include items such as automobiles, appliances, and furniture. These products are not purchased regularly as their lifespan is longer and is usually a major purchasing decision.
- Products being focussed on exclude artisanal foods and restaurants. Artisanal food is made by an individual or business that produces products, e.g. cheese or wine, in small quantities and often by employing traditional techniques (Merriam-Webster, 2017).
- The study was conducted by means of Qualitative Content Analysis (QCA). It is interpretive as it deals with material that needs to be interpreted. Interpretations of the same material can be different and emphasis is on questions through which personal and social meaning and significance is investigated (Schreier, 2012).
- Data collected used for QCA are Integrated Annual Reports of four large food retailers in SA namely, SHL, Spar, PnP and WHL.

1.6 Definition of terms

- Corporate Social Responsibility (CSR):
  CSR is the sustained assurance by organisations to conduct themselves in an ethical manner and to contribute to economic development of communities while advancing the quality of living of labour forces and their relatives in addition to local communities and the general public (Rahman, 2011).
- Corporate Social Investment (CSI):
  CSI refers to organisations purposely investing in social programs with intentions of achieving return on investments such as an improved company brand, better healthcare for the local community and may include sustainable social projects (Postma, 2011).
- Socio-Economic Development (SED):

The objective of SED is to establish sustainable access to the economy for disadvantaged groups of society and consists of skills development and workplace readiness courses (Postma, 2011).

- Ethical Consumerism:

  The belief that consumers hold of organisations' production methods and that they choose ethical products because they believe that production, consumption and disposal of these products causes much less harm to people, animals and the natural environment (Burke, Eckert, & Davis, 2014).

- Qualitative Content Analysis (QCA):

  QCA is a systematic approach to describe and explain the meaning of qualitative material such as Integrated Annual Reports (Schreier, 2012). This is done by allocating subsequent parts of material to categories of a coding frame and includes all meanings that appear in descriptions and interpretations of the material (Schreier, 2012).

- Stakeholders:

  Stakeholders here refer to the definition of Freeman who states that a stakeholder is any group or person who is affected by or can affect the achievements of an organisation and its objectives (Freeman R. E., 1984). The attributes of power to influence the organisation, the level of legitimacy of the relationship between the stakeholder and organisation and the urgency of the claim that that the stakeholder has of the organisation is less important because with environmental issues. A group or person may have no power to influence the firm but is still affected by its activities. They may not have a legal or justifiable relationship with the organisation but can still be affected by its activities and they may not have any claims but still be affected by its activities. A third definition is provided by Donaldson and Preston who argue that stakeholders have legitimate interests in an organisation and that their interests have inherent value (1995) also ties in with Freeman's definition.

1.7 Conclusion

The purpose of the consultancy report is to establish the degree to which South African food retailers are actively involved in CSR, environmental sustainability programs and ethical products in the retail environment and how they communicate these efforts to stakeholders. Governments in developing countries are battling to address poverty, inequality, pollution and education which are reasons many companies become involved in social development programs (Morsing & Roepstorff, 2014). This is evident in South Africa too however, do organisations communicate this effectively to stakeholders and does this result in the food retailer being viewed more positively by stakeholders? By examining the annual reports of these retailers, we can determine how they are addressing those issues and how they are informing their stakeholders about it. This may assist their marketing functions as it has been established that consumers view these organisations more positively.

CHAPTER 2. LITERATURE REVIEW

2.1 Introduction

Companies have projects in place addressing social and environmental issues. Organisations spend large amounts of money taken from their profits to help those in need and to aid various projects. Companies are looking at their production processes to reduce pollution and be more aware of their impact on the environment (Mogre, Lindgreen, & Hingley, 2016). While organisations are supporting so many of these projects and trying to make the world a better place are consumers supporting and purchasing products from these organisations that cause less environmental harm, treat employees fairly, source products from ethical suppliers and assist communities in need?

The literature review outlines various aspects of “doing good” such as CSR, SED, CSI, ethical behaviour, sponsorship, sustainability, being environmentally friendly and so forth, which is often termed as products or organisations being green. The discussion of the topic starts with explanations of different types of CSR programs, background on CSR and consumers, positive and negative aspects of engaging in CSR, the green market, leadership and what SA food retailers are doing.

Although a third of consumers in the USA and UK indicate that they would purchase green products and support green organisations the green market only has a 3% share of the total retail market (Janssen & Vanhame, 2015). Is it similar for SA? There is evidence indicating that green consumerism is slowly on the increase in developing countries (Yadav & Pathak, 2017). The consultancy report focuses on food purchases in South Africa’s retail market as these purchases are made regularly.

The study examines levels of awareness that food retailers create with regard to their CSR projects, environmental responsibility and fresh food products.

2.2 Definition of topic and background discussion

Corporate Social Responsibility (CSR) has been defined by the World Business Council as:

> "*the continuing commitment by business to behave ethically and contribute to the economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."* (Rahman, 2011, p. 172)

It is quite difficult to define CSR accurately and objectively as it is often seen by stakeholders from their point of view (Postma, 2011). The legitimacy of CSR is a socially created occurrence shaped by the consideration of reasons that are used to rationalise an organisations actions, practices, structures and results (Bhattacharyya, 2015). CSR also includes an environmental dimension such as preservation programs (Rahman, 2011).

Sustainability of CSR relates to economic, environmental and social sectors which are the triple bottom-line consisting of people, profit and planet (Postma, 2011). Supporters of the triple bottom-line (PPP) maintain that the viability of organisations depend on sustaining gains across each sector (Postma, 2011). It is a way to ensure that communities, employees and the natural environment are not exploited in such a way by businesses that it would leave the business in a position where it has no viable future anymore.

CSR includes social and environmental interests in corporate decision making and includes CSI and SED (Postma, 2011). CSI is planned investments into social and environmental initiatives with intentions of realising a return such as improved company image and community health for example (Postma, 2011). CSI includes endowments to non-profit organisations running sustainable social and environmental projects (Postma, 2011) which is often done when organisations do not have the capacity to create such projects.

The goals of SED are to develop skills and workplace readiness programs for the disadvantaged and to gain sustainable access to the economy (Postma, 2011). SED is not perceived as a charitable grant, whereas CSI is often seen as merely a financial contribution to a non-profit organisation or charitable cause (Postma, 2011). Research conducted on the CSR practices in emerging economies indicated that the rise in these practices is due to “outside forces” or international organisations from developed countries pressuring companies in emerging economies to comply (Bhattacharyya, 2015). This is good driver to increase more ethical practices of organisations in developing countries. Companies in developing countries must adhere to certain policies e.g. working conditions of employees in order to gain and maintain business contracts. This is a good example that is being set by leadership in developed countries whereby they show how organisations in developing countries should treat employees and the environment.

Well-known nation-wide food retailers have various CSR initiatives in place and they are stocking more products that are less harmful to animals and the environment. The natural environment is under pressure which is the reason why many companies are making changes in how they conduct business to protect the environment which results in selling and producing products that are more ethical and sustainable and is known as green consumerism (Yadav & Pathak, 2017). Whether customers are the driving force behind green consumerism in emerging economies is unclear. Organisations may be going green to comply with standards of international firms from developed countries and gaining international recognition (Bhattacharyya, 2015). People generally hold organisations accountable for the consequences of their social and environmental activities.

Food purchases are made on a regular basis and there are many green options available such as organic fruits and vegetables, free range chicken and eggs and Fairtrade products. Over time consumers have started to show an increase in purchasing products from organisations that have an interest in improving social and environmental issues (Yadav & Pathak, 2017). Green consumerism is a broad category of ethical consumption (Yadav & Pathak, 2017) therefore, the emphasis here is on food products. Green consumerism has grown substantially in developed countries and over time it has gained a foothold in developing countries (Yadav & Pathak, 2017). This has become evident in the banning of plastic bags in Kenya (Amlani, 2018).

In developed countries the impetus behind CSR programs are consumers, NGOs and civil society groups whereas in emerging economies the motivating force comes from receiving foreign loans, international buyers and parent company instructions (Bhattacharyya, 2015). Consequently, it is important to understand consumers' view toward purchasing green products (Yadav & Pathak, 2017) and how organisations can influence those views.

2.2.1 CSR and the consumer

Organisations behaving responsibly have the possibility to affect numerous customer associated outcomes (Zaharia & Zaharia, 2013). Evaluations of organisations by customers are more sensitive to negative than they are to positive information because consumers expect organisations to act in ethically (Zaharia & Zaharia, 2013). In developed economies social and environmental programs are more institutionalised than in developing countries therefore companies in developing economies can gain an advantage in being actively involved in such programs (Bhattacharyya, 2015). This can be a strategic spring board for organisations in developing countries where they are not only striving for profits but also to benefit the community at large. Reactions of customers to ethical behaviour of organisations are incentives for organisations to become more involved in CSR and sustainable activities (Zaharia & Zaharia, 2013).

Demand for organisations to implement CSR and sustainability programs differs between industries and in an industry between organisations (Zaharia & Zaharia, 2013). It is widely believed that CSR is important for social upliftment and development especially in developing economies (Bhattacharyya, 2015). Appeals from the general public and NGOs for increases in CSR by large multinational organisations are disproportionately large as these organisations already report on their CSR and sustainability programs and communicating it to consumers (Zaharia & Zaharia, 2013). There are organisations that rank companies according to their CSR performances which creates substantial publicity, and therefore it has become an unavoidable priority for business leaders. (Porter & Kramer, 2006). CSR and environmental programs of large organisations are also limited in what they can achieve if the governments of developing countries do not assist in the protection of the environment and upliftment of people.

Sponsorship is a noticeable method where organisations can behave in a responsible way through sponsoring social and environmental causes and possibly benefit from it (Zaharia & Zaharia, 2013). Attitudes consumers have of sponsorships and attitudes of brands are not independent of each other (Zaharia & Zaharia, 2013). There is a relation between the event-sponsor fit and the extent of image transfer (Grohs, Wagner, & Vsetecka, 2004). Sponsorships that correspond strongly with customer expectations of a brand are consistent and weak corresponding sponsorships are not consistent (Zaharia & Zaharia, 2013). A number of sporting goods companies have been accused of the mistreatment of workers in developing countries; however they remain popular among consumers. Although this negative behaviour is known to consumers it does not necessarily change buying behaviour (Runsbech & Sjolin, 2011). The extent of media exposure influences the transfer of associations and the degree to which attitudes change (Runsbech & Sjolin, 2011).

Customers indicate a rise in their willingness to purchase socially and environmentally responsible products (Zaharia & Zaharia, 2013). Indications exist that there are increases in interest by consumers in products that are produced in environmentally friendly ways and organic produce (Bove & Arcieri, 2016). Customers' evaluation of organisations, their products, purchasing decisions and willingness to pay rests on CSR and sustainability records of companies (Zaharia & Zaharia, 2013). However, if customers do not actively seek this information then positive evaluation will not occur. It is important for organisations to inform consumers of their CSR and sustainability programs, for example through advertising, in order for consumers to make such evaluations. CSR and sustainability are not necessarily in conflict with profit maximisation and could lead to product differentiation, building a better company reputation, changes in consumer preferences and ultimately changes in individual behaviour (Zaharia & Zaharia, 2013). A study undertaken by the UN Global

Compact on 766 organisations globally found that approximately 93% of respondents regarded CSR as a critical factor for success for these companies (Chaudary & Ali, 2016). Public pressure seems to be growing with regard to organisations' CSR and environmental practices.

Sustainable activities of organisations include savings on electricity, fuel, packaging and general material cost efficiencies (Mogre, Lindgreen, & Hingley, 2016) which can increase revenues. Ethical and responsible purchasing respects fundamental international standards against criminal behaviour and human rights abuse and improve the lives of people who participate in the supply chains of organisations (Mogre, Lindgreen, & Hingley, 2016). There are various ways in which companies can minimise their impact on the environment, improve lives of people contributing to the supply chain and those of disadvantaged communities. Companies with extensive CSR and sustainability activities are often referred to as green products or organisations.

The subject of CSR and sustainability first appeared in developed countries as a consequence of the concerns of various stakeholders of organisations (Palihawadana, Oghazi, & Liu, 2016). It is emphasised that CSR and sustainability is important in combatting poverty in developing countries because of the absence of institutions providing social goods and services (Palihawadana, Oghazi, & Liu, 2016). Organisations can gain a competitive advantage by being actively involved in assisting to alleviate such issues (Bhattacharyya, 2015). Inadequate institutionalisation of CSR and sustainability projects in developing countries may lead some organisations in those countries to behave irresponsibly which causes undesirable moral and emotional reactions toward those companies and their products (Palihawadana, Oghazi, & Liu, 2016). In developing economies, it could be that companies who participate in CSR programs may only do so due to international pressures (Bhattacharyya, 2015).

The 1970s Milton Friedman New York Times article: "The social responsibility of business is to increase its profits" received abundant disapproval where those who disagree state that his view of business is basic and that businesses are more closely-knit with the communities where they operate (Grant, 1991).

Throughout past decades there have been increases in concerns regarding ethical practices of organisations (Palihawadana, Oghazi, & Liu, 2016). This raises the need for a better understanding of individual decision-making processes in settings where ethical products and CSR are involved (Palihawadana, Oghazi, & Liu, 2016).

The authenticity of CSR and sustainability activities in the minds of consumers is an important aspect (Skilton & Purdy, 2017). Authenticity evaluations have been defined in two ways. Firstly, CSR and sustainability activities are viewed as authentic by stakeholders when they are consistent with the firm's perceived identity (Skilton & Purdy, 2017). Secondly, authenticity has been described as evaluations of how well CSR and sustainability initiatives correspond to socially formed schemas of stakeholders for what signifies responsible acts of organisations (Skilton & Purdy, 2017). In other words, whether organisations practice what they preach. Organisations will conform to providing CSR programs and information if it is demanded by the societies in which it operates (Bhattacharyya, 2015). These descriptions show that evaluations of authenticity address stakeholder's awareness and understanding of the appropriateness of motives and activities of organisations (Skilton & Purdy, 2017). When stakeholders become aware of CSR activities of organisations it assists in direct engagement and to succeed at negotiated settlements (Skilton & Purdy, 2017). It again shows that it is important for organisations to communicate their CSR and environmental sustainability activities to make consumers more aware thereof and have a positive perception of that company.

Authenticity evaluations lead to judgements observers make regarding claims about CSR and sustainability activities and the motives of role-players in making the claims (Skilton & Purdy, 2017). Authentication evaluations examines if claims organisations make about their CSR and sustainability activities correlates with expectations of evaluators (Skilton & Purdy, 2017). This is because CSR and sustainability activities are relative to evaluators. Authenticity evaluations offer an instrument to explain how CSR and sustainability activities can attain seemingly desirable social and/or environmental effects, but still be assessed as inauthentic by certain stakeholders causing damage to organisations' reputations (Skilton & Purdy, 2017). Organisations will report on activities if management feels that the information is demanded by the societies in which it operates (Bhattacharyya, 2015), but this may still seem inauthentic to stakeholders. The management of organisations may be out of touch with stakeholders' needs and expectations. Stakeholders have an extensive span of expectations about how organisations should behave (Skilton & Purdy, 2017).

Two types of authenticity evaluations Iconic and Indexical exist (Skilton & Purdy, 2017). Iconic authenticity evaluations measure how CSR and sustainability activities matches socially constructed norms about what activities are correct and indexical authenticity is how activities suit organisations' identity as assessed by evaluators, judging if the actions correlate with the "personality" of an organisations' actual self (Skilton & Purdy, 2017). Both these evaluations look at how legitimate the values of an organisation are consistent with the values of society (Bhattacharyya, 2015). Legitimacy is a state which occurs when an organisations' value system is consistent with the value system of the society which the organisation is a part of (Bhattacharyya, 2015). WHL is an example of indexical authenticity as the organisations activities suit the organisations identity of sourcing ethically produced products. Spar Group can be evaluated as iconic as their community programs better match the socially constructed norms about what is good for a community.

Skilton and Purdy refer to iconic authenticity as "schematic" to stress the relation of socially constructed schemas and indexical authenticity as "emblematic" to show if a CSR and sustainability activity is accepted as consistent with an organisations' observed identity (2017) as if the CSR activity adds to the brand's identity. This difference explains the process of understanding what motivates authenticity judgements and asks for considerations as to how identities of organisations and societal expectations are socially constructed (Skilton & Purdy, 2017).

Schematic authenticity is a judgement where an object is perceived as matching more or less to a socially constructed schema (Skilton & Purdy, 2017). Research that asks customers how well attributes of a restaurant correspond to their schemas for judging the authenticity of the restaurant is an example of schematic authenticity evaluation (Skilton & Purdy, 2017). These types of evaluations are socially constructed however, they are consistent and standardised judgements that are measured against an objective standard (Skilton & Purdy, 2017). The authenticity evaluations are to ascertain the legitimacy of organisations' CSR activities. Legitimacy is the widely held perception that the activities of an organisation are appropriate and desirable within a socially created system of norms, values and beliefs (Bhattacharyya, 2015). Organisations that have been accused of greenwashing are an outcome of schematic authenticity evaluations (Skilton & Purdy, 2017).

Greenwashing happens when an organisation is involved with socially and environmentally orientated CSR and sustainability activities that is seen as window-dressing or self-serving or where people see that those organisations' claims of actions did not happen (Skilton & Purdy, 2017). Many organisations have been involved in greenwashing which is the act of misleading consumers about the social and environmental performance of their organisations or products and services (Delmas & Cuerel Burbano, 2011). Greenwashing has been on the increase and has an extremely negative effect on consumers and investor confidence (Delmas & Cuerel Burbano, 2011). An example of this is where a well-known American sports goods and clothing manufacturer were boycotted when it emerged that their suppliers employed abusive labour practices in Asia. Consumers boycotted the organisation as a result. The principle that organisations should live up to what they claim they do is a component of a schema for defining socially responsible behaviour (Skilton & Purdy, 2017).

Identity based authenticity is the perceived relation between a deed and the observer's perception of the role-player's identity therefore, an individuals' deeds are authentic if it is believed to reflect who the person actually is and not to "act" simply to meet social standards or to increase profits (Skilton & Purdy, 2017). Partiality of observers and the relationship between observers and the observed shapes how identity is interpreted (Skilton & Purdy, 2017). Observed identity is the attributes that an observer considers to be significant of the organisation and may be different from the organisations' corporate identity

(Skilton & Purdy, 2017). For example, observers may view microfinance firms as providing a social service assisting in reducing poverty and evaluate activities that diverts from that identity as emblematically authentic, while others see those organisations as unusual banks and question activities that diverts from earning profits and risk management (Skilton & Purdy, 2017). Thus, observers evaluate authenticity on foundations of whether CSR and sustainability activities are genuine to the observed identity of the organisation (Skilton & Purdy, 2017). In other words, if the organisation is morally legitimate in their actions. Moral legitimacy results from a positive assessment of the organisations activities (Bhattacharyya, 2015). A company viewed as morally legitimate is judged on its achievements and work regarding socially accepted practices (Bhattacharyya, 2015). Research on employee attitudes toward their employer's CSR and sustainability initiatives found that when these initiatives have been evaluated as emblematically authentic employee-company commitment grows and employees are less inclined to query reasons underlying those initiatives and people other than employees make similar evaluations (Skilton & Purdy, 2017).

CSR and sustainability initiatives could be evaluated as emblematically authentic but not schematically authentic or vice versa (Skilton & Purdy, 2017). Consequently, CSR and sustainability initiatives are categorised as authentic when they are distinct to organisations and socially connected and when this is not the case then CSR and sustainability activities are seen as inauthentic (Skilton & Purdy, 2017). CSR and sustainability initiatives are considered as "insincere" when socially linked but not distinctive and as "misguided" when CSR and sustainability initiatives are distinctive but not linked to social norms (Skilton & Purdy, 2017).

Ethical beliefs are significant variables in decision-making processes of consumers; it impacts their assessment of CSR and sustainability undertakings of organisations and influences their buying behaviour (Palihawadana, Oghazi, & Liu, 2016). Consumers are important to organisations and effective and sustainable strategies that integrate consumers' ethics are emerging (Kaur Dhandraa & Park, 2016). Consumer ethics hinge on how aware people are of diversity and the values that prevail in a specific culture (Kaur Dhandraa & Park, 2016). There are two forms of ethical ideologies consumers hold: idealism and egoism (Palihawadana, Oghazi, & Liu, 2016). Idealism characterises people who have a concern for the wellbeing of society whereas egoism characterises those who have an extreme concern with their own desires and gains at the expense of social welfare (Palihawadana, Oghazi, & Liu, 2016).

Idealistic individuals adhere to collective moral principles when ethical decisions are made and seem to have greater negativity toward unethical conduct of organisations (Palihawadana, Oghazi, & Liu, 2016). CSR, sustainability and idealism have a positive relationship and idealists have a heightened awareness of CSR and sustainability activities as being an important business practice (Palihawadana, Oghazi, & Liu, 2016). With idealism, CSR is more than a cost or charitable contribution it could be a source of opportunity and a competitive advantage.

Pragmatic legitimacy is derived from people's perception that an organisation is beneficial for themselves. It is thus a form of ''exchange legitimacy'' (Bhattacharyya, 2015) that serves the needs of self-interested individuals. By addressing stakeholder expectations companies can obtain pragmatic legitimacy. Stakeholder management literature has widely acknowledged this fact. Some authors (Savage, Nix, Whitehead, & Blair, 1991) suggest prioritising powerful vocal stakeholders but others (Freeman, Harrison, Wicks, Parmar, & de Colle, 2010) warn managers not to overlook the importance of more vulnerable stakeholder groups for a company's legitimacy in the long run.

The viewpoint of egoism is that a purchasing act is ethical only when consumers' long-term interests are promoted (Palihawadana, Oghazi, & Liu, 2016). Egoism is similar to pragmatic legitimacy where consumers have the perception that the organisation is beneficial to them and serves the needs of the self-interested customers (Bhattacharyya, 2015). Ethical alternatives would be products purchased that provide more benefits than harm to the egoistic individual in the long-term (Palihawadana, Oghazi, & Liu, 2016).

Egoists give preference to their own long-term self-interest rather than the welfare of communities (Palihawadana, Oghazi, & Liu, 2016). Egoists only support CSR and sustainability programs of organisations when they directly benefit from those activities otherwise they are inclined to be unresponsive to ethical or unethical behaviours of organisations (Palihawadana, Oghazi, & Liu, 2016). This behaviour seems to be somewhat related to individuals with relativistic beliefs who make decisions based on a situation and those involved in the activities in question (Kaur Dhandraa & Park, 2016). This belief system maintains that each situation should be looked at individually regardless of the set moral standards (Kaur Dhandraa & Park, 2016).

A study in Vietnam, a developing country with a collectivist society, found that idealism rather than egoism prevailed (Palihawadana, Oghazi, & Liu, 2016). In individualistic societies people do not have strong relationships with others and focus on themselves (focussing on “I”), collectivist societies have strong relationships with others and define themselves as “we” (Kaur Dhandraa & Park, 2016). Consumers in Vietnam are more responsive to negative CSR and sustainability activities than to positive (Palihawadana, Oghazi, & Liu, 2016) which seems to be the case generally. Vietnamese consumers have developed attitudes whereby organisations are punished for unethical behaviour by stopping and requesting other people to stop purchasing goods from polluters and by rewarding ethical organisations by a willingness to purchase more expensive alternatives (Palihawadana, Oghazi, & Liu, 2016). However, time is required to change these attitudes into actions (Palihawadana, Oghazi, & Liu, 2016). Moral standards also vary between cultures. Behaviours regarded as ethical in one culture may not be seen as ethical in another (Kaur Dhandraa & Park, 2016).

Studies in China and India, also developing countries, on responses of consumers to CSR and sustainability, determined that consumers indicated that elevated levels of awareness and trust are more probable to convert a good CSR and sustainability record into a positive company appraisal, association and buying behaviour (Palihawadana, Oghazi, & Liu, 2016). SA is an individualist society indicating that people look only after themselves and their families (Hofstede, 2016). Therefore, it could be interesting to determine whether South African consumers behave idealistic or egoistic with regard to ethical purchases. As an individualistic society South Africans may have more egoistic purchasing behaviours than idealistic behaviours. Studies on whether consumers in other African countries behave idealistic or egoistic behaviour is limited.

Theory of planned behaviour (TPB) has been used in many studies in explaining human behaviour in a wide range of fields (Yadav & Pathak, 2017). TPB is a powerful theory explaining and predicting behaviour has shown to predict a variety of behaviours (Pavlou & Fygenson, 2006). The TPB framework asserts that human behaviour is steered by three types of thought: behavioural belief, normative belief and control belief which go on resulting in certain consequences such as attitude toward the behaviour, subjective norm, and perceived behavioural control (Yadav & Pathak, 2017). See Figure 1 below. TPB insinuates that behavioural intention is most influential in predicting behaviour as people do what they intent to do (Pavlou & Fygenson, 2006). The combination of attitude, subjective norm and perceived behavioural control collectively lead to the configuration of behavioural intention (Yadav & Pathak, 2017).

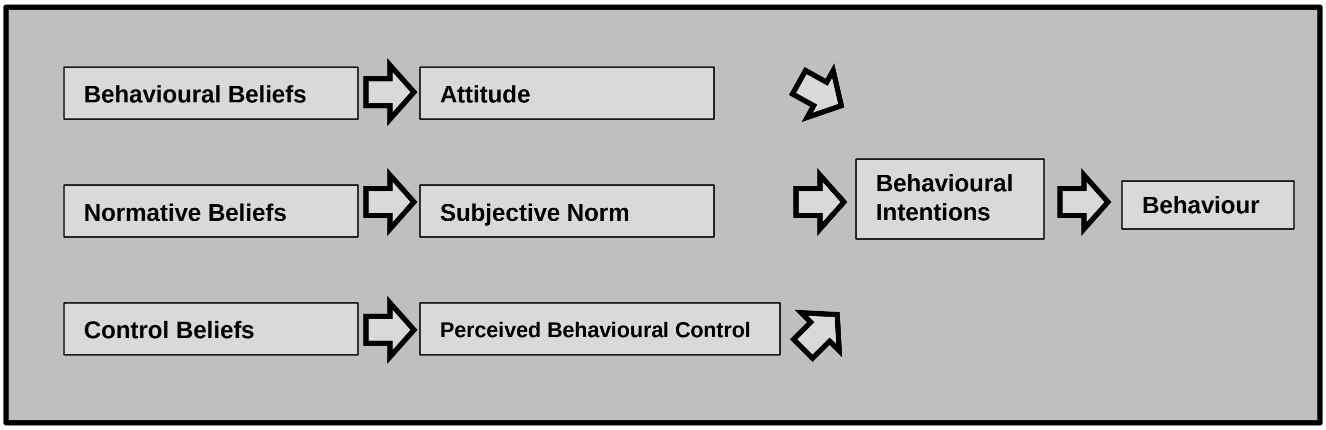

Figure 1: TPB Model (Yadav & Pathak, 2017)

Attitude is described as a person’s positive or negative assessments of performance of specific behaviour and is the consequence of behavioural beliefs and outcome evaluations (Yadav & Pathak, 2017). Attitude is an individualistic behaviour. Attitude has for many years shown to influence behavioural intentions and a positive attitude is likely to encourage consumers to obtain information and purchase products (Pavlou & Fygenson, 2006). Behavioural belief is a person's belief about results of their engagement in a particular behaviour and outcome evaluation is the corresponding positive or negative judgement of possible outcomes of the behaviour (Yadav & Pathak, 2017).

Subjective norm is social pressure exerted on a person to take part in a specific behaviour and is an outcome of normative beliefs and the motivation to comply (Yadav & Pathak, 2017). Subjective norm proposes that behaviour is prompted by a desire to act as the group thinks one should act (Pavlou & Fygenson, 2006). Normative belief is a person's view of how others, especially those who are important to that person, would like to behave in a specific situation where the motivation to comply is a person's wish to comply with viewpoints of others (Yadav & Pathak, 2017). It is affected by peer pressure and the need to fit in. Leaders held in high regard can influence this behaviour. Prominent business leaders such as Richard Branson, for example, have influenced people by motivating and inspiring them to change their behaviours

Perceived behavioural control is a person's perceived difficulty or ease in executing specific behaviours and is a result of control beliefs and perceived power (Yadav & Pathak, 2017). It is differentiated from attitude as it emphasises that perceived behavioural control signifies a subjective degree of control over the execution of a behaviour and not the perceived likelihood that the execution of that behaviour will yield a given outcome (Pavlou & Fygenson, 2006). Control belief is the belief of a person's presence to particular elements that could enable or hinder performance of specific behaviour (such as time and money). This is where perceived power is the personal assessment of the effect of these elements in enabling or hindering the specific behaviour (Yadav & Pathak, 2017). For example, when people are pressed for time they may not evaluate the purchase of a product on its social and environmental impact with the limited time that they have.

Behavioural intention is evidence of a person's readiness to execute a specific behaviour (Yadav & Pathak, 2017). More positive attitudes concerning the behaviour, the more positive the subjective norm, the greater the perceived behavioural control and the greater is the intention of the person to execute the behaviour (Yadav & Pathak, 2017). TPB combines the beliefs to create measures of attitude, Subjective norm and planed behavioural intention (Pavlou & Fygenson, 2006).

TPB framework has been used in many studies to calculate pro-environmental intent and behaviour (Yadav & Pathak, 2017). Pro-environmental behaviour is behaviour that causes as little harm as possible to the environment or benefits the environment and includes behaviours such as using of green or environmentally friendly products, organic produce and recycling (Yadav & Pathak, 2017). TPB has been used in several studies covering environmentally friendly products such as energy-efficient products, green hotels and restaurants and general green products and has shown to be robust in measuring environmentally friendly purchase intent and behaviour (Yadav & Pathak, 2017).

2.2.2 Positive and negative aspects of engaging in CSR and sustainability

There has been a rise in CSR and sustainability activities of organisations and the effect it has on consumer reactions to the point where consumers expect more from firms than quality or low-priced products (Fatma & Rahman, 2015). Some companies involved in CSR and sustainability are accused of “window-dressing” to attract consumers who are viewed as the most important stakeholders (Fatma & Rahman, 2015). This window-dressing is referred to as greenwashing which is the act of misleading consumers about the social and environmental performance of their organisations or products and services (Delmas & Cuerel Burbano, 2011). Greenwashing has been on the increase and has an extremely negative effect on consumers and investor confidence (Delmas & Cuerel Burbano, 2011). CSR and sustainability programs add additional costs to organisations and these costs have been passed on to consumers and organisations become less price competitive (Fatma & Rahman, 2015).

Companies can use CSR and sustainability activities to create a competitive advantage for themselves as it has potential to reduce production, packaging and logistics costs (Fatma & Rahman, 2015). The supermarket industry is highly competitive and not acting sustainably can tarnish a retailer's image (Ochieng, et al., 2014). A competitive advantage can be achieved by encouraging sustainable practices and publishing their achievements to differentiate themselves (Ochieng, et al., 2014). For example, savings made by Walmart reported in 2006 included 3 425 tons of corrugated material, 5 119 trees, 1 358 barrels of oil and 727 shipping containers (Fatma & Rahman, 2015). From a CSR and sustainability point of view, savings such as these encourages consumers to purchase from socially responsible organisations (Fatma & Rahman, 2015). In developing countries changing business operations may not be so easy as the cost involved to make such changes may be a high barrier.

There are organisations in the market that have a premium price for their responsible conduct and products and are reaping benefits (Fatma & Rahman, 2015). Organisations are making technological changes in the way they use energy and reduce their consumption to increase their energy efficiency (Ochieng, et al., 2014). As opposed to thinking that CSR and sustainability programs add to operational costs which is then passed on to the consumer, it may actually be an opportunity to reduce costs, be more price competitive and create a competitive advantage.

There is a positive association between CSR and sustainability programs of firms and customer attitudes toward organisations (Fatma & Rahman, 2015). The mind-set of the consumer is that organisations that actively support CSR projects are more honest, reliable and produce high-quality products (Ochieng, et al., 2014). However, when there is a product crisis of some kind, proactive CSR and sustainability activities mitigates the negative backlash better than reactive CSR and sustainability activities (Fatma & Rahman, 2015). In this instance the extent to which an organisation uses media to influence the transfer of associations to change attitudes (Runsbech & Sjolin, 2011) can also mitigate the backlash.

Customers are more responsive to unethical conduct of organisations than ethical conduct therefore “doing bad things” causes more damage than “going good” helps (Fatma & Rahman, 2015). Strong relationships and trust with stakeholders can be created through effective CSR programs (Ochieng, et al., 2014). It seems that when organisations behave in an unethical way consumers feel somewhat cheated which may cause support and profits to decline.

2.2.3 Green markets

Organisations with good CSR and sustainability programs influence consumer’s perceptions positively (Manimalar & Sudha, 2016) and it influences their purchasing decisions (Grimmer & Bingham, 2013). CSR and sustainability initiatives that have been communicated to consumers can be seen as green marketing (Suki, Suki, & Azman, 2016). Shoppers are developing positive green marketing awareness founded on increasing knowledge available on CSR and sustainability activities of organisations and responsible products (Suki, Suki, & Azman, 2016). Therefore, it is becoming increasingly important for organisations to communicatee these projects to consumers. Consumers may not necessarily look for sustainability reports of organisations to see what CSR programs an organisation has implemented, which is why companies can dedicate a part of their marketing budget to communicate their efforts to consumers. The degree of innovation of their CSR and sustainable activities can also differentiate the organisation and be a source of competitive advantage.

Organisations that concentrate on creating a balance between operational activities and the natural environment in which they operate are more environmentally friendly while at the same time boosting profits (Suki, Suki, & Azman, 2016). An organisations environmental values can affect a customers’ beliefs and have an influence on their personal norms (Ochieng, et al., 2014). Making consumers aware of an organisation’s environmentally friendly behaviour allows customers to choose where they want to shop, a more environmentally friendly store or not. This gives customers the chance to actively contribute to more environmentally friendly shopping behaviour which is their personal choice (Ochieng, et al., 2014).

Organisations create a competitive advantage whereby they can expand into new markets and enhance their corporate and product reputation in minds of consumers (Suki, Suki, & Azman, 2016). Consumers who reject ethical purchases are not always aware of ethical messages and thus ethical purchasing does not influence their decision making (Suki, Suki, & Azman, 2016). In Africa and South Africa, many consumers may not have the financial means to choose between green and non-green products or travel further to shop at a more ethical retailer. Therefore, they may reject ethical purchasing based on not having the financial option to choose rather than not being aware of the ethical behaviour of a company.

Organisations that engage in responsible CSR and sustainability activities provides consumers and stakeholders with social value and cast an image of being socially and environmentally responsible (Suki, Suki, & Azman, 2016). There is a need for more public awareness of the importance of social and environmentally friendly practices and whilst some consumers may be aware of these practices others are not and for this reason it could be beneficial for retailers to communicate this as creating such awareness can promote company image and set them apart from rivals (Ochieng, et al., 2014). The communication should not only be done through Annual Reports, but form part of their advertising and marketing strategy. CSR and sustainability positively affects product and organisational image, quality attributes and consequently consumer purchase intention (Suki, Suki, & Azman, 2016).

Despite claims that responsible organisations positively influence minds of customers it does not seem to translate into high sales volumes however, the green market is growing (Grimmer & Bingham, 2013). Co-operative Bank in the UK published a report on ethical consumerism (2010) which indicated that expenditure on green products and services had grown by 18% in the preceding two years (Grimmer & Bingham, 2013). This is an interesting indicator as the worldwide financial crises of 2008 severely affected consumer confidence.

For some consumers there is a conscious effort needed to develop environmental solutions to preserve the natural environment (Ochieng, et al., 2014). It can be assumed that as consumers learn more about climate change and the importance of being more environmentally friendly the demand for green products and services is growing and ultimately consumers' purchasing behaviour could be influenced by retailers who show that they are environmentally friendly (Ochieng, et al., 2014). The growth in green products occurred in spite of the financial crises of 2008 and evaluated the green market in the UK to be valued at £43.2 billion in 2009 compared with £36.5 billion in 2007 (Grimmer & Bingham, 2013). This increase may be a result of the population in first world countries being better educated and having the financial means to choose a more environmentally friendly product instead of regular products available.

Green consumerism is the favourable choice of individual consumers to purchase less environmentally-damaging products (Grimmer & Bingham, 2013). Even though the green market is growing and is worth billions of dollars it still only comprises of about 3% of the total market (Grimmer & Bingham, 2013). Consumers are becoming more aware of global warming and therefore expect leading supermarkets to behave responsibly and this increased awareness could be the result of the growth in the green market (Ochieng, et al., 2014). An earlier Co-operative Bank Ethical Consumerism Report found that a third of consumers indicate that they are interested in green products and organisations, but these products only holds a 3% market share which indicates that there is a "word-deed" gap (Grimmer & Bingham, 2013).

The "word-deed" gap could be influenced by prices of green products as consumers may support positive attitudes concerning environment, but not everyone is prepared to pay higher prices for such products (Grimmer & Bingham, 2013). It has been argued that increasing knowledge about sustainable activities has no impact on consumer behaviour and that one could suggest that purchasing behaviour is based on price (Ochieng, et al., 2014). A number of academics have argued that consumers have a higher probability to purchase products based on traditional product attributes (price, convenience, availability and quality) instead of opting for products that are from socially responsible companies and are sceptical of companies' claims of being green (Grimmer & Bingham, 2013).

Consumers that are more involved with activities such as making donations to green charities and recycling are more inclined to support organisations they perceive as behaving responsibly than consumers who are less involved (Grimmer & Bingham, 2013). Increased levels of involvement influence the development of attitudes and changes in attitudes towards green products and/or organisations (Grimmer & Bingham, 2013). The higher level of cognitive involvement leads to situations where consumers deliberately think about elements they believe are relevant and important in evaluating purchases (Grimmer & Bingham, 2013). This ties in with the TPB model where the combination of attitude, subjective norm and perceived behavioural control all lead to the formation of behavioural intention.

Consumers are not always willing to pay higher prices for green products; devoted ethical consumers may not falter in their commitment, while others may be more flexible when their disposable income declines (Grimmer & Bingham, 2013). Organisation's financial cost of going green generally gets passed on to the consumer and companies need to determine whether it is worth the effort (Grimmer & Bingham, 2013). Often it is only the initial capital expenditure which is costly, but there after operational costs decline.

Many companies are going green as it saves costs in their operational activities and is not necessarily there for being environmentally responsible however; these activities achieve both (Ochieng, et al., 2014). Managers of supermarkets surveyed in the UK found that food retailers use 30% less energy than in 2005 which translates into yearly savings of between GBP 30 and 50 million per year (Ochieng, et al., 2014). These savings could be passed on to customers. There is a cost-benefit trade-off when consumers purchase products generally and similarly it applies when consumers purchase green products.

Only those consumers who feel that they are receiving added value from purchasing green products are prepared to pay a higher price (Grimmer &

Bingham, 2013). This might be a way to influence egoists to move closer to the idealist movement. There is an assumption that green consumerism does not only express preferences to quality and price but also beliefs, norms and values (Mazar & Zhong, 2010). However, there is a point for every customer where the cost of products becomes too high compared to the benefit it provides and prices past this point will not lead to ethical behaviour (Grimmer & Bingham, 2013). Therefore, when prices of comparative products are low, consumers are more inclined to choose products that are green and provide more benefit or added value to the environment and the opposite also affects purchase intentions of consumers (Grimmer & Bingham, 2013). This means that there is a bigger difference in purchase intentions of consumers when prices of green products are high (Grimmer & Bingham, 2013). Research by Mazar and Zhong found that more exposure to green products and services did not lead to an increase in the purchases of those products (2010). Additionally, consumers with higher social and environmental involvement are more likely to purchase products at higher cost-benefit prices than those consumers with low involvement (Grimmer & Bingham, 2013). For this reason, organisations should seek to engage people more and become involved with green activities in order to influence their behaviour. However, trends of going green should allow organisations to be sustainable and remain competitive in the market.

The food industry is under increasing pressure to conduct themselves in a more socially and environmentally friendly way (Kim, 2017). Cost savings through more environmentally responsible operations are being achieved by organisations and it can improve the companies' image, but it does not indicate that it will influence consumers to purchase at more environmentally friendly stores (Ochieng, et al., 2014). Consumers often expect retailers to do this out of their own accord which may be why it does not influence consumers' purchasing behaviours. Impacts of the food industry on the environment includes deforestation, food waste, soil and water pollution, solid and liquid waste including packaging and service wares problems (Kim, 2017). Retailers are required to find ways to address these concerns as the perceived shortcomings of CSR and sustainability in the food industry may result in damages to company image and profitability (Kim, 2017).

Consumers make food related purchase decisions daily and general costs of food products is affordable enough for consumers to potentially support specific companies for their CSR and sustainability initiatives and paying more (Kim, 2017). Retailers can enhance their reputations as a result of being more environmentally friendly in their operations (Ochieng, et al., 2014). Packaging of food is a great contributor to municipal waste as food packaging makes up more than 60% of all packaging waste in the USA (Kim, 2017).

There is an increase in pressure on preserving natural resources and organisations need to adapt their dependencies on these resources to be sustainable. Organisations are evolving with other systems such as the environment and sustainable growth requires organisations to be efficient economically, socially and environmentally (Rego, Pina e Cunha, & Polonia, 2017). CSR has proven to enhance an organisations competitive advantage regarding image, but it does not indicate if it will make changes in purchasing behaviour as there is evidence that routine consumption is controlled largely by social norms and is shaped by cultural, economic and energy efficient processes (Ochieng, et al., 2014). However, organisations should aim to grow three types of capital that are needed for healthy coevolution and long-term sustainability and they are economic, social and environmental capital (Rego, Pina e Cunha, & Polonia, 2017). They need to address the triple bottom line (PPP). Corporate sustainability has a number of definitions but, most relate to the three types of capital i.e. the integration of economic, social and environmental considerations (Rego, Pina e Cunha, & Polonia, 2017).

2.2.4 Going green and leadership

Leadership in organisations is important in sustainability as the leaders of organisations have a crucial influence on how companies embrace and implement sustainable practices (Rego, Pina e Cunha, & Polonia, 2017). Sustainability has become important in the press, boardrooms, political arenas and with academics (Tsai, Tsai, & Chang, 2013). Leaders of organisations are role models and their behaviour set the tone for the engagement in sustainable or unsustainable practices (Rego, Pina e Cunha, & Polonia, 2017).

Sustainability poses challenges and opportunities for business and with good leadership organisations can overcome the economic and environmental stresses of the future (Tsai, Tsai, & Chang, 2013). Strategic planning with regard to natural resource constraints is crucial to remain competitive in the future.

Leaders play an important and strategic role where they develop policies that influence how employees and the company will adopt sustainable practises (Rego, Pina e Cunha, & Polonia, 2017). Research on employee attitudes toward their employer's CSR and sustainability initiatives found that when these initiatives are viewed as authentic employee-company commitment grows (Skilton & Purdy, 2017). Corporate sustainability depends on the degree of its importance held by the leadership of organisations (Rego, Pina e Cunha, & Polonia, 2017). Organisational leadership in developed countries that require suppliers in developing countries to adhere to policies relating to employee working environments and environmentally responsible behaviour in order to gain and maintain supplier contracts set the example of how suppliers can learn about sustainable practices and adopt them.

2.3 The act of purchasing green products

There are a number of green food products available in SA such as organic and free range. However, do South African consumers actually care about these green initiatives? In first world countries, USA & UK, green is growing (Grimmer & Bingham, 2013), it creates positive perceptions of organisations in consumers' minds and is a way in which organisations can differentiate themselves from competitors (Suki, Suki, & Azman, 2016).

These positive attributes of the green market should influence consumers to purchase green as they help in creating a better world by doing so. A third of consumers indicate they do support such organisations and products, but actual sales remain low at only 3% (Grimmer & Bingham, 2013). Ethical products are often more costly than regular products (Grimmer & Bingham, 2013) thus the focus of the consultancy report is centred around how retailers communicate ethical, social and environmentally positive initiatives they implement and if it results in higher revenues.

2.4 Awareness of green activities of food retailers

The main problem is to determine how companies communicate their CSR, sustainable activities and ethical products to positively influence South African consumers and/or stakeholders' perceptions. Therefore, to establish degrees of awareness being created by South African retailers of CSR and sustainability initiatives through Integrated Annual Reports.

South African retailers have numerous green projects underway. It is not clear whether consumers are aware of the extent of the green activities these retailers have. Does the level of consumer awareness influence them to actively support these organisations through purchases? It would be insightful to ascertain the relevance of awareness of CSR and sustainable activities of retailers and if this influences stakeholders to support specific retail stores.

This will be done by analysing the Annual Reports of retailers by means of QCA to identify how they communicate their ethical, social and environmental efforts to stakeholders.

2.5 Conclusion of Literature Review

The literature review highlights the greater awareness consumers have of green products and organisations. Trends for green products is growing (Grimmer & Bingham, 2013) but uptake in actual sales continues to be low (Janssen & Vanhame, 2015). Consumers indicate their willingness to purchase products that are green but price points in comparison to regular products seems to be a hindrance for many of those consumers as a number of green products are often more expensive than regular products (Grimmer & Bingham, 2013).

There are organisations who have been accused of saying they are environmentally friendly when they are not and this "window-dressing" creates scepticism amongst consumers (Fatma & Rahman, 2015). However, companies committed to making positive changes in the environment can create competitive advantages for themselves (Fatma & Rahman, 2015). Research in Vietnam, a developing country, indicated that consumers actually punish organisations by not purchasing their products if the organisations behave unethically and dissuades other consumers from supporting those organisations (Palihawadana, Oghazi, & Liu, 2016), but it does not seem to be the attitude of consumers in other developing countries such as South Africa.

Consumers are becoming more aware of organisations' ethical behaviours due to green marketing (Suki, Suki, & Azman, 2016), but only those consumers who feel that they are getting additional value from the purchase of green products are willing to pay higher prices (Grimmer & Bingham, 2013).

For Corporate Sustainability to be effective, good leadership is required to influence organisations in the way they embrace and implement sustainable practices (Rego, Pina e Cunha, & Polonia, 2017). Most food retailers in SA have followed paths of becoming greener. These retailers have CSR and sustainability policies and practices in place to minimise negative impacts on the environment. Determining the effectiveness of communications on ethical, social and environmental efforts in Annual Reports may provide valuable insights in the field of green consumerism and whether it creates a competitive advantage.

2.5.1 The Consultancy Report Question

How do the Integrated Annual Reports of the four major South African food retailers compare in their communication of their CSR, sustainable social and environmental activities? How could this be improved?

CHAPTER 3. RESEARCH METHODOLOGY

3.1 Methodology

The method for collecting data is qualitative. QCA is utilised to analyse information provided to consumers by food retailers in SA in their Integrated Annual Reports to arrive at some degree of interpretation.

QCA is a method to systematically describe the meaning (Schreier, 2012) of the reports and if the understanding of information in the reports are consistent (Schreier, 2012). Consistency here indicates reliability (Schreier, 2012). Coding is an exploratory method with no specific formula to follow and is a step toward the analysis and interpretation (Saldana, 2009). Annual Reports are used as not all four retailers have Sustainability Reports available, in-house magazines or other material relating to the topic being researched. Sustainability Reports do not necessarily focus on food but on other methods of being sustainable such as water and electricity saving projects.

The steps to be followed in QCA are:

1. The consultancy report question
   (How do the Integrated Annual Reports of the four major South African food retailers compare in their communication on of their CSR, sustainable social and environmental activities?)
2. The selection of materials:
   (The Integrated Annual reports of Shoprite Holdings Limited, Pick ‘n Pay Holdings Limited, Spar Group and Woolworths Holdings Limited)
3. Build coding frame
4. Split material into units of coding
5. Evaluate and/or modify the coding frame
6. The analysis
7. Interpret and present findings (Schreier, 2012)

QCA reduces the amount of data as it focuses on specifically selected parts of the material even though it necessitates researchers to take context into consideration (Schreier, 2012). Coding is a transitional procedure between gathering data and extensive data analysis (Saldana, 2009). This case-orientated method looks at the material in a holistic way as each Annual Report is studied in-depth to gain an understanding of how food retailers communicate their behaviours to customers (Schreier, 2012).

3.2 Research Design

QCA is a method, whereas research design is the manner in which the study is outlined and laid out. It is the order of steps that have been planned to answer the consultancy report question (Schreier, 2012). A method is a particular step in a sequence which could be the step of data collection or analysis (Schreier, 2012). Due to this, characteristics of qualitative research which define research designs are generally not applicable to QCA (Schreier, 2012).

The materials to be examined are the 2016 Integrated Annual Reports of large food retailers in SA namely SHL, Spar, PnP and WHL. The reports are segmented and a coding frame developed. The coding frame is applied to the segmented material to gain an objective view as to what retailers communicate to stakeholders. This methodological approach is most appropriate for analysing the Annual Reports of retailers. The goal is to discover patterns and consistencies in the data of documented human affairs (Saldana, 2009) and in this case the Annual Reports of food retailers.

A disadvantage of QCA is that it is a rather complex method however; advantages are that one can apply QCA to a wide range of material such as transcripts, brochures, newspaper articles and television programs (Saldana, 2009). QCA is an appropriate method for describing material which necessitates a degree of interpretation (Schreier, 2012).

3.3 Population and sample

The consultancy report brief was to examine and compare the Integrated Annual Reports of four major food retailers. Accordingly, the population and sample were identical. The Annual Reports were used as not every retailer has sustainability reports, magazines and brochures that could be compared. For example, PnP has the ‘freshliving’ magazine which mainly contain recipes and product advertisements where Spar does not have something similar which could be used to compare and analyse.

The Annual Reports that were chosen as the sample to be analysed as all four retailers have these reports freely available to stakeholders such as shareholders, employees, suppliers, customers and communities. These reports do not only communicate the financial performance of the retailers but also achievements throughout the year, operational efficiencies, employee benefits, new projects undertaken, market conditions and, CSR and environmental sustainability programs.

Annual reports give interested parties information about an organisations’ activities throughout the year. Companies listed on the Johannesburg Stock Exchange, such as PnP, Spar, WHL and Shoprite, have to meet the requirement to provide Annual Reports. The information in these reports have to be factual as they influence shareholder confidence and decision making therefore the information therein can be seen as valid and reliable. This is an important reason why the Annual reports were chosen.

3.4 The research instrument

The research instrument is a coding frame created to analyse Integrated Annual Reports. (Appendix A, available upon request)

A coding frame is a method for arranging and structuring the material for analysis and is a technique for differentiating between various meanings in relation to the question of the consultancy report (Schreier, 2012). To code is to arrange articles or occurrences in a systematic order and include it in a system to categorise to establish meaning (Saldana, 2009). The coding frame comprises of main categories and subcategories (Schreier, 2012).

The coding frame works like a filter where the material that is not included in the main categories will not be noticeable once the analysis has been conducted, nor will differences in the material that is not included in subcategories (Schreier, 2012). The sections of the Annual Reports such as the financial information, remuneration, board of directors etc. will not be evident in the analysis. Quantitative research terminology could liken the main categories to variables and subcategories to levels of these variables (Schreier, 2012).

Coding frames differ in complexity. Simple coding frames have single main categories with subcategories, medium complexity coding frames have either a single main category stretching down further than one level or multiple main categories all with their own collection of subcategories and high complexity coding frames have numerous main categories and at least one has subcategories stretching down further than one level (Schreier, 2012). The coding frame used in this study is a medium complexity coding frame consisting of three main categories with levels of subcategories.

Coding frames should meet various requirements, such as reliability and validity, and most of these can only be evaluated once the first trial coding has been carried out (Schreier, 2012). In this study there were three code runs showing similar results which indicate that the coding is reliable and valid. Other requirements that are important in coding frames are unidimensionality, mutual exclusiveness, saturation and exhaustiveness (Schreier, 2012).

Unidimensionality does not refer to the whole coding frame, but rather to each main category in the frame (Schreier, 2012). Each main category should only capture one aspect of the material and mixing of the dimensions should be avoided (Schreier, 2012). The coding frame should be mutually exclusive in that one can allocate each segment of the material to only one subcategory (Schreier, 2012). Just like unidimensionality, mutual exclusiveness does not relate to the whole coding frame (Schreier, 2012). The tree main categories in the coding frame are Fresh food, Price benefits to consumers and Social and environmental initiatives.

Exhaustiveness indicates that one is able to allocate each unit of coding in the material to at least one subcategory in the coding frame (Schreier, 2012). This means that everything that is pertinent in the reports must be captured by one of the subcategories in the coding frame (Schreier, 2012). For example, in the category of Fresh Food the Reports were examined to evaluate how often they mention topics relating to subcategories in category 1. The saturation requirement necessitates that the coding frame is constructed in such a way that the coding frequency for every category is used at least once and no category remains unused (Schreier, 2012).

The process of constructing a coding frame includes the following steps: selecting, structuring, generating, defining, revising and expanding (Schreier, 2012). The material to be analysed are the Annual Reports from retailers in SA: PnP, SHL, Spar and WHL. The relevant categories include fresh food, price benefits to consumers and social and environmental initiatives.

The irrelevant categories include: board of directors, local and global economic environments, financial report, BEE, audit and risk, competitive conduct, remuneration, financial statements and shareholders analysis.

Structuring of the coding frame is a combination of concept- and data-driven strategies (Schreier, 2012). The concept-driven side draws upon everyday knowledge and using additional inductive steps such as drawing upon logic to ascertain the presence of phenomenon (Schreier, 2012) such as ethical, sustainable and responsible activities of food retailers in SA. The data-driven side, categories and subcategories are created based on data (Schreier, 2012) provided in these Annual Reports.

Data-driven strategies for constructing coding frames are particularly suitable with the aim to describe material in detail (Schreier, 2012). Relevant passages of the Annual Reports have been examined for the appropriate concepts and then decided on whether the concept is new or not (Schreier, 2012). If new, a new category is created and if a subcategory has already been created covering the concept passed it over and continue with the next concept (Schreier, 2012). It is better to construct the coding frame using the same material that one intends to analyse (Schreier, 2012) otherwise the coding frame may not be reliable and the results not valid.

The material used does not differ extensively, Annual Reports have similar topics being covered and key topics tend to reoccur (Schreier, 2012) in all four of the Annual Reports. One can stop examining more material and leave the coding frame as is if no new insights are being generated when examining more material and no new categories can be created (saturation) (Schreier, 2012).

Category definitions have four sections: Name, description of what is meant, example and decision rules (if needed) (Schreier, 2012). (Appendix B, available upon request).

The units of coding or Annual Reports have an internal structure and therefore a formal criterion fitting into subcategories (Schreier, 2012). The context units are company overview sections as these sections are relevant to the information to be investigated. The sections of Board of Directors, Corporate governance, Remuneration reports, Shareholder Information and Consolidated financial statements are not included.

Segmenting material (Appendix D, available upon request) allows one to look at all the material and assessing it according to the coding frame (Schreier, 2012). After the first trial run of the coding frame the explanations for subcategories were adjusted to clarify meaning and avoid concepts over lapping.

Reliability is usually the measure by which one would assess research instruments such as a coding frame and is deemed reliable when it yields data which is free of error (Schreier, 2012). When comparisons are made across points in time, such as when one coder is involved, the same coding frame is used to analyse the units of coding (Integrated Annual Reports) (Schreier, 2012). The fundamental idea of reliability is stability. The coding frame is seen to be reliable if the results of the analysis continue to be constant and stable over time (Schreier, 2012). This form of reliability is also termed internal reliability and by comparing the units of analysis over time the coding frame is seen as reliable when the coding is consistent (Schreier, 2012). Therefore, when QCA is used reliability translates into consistency (Schreier, 2012). Consistency has been achieved during the coding process which indicates reliability. There was no significant differences between the three codes conducted.

3.5 Procedure for data collection

The procedure for data collection was collecting the Integrated Annual Reports from food retailers in SA. These reports are freely available on the internet. The reason the Annual Reports were chosen was that not all four of the retailers have sustainability reports or other materials, such as magazines and brochures addressing the research topic, available. Additionally, all four of these organisations were contacted for interviews, but only PnP responded, and an interview conducted.

3.6 Data analysis and interpretation

QCA has been described as being interpretive in three ways. Firstly, it is interpretive in nature as is concerned with comprehending symbolic material that is not standardised and requires a certain extent of interpretation (Schreier, 2012). Secondly, it is interpretive as it is frequently concerned with personal and social meanings (Schreier, 2012). Thirdly, it recognises that different interpretations of the same information can be equally valid (Schreier, 2012).

The strength of QCA is that it assists in analysing and describing the most significant characteristics of great amounts of qualitative data as it decreases and summarises the information (Schreier, 2012) or it can summarise or condense the data and not just reduce it (Saldana, 2009). The study is focused on Annual Reports of food retailers in SA therefore, document analysis was conducted. The Annual reports contain a large amount of information about an organisations' activities of the previous year. QCA allows one to focus on only the relevant material that needs to be analysed.

QCA is a method that does not alter the data, which has been selected from existing sources, in any way (Schreier, 2012). The method of QCA necessitates that one takes all of the contexts involved into account (Schreier, 2012). In doing so new meanings contained in these annual reports can be uncovered.

Qualitative research is seen as content-specific and interested in the particulars of the material and not in broad and general conclusions across context (Schreier, 2012). QCA focusses the analysis on parts of the material that are applicable to the study, which are Fresh food, Price benefits to consumers and Social and environmental Initiatives, and then takes the meaning of these elements to an advanced level of abstraction (Schreier, 2012). By coding sections of the Annual Reports as instances of a category in the coding frame, one can compare these sections to other sections (Schreier, 2012). Coding and analysis is not synonymous, but coding is an important part of analysis (Saldana, 2009). These comparisons show what the retailers are doing differently, and which one communicates this better to stakeholders.

Reflexivity in QCA is the rationale underlying the method and is important since the background of the researcher and their assumptions are brought into the act of their understanding (Schreier, 2012). The goal of QCA is to reach a socially shared and a consensual comprehension of the material (Schreier, 2012). QCA has emergent flexibility where the examination process is cyclical and one can go on to adapt aspects of the study in the process (Schreier, 2012). The process is linear since one is following a certain sequence of steps and it is cyclical as one might go through the process multiple times (Schreier, 2012). Qualitative research is inductive in that it allows crucial concepts to emerge from the material (Schreier, 2012).

QCA allows one to look at Annual Reports in their entirety and in-depth however, it follows a variable rationale (Schreier, 2012). Every category in the coding framework is an equivalent of a variable and subcategories form values of the variable (Schreier, 2012). In this manner QCA causes one to divide the Annual Reports, into variables and study them through the lenses of each variable (Schreier, 2012). QCA is normally founded on realist assumptions where researchers often assume that there is a reality in the world and that this reality is represented in the documentation that is being analysed (Schreier, 2012).

3.7 Limitations of the study

- QCA is an entirely descriptive method; as such it describes what information there is but does not expose the underlying reasons for the patterns that have been observed (psc.dss.ucdavis.edu).
- The availability of material limits analysis as trends that have been observed in the media may not be an exact reflection of reality (psc.dss.ucdavis.edu).
- Preliminary coding of documentation and texts is vital in establishing categories that need to be analysed (Phil, 2017).
- Should coding be inaccurate then subsequent findings will be inaccurate (Phil, 2017).

3.8 Validity and reliability

Qualitative researchers have different views regarding the role of reliability while some reject it totally, others apply the criteria and others adjust the idea of reliability (Schreier, 2012).

Validity is a significant measure for evaluating the quality of qualitative research (Schreier, 2012). Validity of research in QCA is comprehensive as it refers to the whole study and how robust, accurate and reasonable the findings and conclusions are (Schreier, 2012). In order to achieve this, it is done systematically which makes the process and analysis clear and obvious to readers (Schreier, 2012). The consistency of multiple codes indicates the reliability of the coding frame and that the subsequent findings are valid.

QCA has a consistency verification built into the process where one recodes a section of the material again after a number of days (Schreier, 2012). The reason for the double-coding is that the goal of QCA is to arrive at an interpretation of the Annual Reports, that would be shared by the majority of people with similar cultural backgrounds (Schreier, 2012).

The double-coding assists in evaluating the quality of the coding frame. If there is clarity in the code definitions and subcategories are not overlapping, two cycles of coding should produce similar outcomes (Schreier, 2012). If the outcomes of two cycles of coding are systematically different one would need to re-examine and revise it. If, after two cycles, the coding corresponds and coincides it can be regarded as reliable (Schreier, 2012). The coding was done three times with this study and only the descriptions of the subcategories were better defined to eliminate confusion and the overlapping of concepts. Coding is cyclical and recoding further manages, filters, highlights, and focuses the important items of qualitative data (Saldana, 2009).

Double-coding is essentially checking the coding frame for errors and is applying reliability. An adjustment consists of the requirement that qualitative research is done systematically and it is made transparent to readers as to how they arrived at their interpretations and conclusions (Schreier, 2012). Adjusting reliability is important as it is always necessary for researchers to follow the same sequence of steps irrespective of the material or question (Schreier, 2012). The method is systematic and in being systematic it is reliable (Schreier, 2012).

Reliability and objectivity are both important in QCA but not at the cost of validity and it indicates that the requirement of the coding frame should capture what has been aimed at capturing (Schreier, 2012).

CHAPTER 4. PRESENTATION OF RESULTS

4.1 Introduction

Integrated Annual Reports of four large retailers were analysed using QCA. Retailers were analysed on three main categories namely: Fresh food, Price benefits to consumers and Social and environmental initiatives, each with their subcategories. Points in time and tables of results are discussed to clarify the workings of the coding frame.

4.2 Results pertaining to the question:

How do SA food retailers compare in the communication on their CSR, sustainable social and environmental activities in their Integrated Annual Reports?

The results of coding Integrated Annual Reports of well-known retailers in SA are detailed in the three tables below. Coding sheet one, two and the final coding sheet were coded more than ten days apart. This should be done when coding between two or more points in time which is in accordance with criteria for a single coder coding between two or more points in time (Schreier, 2012).

A first code run or trial was conducted. The coding frame was not adjusted, but clarifications of subcategories were better defined to avoid overlapping concepts. The coding sheets, shown below are reliable as results remain consistent.

There are 3 main categories:

- Category 1: Fresh food
- Category 2: Price benefits to consumers
- Category 3: Social and environmental Initiatives

In the fresh food category, the Integrated Annual Reports were scrutinised to assess how often they mention topics relating to subcategories in category 1.

Each Integrated Annual Report was evaluated and frequencies of various subcategories mentioned or discussed were recorded. Under the Fresh Food category the Integrated Annual Report of SHL was coded first then PnP, Spar and lastly WHL. Thereafter, category two and three were coded in the same way.

The number of times a subcategory from the coding frame was mentioned was recorded in the frequency column. There is a frequency column for all three main categories e.g. Food quality was mentioned, discussed or alluded to six times in the 2016 Integrated Annual Report SHL, six times in PnP’s report, four times in Spar’s report and five times in WHL’s report in coding sheet one.

For the same subcategory in coding sheet two Food quality was mentioned, discussed or alluded to six times in the 2016 Integrated Annual Report of SHL, six times in PnP’s report, four times in Spar’s report and six times in WHL’s report. This shows reliability in the coding frame as there is not much difference between food quality of WHL as there is only a variance in occurrence of one. There are subcategories where there is a variance of 2 between coding sheet one and coding sheet two however, a final frequency has been assigned in the final coding sheet.

The frequencies in the final coding sheet were determined by comparing sheet one and two. Where there was a discrepancy between two frequencies the segmented sections of the Integrated Annual Reports were examined again to determine the final frequency number. Therefore, results of the coding are considered reliable. Results are considered valid as the instrument captures what it has set out to capture (Schreier, 2012). In the final coding sheet the frequency for food quality was assigned a number of five for SHL, six for PnP, four for Spar and six for WHL.

Results allow one to compare the importance of subcategories of the retailers and that it is reliable as this does not vary much at two different points in time. In total four coding sheets were created: trial, sheet one, sheet two and the final sheet.

The second main category, price benefits to consumers, recorded aspects that would affect prices of food for consumers and how they keep prices as competitive as possible through operational efficiencies, promotions and improving price perceptions. Again, it allows us to compare retailers' efforts reliably.

The third and last main category, Social and environmental initiatives, focusses on environmental responsibility, recycling, promoting healthy living and social programs.

The highest scoring subcategories for SHL were Food safety with a frequency of 9. High coding frequencies for a particular subcategory indicate a corresponding distribution of themes or their importance in the Integrated Annual Reports which is an empirical finding and not a reason to change the coding frame (Schreier, 2012). When working with concept driven coding frames and content validity subcategories are created on a conceptual foundation and as one is concerned with the presence of these concepts in the material (Schreier, 2012). Categories should not be altered irrespective of the distribution of the coding frequencies (Schreier, 2012). The coding frame is sufficiently valid as main- and subcategories adequately represent concepts in the study (Schreier, 2012). These findings can be compared with one another.

Frequency is important as it emphasises the importance of a topic in a particular Integrated Annual Report. Where there is a frequency of one it has been discussed once and a frequency of two discussed twice and so on.

Table 1: Coding sheet one

Coding Sheet1 : 20 Feb						
Unit of Analysis Number	**Main Category 1: Fresh Food**	**freq.**	**Main Category 2: Price benefits to consumers**	**freq.**	**Main Category 3: Social & Environmental Initiatives**	**freq.**
1 (Shoprite Holdings AR)	1.4 Improved Fresh Produce	0	2.4 Growing sophistication of consumers	1	3.2 Environmental Responsibility	6
	1.1 Food Quality	6	2.5 Drought -Negative Impact on Consumers	1	3.8 Recycling	5
	1.3 Food Availability	2	2.7 Operational Efficiencies/ Supply chain optimisation	4	3.11 Small Scale Farmers	2
	1.2 Food Safety	8	2.2 Competitive Prices	8	3.1 Environmental Sustainability	1
	1.5 Food Testing	1	2.3 Value	1	3.4 Decrease Carbon Footprint	1
	1.8 Accredited Food Safety Audits	2	2.1 Improve Price Perceptions	0	3.3 Sustainable Sourcing	0
	1.9 Adherence To Food Safety Standards	3	2.6 Increase in Food Sales	2	3.5 Social Programs – Community Involvement	4
	1.10 Compliance With Legal Requirements	2				
	1.6 Quality Control	0				
	1.7 Food Hygiene	1				
2 (PnP AR)	1.1 Food Quality	6	2.2 Competitive Prices	8	3.2 Environmental Responsibility	5
	1.2 Food Safety	5	2.7 Operational Efficiencies/ Supply chain optimisation	6	3.6 Promote Healthy Living	3
	1.3 Food Availability	7	2.8 Convenience	6	3.5 Social programs – Community involvement	7
	1.8 Accredited Food Safety Audits	1	2.3 Value	4	3.12 Ethical Sourcing	2
	1.4 Improved Fresh Produce Offering	8	2.9 Price Promotions	2	3.1 Environmental Sustainability	0
	1.9 Adherence To Food Safety Standards	1	2.6 Increase in Food Sales	1	3.4 Decrease Carbon Footprint	0
	1.10 Compliance With Legal Requirements	0				
3 (Spar AR)	1.4 Improved Fresh Produce Offering	16	2.2 Competitive Prices	7	3.2 Environmental Responsibility	8
	1.3 Food Availability	4	2.3 Value	8	3.6 Promote Healthy Living	4
	1.1 Food Quality	4	2.5 Drought- Negative Impact on Consumers	2	3.5 Social programs – Community involvement	17
	1.7 Food Hygiene	3	2.6 Increase in Food Sales	0	3.7 Communication to consumers	4
	1.2 Food Safety	5	2.9 Price Promotions	5	3.1 Environmental Sustainability	6
	1.10 Compliance With Legal Requirements	2	2.8 Convenience	6	3.11 Small Scale Farmers	8
	1.8 Accredited Food Safety Audits	1	2.7 Operational Efficiencies/ Supply chain optimisation	12	3.4 Decrease Carbon Footprint	8
	1.9 Adherence To Food Safety Standards	2	2.4 Growing sophistication of consumers	0	3.1 Increase use of biofuel	4
	1.5 Food Testing	3	2.1 Improve Price Perceptions	2	3.8 Recycling	7
	1.6 Quality Control	4			3.12 Ethical Sourcing	4
					3.3 Sustainable Sourcing	1
4 (WHL AR)	1.1 Food Quality	5	2.3 Value	5	3.2 Environmental Responsibility	8
	1.3 Food Availability	1	2.7 Operational Efficiencies/ Supply chain optimisation	5	3.5 Social programs – Community involvement	7
	1.9 Adherence To Food Safety Standards	2	2.5 Drought- Negative Impact on Consumers	2	3.12 Ethical Sourcing	6
	1.4 Improved Fresh Produce Offering	4	2.1 Improve Price Perceptions	7	3.3 Sustainable Sourcing	8
	1.6 Quality Control	1	2.2 Competitive Prices	6	3.11 Small Scale Farmers	0
			2.6 Increase in Food Sales	2	3.7 Communication to consumers	3
			2.9 Price Promotions	4	3.6 Promote Healthy Living	5
			2.8 Convenience	2	3.1 Environmental Sustainability	4
					3.10 Renewable energy	1
					3.4 Decrease Carbon Footprint	0

Table 2: Coding sheet two

Coding Sheet3 : 1 Mar						
Unit of Analysis Number	**Main Category 1: Fresh Food**	**freq.**	**Main Category 2: Price benefits to consumers**	**freq.**	**Main Category 3: Social & Environmental Initiatives**	**freq.**
1 (Shoprite Holdings AR)	1.4 Improved Fresh Produce	1	2.4 Growing sophistication of consumers	1	3.2 Environmental Responsibility	8
	1.1 Food Quality	5	2.5 Drought -Negative Impact on Consumers	1	3.8 Recycling	5
	1.3 Food Availability	1	2.7 Operational Efficiencies/ Supply chain optimisation	4	3.11 Small Scale Farmers	2
	1.2 Food Safety	7	2.2 Competitive Prices	8	3.1 Environmental Sustainability	0
	1.5 Food Testing	1	2.3 Value	1	3.4 Decrease Carbon Footprint	1
	1.8 Accredited Food Safety Audits	2	2.1 Improve Price Perceptions	0	3.3 Sustainable Sourcing	0
	1.9 Adherence To Food Safety Standards	2	2.6 Increase in Food Sales	1	3.5 Social Programs – Community Involvement	4
	1.10 Compliance With Legal Requirements	2				
	1.6 Quality Control	0				
	1.7 Food Hygiene	1				
2 (PnP AR)	1.1 Food Quality	5	2.2 Competitive Prices	8	3.2 Environmental Responsibility	4
	1.2 Food Safety	5	2.7 Operational Efficiencies/ Supply chain optimisation	6	3.6 Promote Healthy Living	2
	1.3 Food Availability	7	2.8 Convenience	6	3.5 Social programs – Community involvement	7
	1.8 Accredited Food Safety Audits	2	2.3 Value	2	3.12 Ethical Sourcing	2
	1.4 Improved Fresh Produce Offering	7	2.9 Price Promotions	2	3.1 Environmental Sustainability	0
	1.9 Adherence To Food Safety Standards	1	2.6 Increase in Food Sales	1	3.4 Decrease Carbon Footprint	0
	1.10 Compliance With Legal Requirements	1				
3 (Spar AR)	1.4 Improved Fresh Produce Offering	16	2.2 Competitive Prices	7	3.2 Environmental Responsibility	7
	1.3 Food Availability	5	2.3 Value	7	3.6 Promote Healthy Living	3
	1.1 Food Quality	4	2.5 Drought- Negative Impact on Consumers	2	3.5 Social programs – Community involvement	16
	1.7 Food Hygiene	2	2.6 Increase in Food Sales	0	3.7 Communication to consumers	4
	1.2 Food Safety	3	2.9 Price Promotions	3	3.1 Environmental Sustainability	5
	1.10 Compliance With Legal Requirements	2	2.8 Convenience	6	3.11 Small Scale Farmers	8
	1.8 Accredited Food Safety Audits	2	2.7 Operational Efficiencies/ Supply chain optimisation	11	3.4 Decrease Carbon Footprint	8
	1.9 Adherence To Food Safety Standards	2	2.4 Growing sophistication of consumers	0	3.1 Increase use of biofuel	4
	1.5 Food Testing	3	2.1 Improve Price Perceptions	1	3.8 Recycling	7
	1.6 Quality Control	4			3.12 Ethical Sourcing	4
					3.3 Sustainable Sourcing	1
4 (WHL AR)	1.1 Food Quality	6	2.3 Value	5	3.2 Environmental Responsibility	8
	1.3 Food Availability	2	2.7 Operational Efficiencies/ Supply chain optimisation	5	3.5 Social programs – Community involvement	7
	1.9 Adherence To Food Safety Standards	0	2.5 Drought- Negative Impact on Consumers	2	3.12 Ethical Sourcing	6
	1.4 Improved Fresh Produce Offering	5	2.1 Improve Price Perceptions	7	3.3 Sustainable Sourcing	7
	1.6 Quality Control	0	2.2 Competitive Prices	7	3.11 Small Scale Farmers	0
			2.6 Increase in Food Sales	2	3.7 Communication to consumers	3
			2.9 Price Promotions	4	3.6 Promote Healthy Living	4
			2.8 Convenience	2	3.1 Environmental Sustainability	4
					3.10 Renewable energy	1
					3.4 Decrease Carbon Footprint	0

Table 3: Final Coding Sheet

Coding Sheet 3: final code Sheet						
Coding Sheet 2 : 1 Mar						
Unit of Analysis Number	**Main Category 1: Fresh Food**	**freq.**	**Main Category 2: Price benefits to consumers**	**freq.**	**Main Category 3: Social & Environmental Initiatives**	**freq.**
1 (Shoprite Holdings AR)	1.1 Food Quality (+1)	6	2.1 Improve Price Perceptions	0	3.1 Environmental Sustainability	0
	1.2 Food Safety	9	2.2 Competitive Prices	8	3.2 Environmental Responsibility	7
	1.3 Food Availability	1	2.3 Value	1	3.3 Sustainable Sourcing	0
	1.4 Improved Fresh Produce	1	2.4 Growing sophistication of consumers	1	3.4 Decrease Carbon Footprint	1
	1.5 Food Testing	1	2.5 Drought -Negative Impact on Consumers	1	3.5 Social Programs – Community Involvement	4
	1.6 Quality Control	0	2.6 Increase in Food Sales	1	3.8 Recycling	5
	1.7 Food Hygiene	1	2.7 Operational Efficiencies/ Supply chain optimisation	4	3.11 Small Scale Farmers	2
	1.8 Accredited Food Safety Audits	2				
	1.9 Adherence To Food Safety Standards	2				
	1.10 Compliance With Legal Requirements	2				
2 (PnP AR)	1.1 Food Quality (+1)	6	2.2 Competitive Prices	8	3.1 Environmental Sustainability	0
	1.2 Food Safety	7	2.3 Value	2	3.2 Environmental Responsibility	5
	1.3 Food Availability	8	2.6 Increase in Food Sales	1	3.4 Decrease Carbon Footprint	0
	1.4 Improved Fresh Produce Offering	7	2.7 Operational Efficiencies/ Supply chain optimisation	6	3.5 Social programs – Community involvement	7
	1.8 Accredited Food Safety Audits	2	2.8 Convenience	6	3.6 Promote Healthy Living	2
	1.9 Adherence To Food Safety Standards	1	2.9 Price Promotions	2	3.12 Ethical Sourcing	2
	1.10 Compliance With Legal Requirements	1				
3 (Spar AR)	1.1 Food Quality	4	2.1 Improve Price Perceptions	1	3.1 Environmental Sustainability	5
	1.2 Food Safety	5	2.2 Competitive Prices	7	3.2 Environmental Responsibility	6
	1.3 Food Availability	5	2.3 Value	8	3.3 Sustainable Sourcing	1
	1.4 Improved Fresh Produce Offering	16	2.4 Growing sophistication of consumers	0	3.4 Decrease Carbon Footprint	8
	1.5 Food Testing	3	2.5 Drought- Negative Impact on Consumers	2	3.5 Social programs – Community involvement	16
	1.6 Quality Control	4	2.6 Increase in Food Sales	0	3.6 Promote Healthy Living	3
	1.7 Food Hygiene	3	2.7 Operational Efficiencies/ Supply chain optimisation	12	3.7 Communication to consumers	4
	1.8 Accredited Food Safety Audits	2	2.8 Convenience	6	3.8 Recycling	7
	1.9 Adherence To Food Safety Standards	2	2.9 Price Promotions	4	3.9 Increase use of biofuel	4
	1.10 Compliance With Legal Requirements	2			3.11 Small Scale Farmers	8
					3.12 Ethical Sourcing	4
4 (WHL AR)	1.1 Food Quality	6	2.1 Improve Price Perceptions	7	3.1 Environmental Sustainability	4
	1.3 Food Availability	2	2.2 Competitive Prices	7	3.2 Environmental Responsibility	8
	1.4 Improved Fresh Produce Offering	5	2.3 Value	5	3.3 Sustainable Sourcing	7
	1.9 Adherence To Food Safety Standards	0	2.5 Drought- Negative Impact on Consumers	2	3.4 Decrease Carbon Footprint	1
	1.6 Quality Control	0	2.6 Increase in Food Sales	2	3.5 Social programs – Community involvement	7
			2.7 Operational Efficiencies/ Supply chain optimisation	5	3.6 Promote Healthy Living	4
			2.8 Convenience	2	3.7 Communication to consumers	3
			2.9 Price Promotions	4	3.10 Renewable energy	1
					3.11 Small Scale Farmers	0
					3.12 Ethical Sourcing	6

The coding frames adequately capture what is set out in proposition one (The extent to which food retailers in SA are actively involved in CSR, sustainable social and environmental activities regarding food and communicating this to stakeholders through Integrated Annual Reports). The coding frame covers all aspects of fresh food offerings in stores and the degree to which retailers report on the safety and quality of produce they sell. All retailers highlight food quality, availability and improving their fresh produce offerings.

In category two retailers stress that operational efficiencies assist in keeping prices low for consumers. The drought has had a negative impact on food prices and therefore retailers employed additional promotions which influenced the value and price perceptions of consumers.

Category three focussed on social and environmental issues that retailers run to uplift communities and cause less environmental harm. These aspects are communicated to stakeholders through Integrated Annual Reports. This form of communication has the possibility to influence stakeholders in such a way that they might choose to support a specific retailer over another due to their social and environmental responsibility and sustainability initiatives.

4.3 Summary of the results

The coding sheets were created in accordance with criteria for a single coder coding material at two or more points in time (Schreier, 2012). After the trial code, first coding session, clarifications for subcategories were better defined to avoid concepts overlapping in following coding sessions. There are three main categories namely Fresh food, Price benefits to consumers and Social and environmental initiatives each with their subcategories. Frequencies of subcategories are important as the retailer emphasises their efforts relating to this topic. This assists in comparing Integrated Annual Reports of the retailers.

CHAPTER 5. DISCUSSION OF THE RESULTS

5.1 Introduction

The retailers whose Integrated Annual Reports were analysed are SHL, PnP, Spar and WHL. Reports were looked at using lenses of Fresh food, Price benefits to consumers and Social and environmental initiatives. It has been argued over the years that businesses are more intertwined within the community in which they operate (Grant, 1991) and many scholars maintain that businesses have responsibilities to assist and aid in social and environmental issues (Hinson & Ndlovu, 2011). Hinson and Ndlovu believe that it is in the interest of business to be socially and environmentally responsible as ethical conduct is more cost-effective than unethical conduct (2011).

Businesses that have an innovative approach whereby they are looking for operational activities that take all stakeholders and their perceptions into account leads to more sustainable solutions economically, socially and environmentally (Hinson & Ndlovu, 2011). The analysis is of the retailers' attempts communicate their ethical, social and environmentally responsible conduct to stakeholders in their Integrated Annual Reports of 2016.

5.2 Discussion pertaining to the consultancy question:

How do the Integrated Annual Reports of the four major South African food retailers compare in their communication on of their CSR, sustainable social and environmental activities?

5.2.1 Discussion of Category 1: Fresh Food

The retailers that were analysed are SHL, PnP, Spar and WHL. The reports were looked at using lenses of Fresh food, Price benefits to consumers and Social and environmental initiatives.

Retailers can influence the consumers' willingness to purchase ethical products by influencing their social and environmental attitudes, awareness and responsibility (Lai & Cheng, 2016). To change attitudes of stakeholders, companies can create green marketing strategies relaying information of specific social and environmental issues and elaborate on the positive consequences of purchasing ethical products or shop at social and environmentally responsible stores (Lai & Cheng, 2016). In an Interview held with the General Manager of Sustainability at PnP similar ideas were discussed. The other retailers declined interviews to discuss their green practices. The interview showed similarities to the findings of PnP.

The coding provides for easy comparisons between retailers. In the category of Fresh food SHL emphasises food safety, the second category they emphasise competitive prices and in the third environmental responsibility. SHL is generally seen as a price leader and this corresponds with the coding and frequency results.

In figure 2, below, for SHL food safety has the highest frequency indicating the importance of providing safe food to consumers. The second highest recorded subcategory was food quality with a frequency of 6 which they feel is important to communicate to stakeholders. Subcategories of 1.8, 1.9 and 1.10 has a low frequency of two each however, it does indicate that SHL takes food safety seriously as they as they ensure quality control even though quality control was not mentioned as such. Subcategories discussed with the lowest scores of 1 are food testing, which ties in with food safety, food availability and improved fresh produce. Food availability relates to the actual availability of fresh produce as the drought in SA impacted availability, quality and prices. Price and the drought are discussed in category two. Consequences of the drought could be a reason for highlighting food quality.

Food safety was coded as the most important factor for SHL in all the prior coding sheets including the trial code and food quality second. The remaining subcategories varied between frequencies of 1 and 2. It is clearly an aspect of their business they take seriously and want to convey this message to stakeholders. This shows that SHL is concerned about the well-being of their customers and are behaving in an ethical and responsible way in ensuring food purchased at their stores are safe. The food safety also shows coordination across the supply chain to ensure that food does not become contaminated.

Figure 2: Category 1: SHL coding and frequency

The next unit of analysis coded for the category of fresh food was the Integrated Annual Report of PnP. The focus in their report in category one was to communicate how important food availability is with a frequency of 8. The following important subcategories were food safety and improving fresh produce with frequencies of 7 thereafter food quality with a frequency of 6. As with SHL, subcategories of 1.8, 1.9 and 1.10 has low frequencies and indicates that PnP does take food safety seriously as they have these measures in place and expresses this message to shareholders and stakeholders.

Food availability was most important factor for PnP in all the prior coding sheets including the trial code, food quality and improved fresh produce second and food quality third. The General Manager of Sustainability at PnP stated that they continually update their product offerings to meet consumers' needs and serve the communities around PnP stores by providing quality produce (Nel, 2017). This may indicate that consumers showed a concern in the availability of food in the wake of the drought and that they desire quality fresh food. All these subcategories scored between 6 and 8. Remaining subcategories varied between frequencies of 1 and 2 as can be seen in figure 3. The emphasis on subcategories 1.3, 1.4, and 1.1 could be the result of the drought however, it is clear that where SHL is focussed on safety PnP is focussed on safety and improving their delivery of quality fresh food.

The safety of food for all the retailers is important as any negative information regarding the safety of food could spread through the media. This could result in damaging the retailers' reputation which could be difficult to regain. With the prevalence of social media negative information could spread rapidly and tarnish an organisation's image.

The concern on food availability could hint at general food security in South Africa. If food produced in South Africa is declining then the PnP would rely more on imports and this will result in significant price increases.

Figure 3: Category 1: PnP coding and frequency

Spar's coding results regarding fresh food indicates that all the subcategories were covered in this Integrated Annual Report. The most important aspect that the results reveal is that Spar is continually working to improve their fresh produce offering with a frequency of occurrence of 16. Food safety and food availability both have frequencies of 5. Food quality and quality control have a frequency of 4 each. Food testing and hygiene have a frequency of 2 and the last three subcategories 2. Spar’s fresh produce offering is clearly the most important subcategory and other subcategories vary between frequencies of 2 and 5.

Spar’s improved fresh produce offering was coded as the most important subcategory in all the prior coding sheets including the trial code and food quality, safety, availability and quality control varied between frequencies of 4 and 5. The remaining subcategories varied between frequencies of 1 and 3.

Spar’s focus on improving their fresh produce sections is important as they are targeting a turnover of 30% in this section of their business (SparGroup, 2016). This may also tie in with the view that Spar is a convenient neighbourhood store where customers purchase fresh products on a regular basis and purchase non-fresh food items from larger retailers.

South Africans are urged to eat healthier and concentrating on the fresh food offering can influence customers to purchase more fresh food and lead healthier lifestyles.

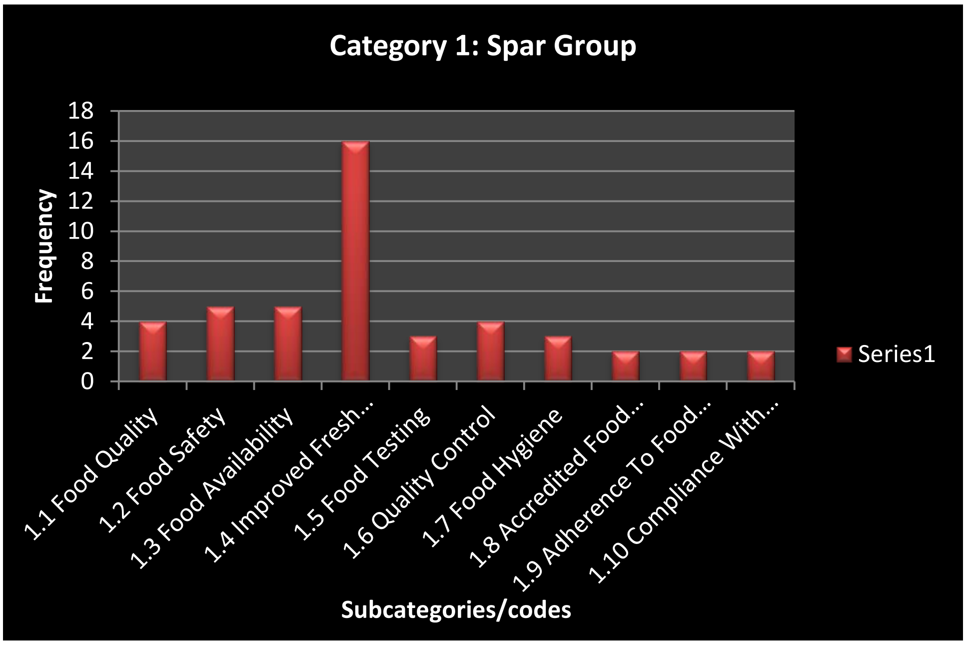

Figure 4: Category 1: Spar coding and frequency

In WHL's Integrated Annual Report the two most important messages to stakeholders are food quality with a frequency of 6, improving their fresh produce offering with a frequency of 5 and availability 2. Codes 1.9 and 1.6 where included in the initial coding phases, but with greater clarification of the subcategories they were not included in subsequent coding sheets.

Food quality was most important for WHL in all prior coding sheets including the trial and an improved fresh produce offering second. It is well-known that WHL prides themselves on the quality of produce that they offer therefore; it is not surprising that quality remains a strong focus point. The remaining subcategories varied between frequencies of 0 and 2.

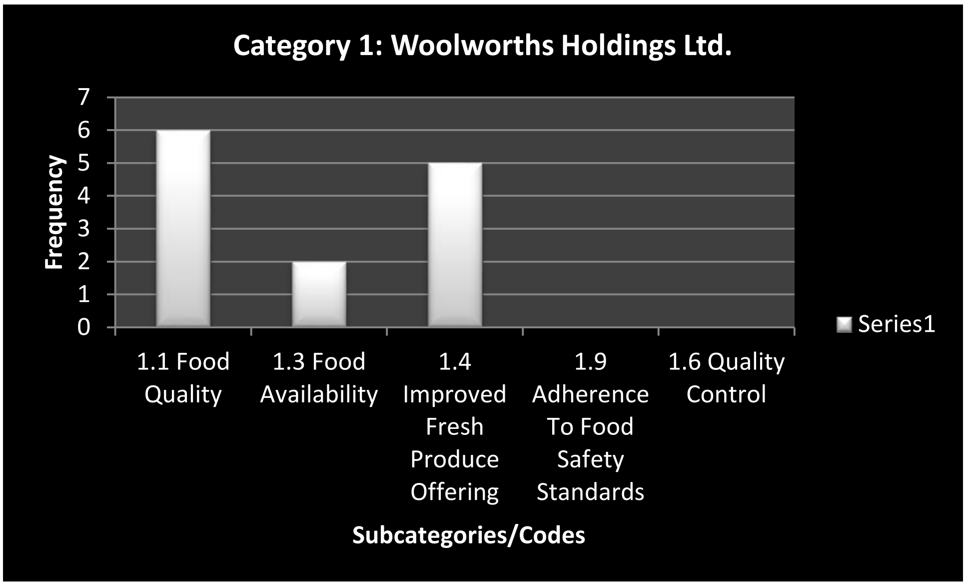

Figure 5: Category 1: WHL coding and frequency

The retailers' focus in the fresh food category clearly differentiates themselves from one another. SHL focuses on food safety, PnP on food availability, Spar on an improved fresh offering and WHL on quality.

SHL is the largest food retailer is South Africa and is seen as a price leader. They would not want to be viewed as selling produce that is inferior compared to other stores which is why they are concentrating on food safety and quality in their report. PnP wants to create the view that they have safe, quality food available and would like to improve on providing this. They believe that these are important to customers and want to communicate that they offer what the customer needs.

Spar focusses on many aspects and the way that they communicate this is to show that all these aspects need to be in place and communicated to customers to provide quality products and services. The safety aspects of all the retailers indicate that they care about the well-being of their customers. WHL conveys a message of the quality of their fresh produce and quality is a strong feature of their image. This feature is repeated often to position themselves in the minds of consumers as s retailer that provides quality fresh food.

5.2.2 Category 2: Price benefits to consumers

Price benefits to consumers is the category which looks at various ways in which retailers try to keep prices low and affordable for their customers. SHL has a strong focus on keeping their prices competitive and scored a frequency of 8. The next highest scoring subcategory was Operational efficiencies scoring four. Retailers scored high on operational efficiencies as an optimised supply chain can have enormous cost saving consequences. The other subcategories for SHL all had frequencies of one. There was a similar trend in earlier coding sessions therefore not much variance between coding runs. Competitive prices remain most important to communicate to customers and stakeholders for SHL.

Figure 6: Category 2: SHL coding and frequency

PnP has a strong focus on competitive prices (8) in this category. However, they focus on convenience and operational efficiencies (6). Subcategories of 2.3, 2.6 and 2.9 score between 1 and 2 in frequency. Convenience seems to be an upcoming aspect for PnP as they are aiming at opening smaller scale community stores with flexible hours to create convenience (PnP, 2016). These smaller scale stores places them in more direct competition with retailers such as Spar and WHL.

The General Manager of Sustainability at PnP acknowledged that their greatest impact is through their supply chain and is also an important component to address within the context of sustainability (Nel, 2017). By adapting their supply chain in creative ways they can achieve operational efficiencies, save costs and be environmentally responsible.

They are focusing on creating value through various price promotions. They are expressing their intentions to have not only competitive prices as with SHL, but also creating convenience which may give them a competitive advantage.

Figure 7: Category 2: PnP coding and frequency

Spar has the most focus on Operational efficiencies as this affects prices significantly. Spar is one of the largest retailer groups in SA with retail outlets in almost every town which makes this aspect of their business very important. Spar focusses on decreasing their carbon footprint which aids their cost saving efforts in operations.

The second most important aspect that Spar communicates to stakeholders is value that they offer through competitive prices and convenience. These are important attributes to communicate to customers to remain competitive. These aspects are significant differentiating factors compared to other retailers. Spar is generally seen as a value for money convenient neighbourhood store.

The frequencies of these subcategories have remained more or less the same across previous coding sessions with variations of 1.

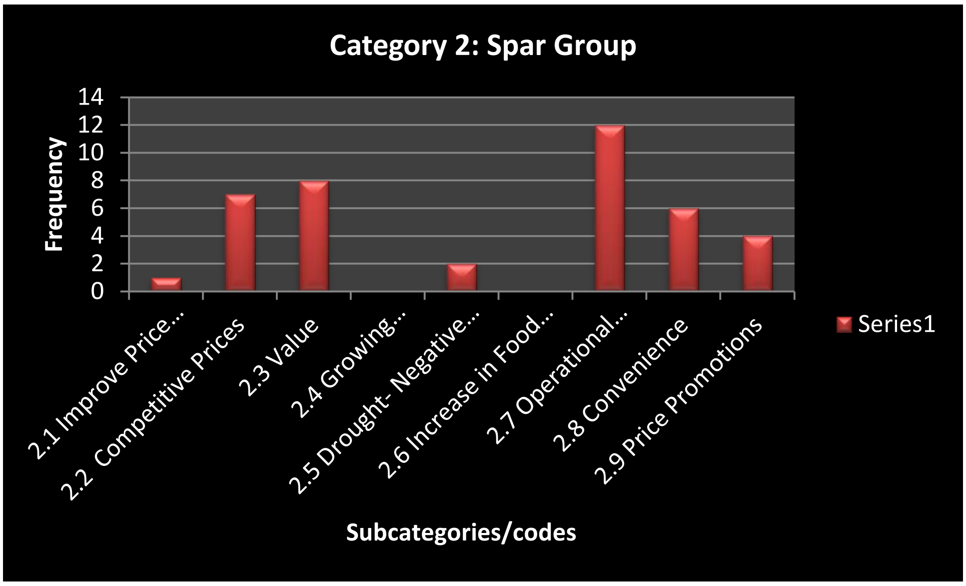

Figure 8: Category 2: Spar coding and frequency

WHL highlights the improvement of price perceptions and competitive prices. WHL is seen as the high-end retailer out of the four retailers analysed therefore, it is interesting to note that they are working at improving perceptions of their higher prices. Another high scoring subcategory is value and operational efficiencies. Operational efficiencies keep costs low and an increase in perceived value increases their customer's positive price perceptions. They draw attention to their ongoing price promotions which complements their competitive prices and customers perceptions of price and value. In their efforts to improve customer perceptions of price it is surprising that they are less concerned with convenience as this is important to their competitors.

Figure 9: Category 2: WHL coding and frequency

By comparing retailers in category 2 differentiating factors communicated to customers are quite distinct. SHL is concerned with being a price competitor whereas Spar and PnP have similar outlooks to communicate not only competitive prices but also convenience, operational efficiencies and value. WHL is focusing on competitive prices and improving customers' perceptions of their prices and value.

Retailers that have more innovative approaches whereby they are looking for operational activities that take all stakeholders and their perceptions into account leads to more sustainable solutions economically, socially and environmentally (Hinson & Ndlovu, 2011). PnP, Spar and WHL seem to stake a strong stance on this compared to SHL and are creating a competitive advantage for themselves whereas, SHL's only strong differentiator and advantage lies in their competitive prices. PnP, Spar and WHL create competitive advantages whereby they can expand into new markets and enhance their corporate and product reputation in the minds of consumers (Suki, Suki, & Azman, 2016).

Managers of supermarkets surveyed in the UK found that food retailers use 30% less energy than in 2005 which translates into yearly savings if between GBP 30 and 50 million per year (Ochieng, et al., 2014). The South African retailers do not indicate exactly how much cost savings they do make however, as it is one of the highest scoring subcategories they most probably have great cost reductions in this area due to restructuring their supply chains and adapting to become more operationally efficient. They repeatedly communicate that they are employing ways to save costs where they can.

All the retailers state that they offer competitive prices as price is very important to customers because they can afford more products. A large part of the South African population has a low income therefore competing on price for those customers are important.

Convenience is important for customers as it reduces time and money spent on traveling to retailers. Convenience also increases the amount of times customers would frequent stores and increase sales.

5.2.3 Category 3: Social and Environmental initiatives

Sustainable activities of organisations include saving money on electricity consumption, fuel, reduced packaging and general material cost efficiencies (Mogre, Lindgreen, & Hingley, 2016). Not only are these efforts saving costs for the organisation, but also reducing the negative impact on the environment. Companies can use CSR and sustainability activities to create competitive advantages as it has the potential to reduce production, packaging and logistics costs (Fatma & Rahman, 2015).

The food industry is under rising pressure to conduct themselves more socially and environmentally friendly (Kim, 2017). Impacts of the food industry on the environment includes deforestation, food waste, soil and water pollution, solid and liquid waste including packaging and service wares problems (Kim, 2017). Retailers are required to find ways to address these concerns as perceived shortcomings of CSR and sustainability in the food industry may result in damages to the company image and profitability (Kim, 2017). The South African retailers are addressing these issues by focussing on following ethical, social and environmental programs and communicating it to stakeholders.

In category 3 SHL has its main focus areas in environmental responsibility, recycling and, social programs. Environmental responsibility here refers to using less water, electricity, fuel etc. This indicates that they are not only aiming at reducing the usage of these resources to reduce costs, but to be more environmentally friendly. The same rings true for their recycling programs where they use reusable crates, reducing packaging and using recycled materials which cuts operational costs over time. Food packaging is a great contributor to municipal waste as food packaging makes up in more than 60% of all packaging waste in the USA (Kim, 2017). By reducing packaging SHL, the largest food retailer in SA, can make a significant impact by reducing their packaging. SHL scored highest in environmental responsibility (8) and the second highest (5) for recycling.

SHL scored 4 on social programs which mainly include a number of feeding schemes across the country. They support small-scale farmers (2) who then supply local stores. Supporting small-scale farmers may have arisen to have a diversified supply of fresh produce in the wake of the drought. This program supports farmers and their direct communities and benefits SHL in ensuring the supply of produce. SHL is working to reduce their carbon footprint. Previous codes show a similar trend for SHL in subcategories and frequencies.

Figure 10: Category 3: SHL coding and frequency

PnP's focus area in category 3 is mainly social programs (with a frequency of 7) and environmental responsibility (4). They have a good outlook with regards to ethical sourcing (2) and promoting healthy living (2). They would like to emphasise that they are active in community outreach programs, create good relationships with ethical suppliers and promote healthy living through providing a better fresh produce offering (PnP, 2016).

This was also evident in the interview where the manager indicated that the stores are there to serve the communities around them with quality produce and to support the communities (Nel, 2017). Additionally, they are affiliated with a range of organisations ranging from WWF-SA and local charities that collects food from stores giving it to local and national government programs that support communities (Nel, 2017). This is important to both customers and communities (Nel, 2017).

PnP communicates that they make considerable investments into communities as they believe that investing in communities is good for their business (PnP, 2016) and they are concerned with community development through various upliftment programs (PnP, 2016). PnP believes that customers care about these projects and assist in times of crises such as with the Houtbaai and Knysna fires (Nel, 2017). Customers are also showing their ongoing support for their PnP School Club and Pink Drive Walks (Nel, 2017).

In the past there have been increases in demand for the South African government to provide adequate social services however; this has been inadequate in tackling the scale of prevalent issues (Hinson & Ndlovu, 2011). Therefore, appeals have been made to the business community to become more involved in social and environmental issues and it has been debated that businesses may benefit from such involvement (Hinson & Ndlovu, 2011). This is the reason retailers are assisting communities through such programs. Retailers are seen as being part of the communities in which they operate, and it enhances their image.

PnP's promotion of healthy living is not only focussed on fresh food but also on various events that they host, such as the Pink Walks, which assists in promoting healthy lifestyles and raising awareness for breast cancer (PnP, 2016).

PnP is committed to Fair Trade and customers have responded positively to it as well as products such as the PnP green cleaning range and their reusable shopping bags (Nel, 2017). Fair Trade does not represent all suppliers it only refers to products that carry the Fair Trade label (Nel, 2017). Customers have responded well to environmentally responsible initiatives that influence behaviour. They are the only retailer, according to Nel, that has instore recycling containers for batteries, ink-cartridges, compact fluorescent lamps (CFLs) and plastic bags/containers which customers frequently use (Nel, 2017).

When asked if customers transition more to using green products, Nel expressed that it is difficult to quantify as there is a range of decisions influencing the shopping decisions of customers however, they are noticing a growing interest trend from consumers in green and ethically sourced products (Nel, 2017).

PnP uses a wide range of channels to communicate their social and environmental efforts to customers which include in-store radio, screens above checkout counters, social media and print (Nel, 2017). There are no clear or standardised ways to gather and measure the response rates of these communication channels (Nel, 2017). This indicates that they do use alternative channels to communicate their social and environmental efforts, but there is no way of determining its effectiveness.

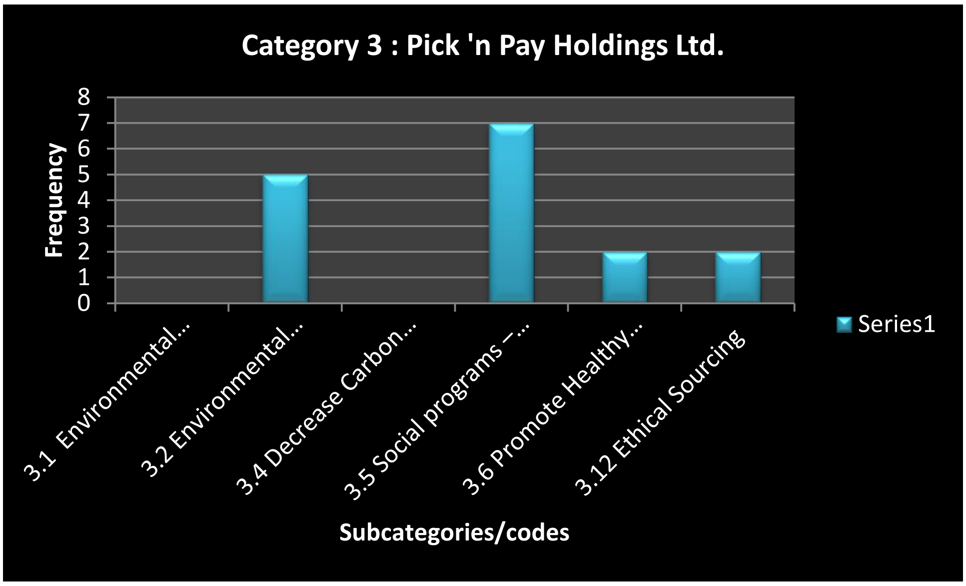

Figure 11: Category 3: PnP coding and frequency

Spar has a comprehensive distribution over subcategories. Social programs are the most important aspect that they want to communicate to stakeholders (16). Spar is working to be at the centre of their communities and assisting them through various programs and sponsorships. This ties in with assisting small-scale farmers as these farmers receive assistance from Spar to yield better crops which Spar can purchase from them and they can sell to the rural communities in which they operate (SparGroup, 2016).

Spar seems to be actively involved in creating a shared value where they assist small-scale farmers with skills and knowledge which enables better crops which they can then sell to Spar and their local communities and improve their livelihoods. Spar is in the position to procure locally produced produce which does not have to travel long distances and so they create cost reductions in fuel and decrease their carbon footprint. Assisting small-scale farmers and decreasing their carbon footprint both have a frequency of 8.

Recycling (7) is a reoccurring feature which means that it is important for them to communicate to their stakeholders. Spar has the most projects in place of the retailers to be more socially and environmentally responsible. They score high on both environmental responsibility (7) and sustainability (5). They promote healthy living through sponsorships and funding events to promote healthy living (SparGroup, 2016). They communicate their efforts and promotions to consumers through text messages and they are the only retailer which uses and aims to increase the use of biofuel and ensure that they source their produce from ethical sources.

Spar's Integrated Annual Report contains a comprehensive collection of projects that they are undertaking to conduct themselves more ethically, socially and environmentally friendly. It is in the interest of business to be socially and environmentally responsible as ethical conduct is more cost-effective and rational than unethical conduct (Hinson & Ndlovu, 2011). Spar is communicating this in their Integrated Annual Report and is rather unexpected as one would not necessarily expect such a wide-ranging and inclusive CSR plan with Spar. They are communicating it effectively through their Integrated Annual Report, but there is little evidence of communicating this through other channels.

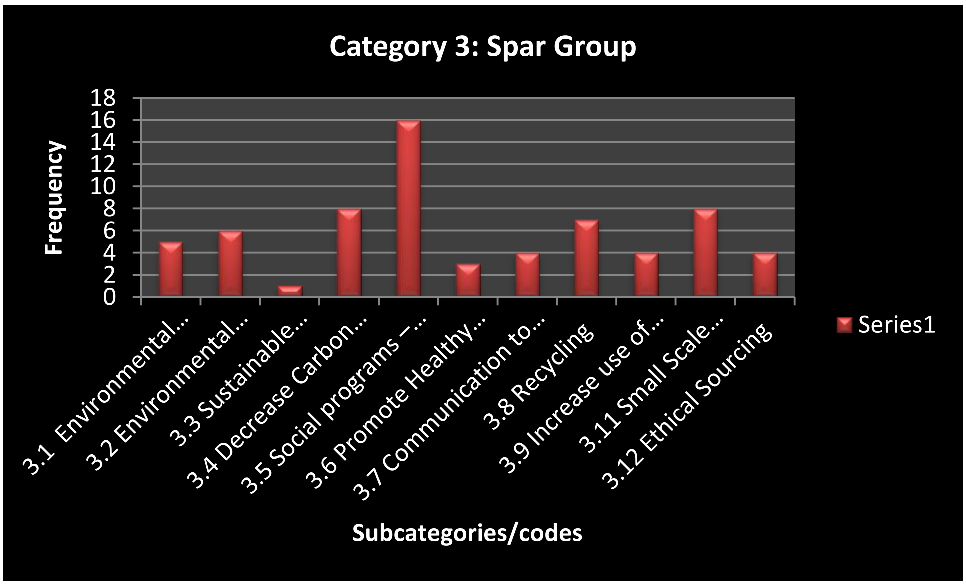

Figure 12: Category 3: Spar coding and frequency

WHL has the second most subcategories covered in this analysis and rather than having a single category that they focus on they focus on four important aspects. They are environmental responsibility (8), sustainable sourcing (7), social programs (7) and ethical sourcing (6) with frequencies of occurrence of between 6 and 8. Category 3 seems to be the most important category they wish to communicate to stakeholders as it is covered by most subcategories in the coding frame.

Environmental sustainability, healthy living and communications to customers are important with frequencies of 3 and 4. Communications to customers refer to marketing campaigns and mobile communications such as vouchers sent to customer's mobile devices (WHL, 2016). Decreasing their carbon footprint received some mention and they are the only retailer communicating that they are using and wanting to increase the use of renewable energy.

WHL has emphasised sustainable and ethical sourcing. Sustainable sourcing is obtaining food products that would not deplete the current numbers available such as sustainable fishing (SASSI - Southern African Sustainable Seafood Initiative). Ethical sourcing refers to obtaining food products that causes little harm to animals, people and the environment. WHL communicates that this is important as they are a member of SASSI and all the poultry products that they sell is free range (ethical).

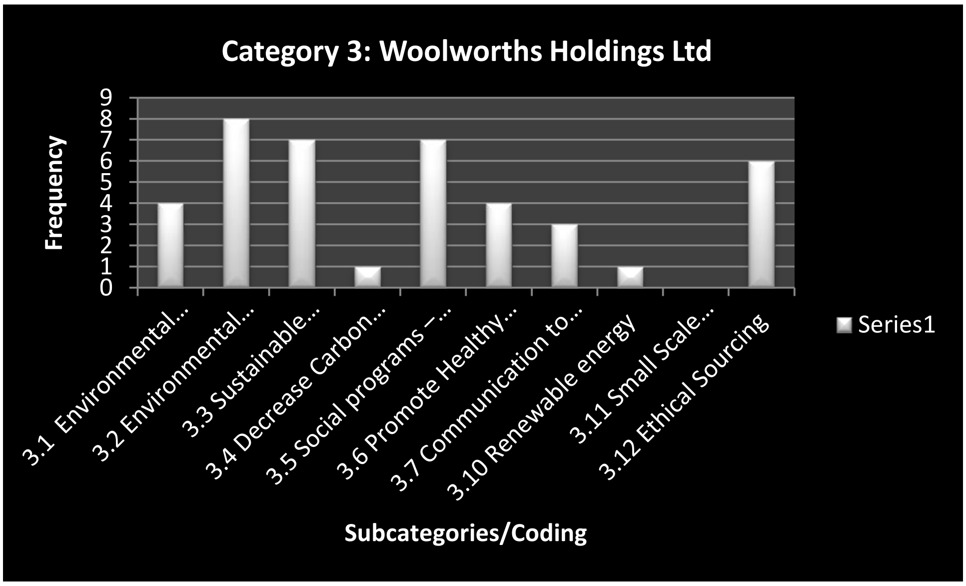

Figure 13: Category 3: WHL coding and frequency

Retailers conveyed the messages of their social and environmental initiatives the most. This is an important category as it reflects their image and enhances their reputations. This is an area where they communicate that they are authentic in their social and environmental initiatives and that they take responsibility for the impact that they have on the environment and the more genuine they appear the more trusting consumers will be of them and their actions.

The retailer that communicated its activities regarding sustainable social and environmental programs pertaining to food production most comprehensively is Spar. In all three main categories there are similar subcategories that are more important to communicate to stakeholders as their frequencies are higher.

In category one the important subcategories are food safety, availability, improved fresh produce and food quality. In category two important subcategories are competitive prices, operational efficiencies and improved price perceptions and in category three environmental responsibility and social programs.

This indicates that retailers communicate to some extent their active involvement in sustainable and environmental activities regarding food to stakeholders through their Integrated Annual Reports. However, it has been noted that the level of communication for PnP and WHL is less in their Integrated Annual Report than there is information on their websites and sustainability reports. Spar and SHL communicates more information through their Integrated Annual Report than on their websites.

Organisations are interconnected systems and a change in one area of the business can influence another. For example, the drought that SA has experienced could have resulted in retailers stressing their commitments to food quality and availability and undertaking to assist small-scale farmers to have a more steady supply in produce. Although interpretation of the results should be done for each category there is this emergence of new interpretations that crossover categories. Another example is how environmental responsibility and decreasing carbon footprint influences operational efficiencies and supply chain optimisation whereby reductions in usage of fuel, electricity and water creates operational efficiencies and cost reductions for the retailers.

5.3 Conclusion

Companies have projects in place addressing social and environmental issues. Organisations spend large amounts of money taken from their profits to help those in need and to aid various projects. Looking at consumers only a third in the USA and UK indicate that they would purchase green products and support green organisations the green market only has a 3% share of the total retail market (Janssen & Vanhame, 2015).

In the study three main categories and their subcategories was used to code the Integrated Annual Reports of retailers and revealed insightful information on what they feel is important to communicate to their stakeholders. Social and environmental initiatives are becoming more important in the business environment. Sustainability of CSR relates to economic, environmental and social sectors which are the triple bottom-line consisting of people, profit and planet (Postma, 2011). Supporters of the triple bottom-line (PPP) maintain that the viability of organisations depend on sustaining gains across each sector (Postma, 2011). South African food retailers are aiming to address the triple bottom-line in their business activities.

Research conducted on the CSR practices in emerging economies indicated that the rise in these practices is due to “outside forces” or international organisations from developed countries pressuring companies in emerging economies to comply (Bhattacharyya, 2015). The analyses of the retailers showed no indication that their Social and environmental initiatives was due to international pressure. The retailers do conduct business in other countries but, the social and environmental initiatives were implemented by them.

Consumers have started to show an increase in purchasing products from organisations that have an interest in improving social and environmental issues (Yadav & Pathak, 2017). Green consumerism is a broad category of ethical consumption (Yadav & Pathak, 2017) therefore; the emphasis here was on food retailers. Green consumerism has grown substantially in developed countries and over time it has gained a foothold in developing countries (Yadav & Pathak, 2017) there was however no indication that consumers preferred green products or that green products were discusses in the Annual Reports. The focus in the reports related more to the social and environmental initiatives the retailers undertake.

The study looked at three main categories. In the fresh food category retailers focused on different subcategories as the most important to communicate to their stakeholders. SHL conveys the message of food safety, PnP food availability, Spar improved fresh produce and WHL food quality. Each of these retailers differentiates themselves based on the communication of these messages. The safety aspects of all the retailers indicate that they care about the well-being of their customers. There was no mention of green consumerism or focusing on organic or free-range products. The retailers only look at fresh food as a segment of their business operations even though internationally customers have indicated a rise in their willingness to purchase socially and environmentally responsible products (Zaharia & Zaharia, 2013).

Figure 14: Top 3 Subcategories in main category 1

Category two examined numerous ways in which retailers attempt to maintain competitiveness and includes operational efficiencies, convenience and price promotions. Savings in operational efficiencies made by Walmart reported in 2006 included 3 425 tons of corrugated material, 5 119 trees, 1 358 barrels of oil and 727 shipping containers (Fatma & Rahman, 2015). This does not only save costs for a retailer but also causes less harm to the environment. Competitive advantages can be created by organisations through their sustainable practices and publishing their achievements to differentiate themselves (Ochieng, et al., 2014).

The subcategory of competitive prices was the most important for most of the retailers with Spar focusing more on operational efficiencies. However, here has been rises in CSR and sustainability activities of organisations and the effect it has on consumer reactions to the point where consumers expect more from firms than quality or low-priced products (Fatma & Rahman, 2015). This is evident in category three where the South African retailers have numerous projects in place to assist those in need and being more ethical in sourcing products.

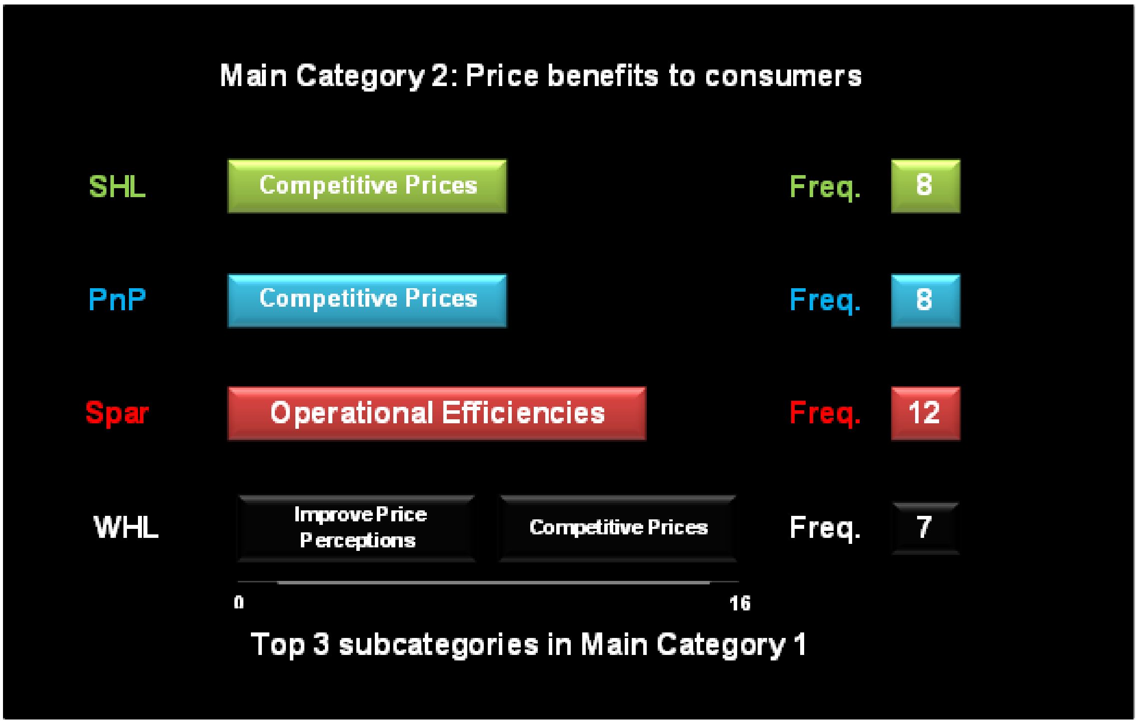

Figure 15: Top 3 subcategories in Main category 2

Reactions of customers to ethical behaviour of organisations are incentives for organisations to become more involved in CSR and sustainable activities

(Zaharia & Zaharia, 2013). It remains unclear if customers do value organisations' CSR projects and ethical behaviour but the retailers feel it is important to communicate it to stakeholders in their annual reports. Category three studied the social and environmental activities of companies and how they communicate it to consumers. Two subcategories that were communicated most to stakeholders are environmental responsibility and social programs. The social programs included CSR, SED and CSI. The environmental responsibility indicated that they are working to use fewer resources in their operations such as water and fuel. Customers' evaluation of organisations, their products, purchasing decisions and willingness to pay rests on CSR and sustainability records of companies (Zaharia & Zaharia, 2013). This is evident in the Annual reports as the retailers communicated their CSR and sustainability efforts the most. CSR and sustainability are not necessarily in conflict with profit maximisation it could lead to product differentiation, building a better company reputation, changes in consumer preferences and ultimately changes in individual behaviour (Zaharia & Zaharia, 2013)

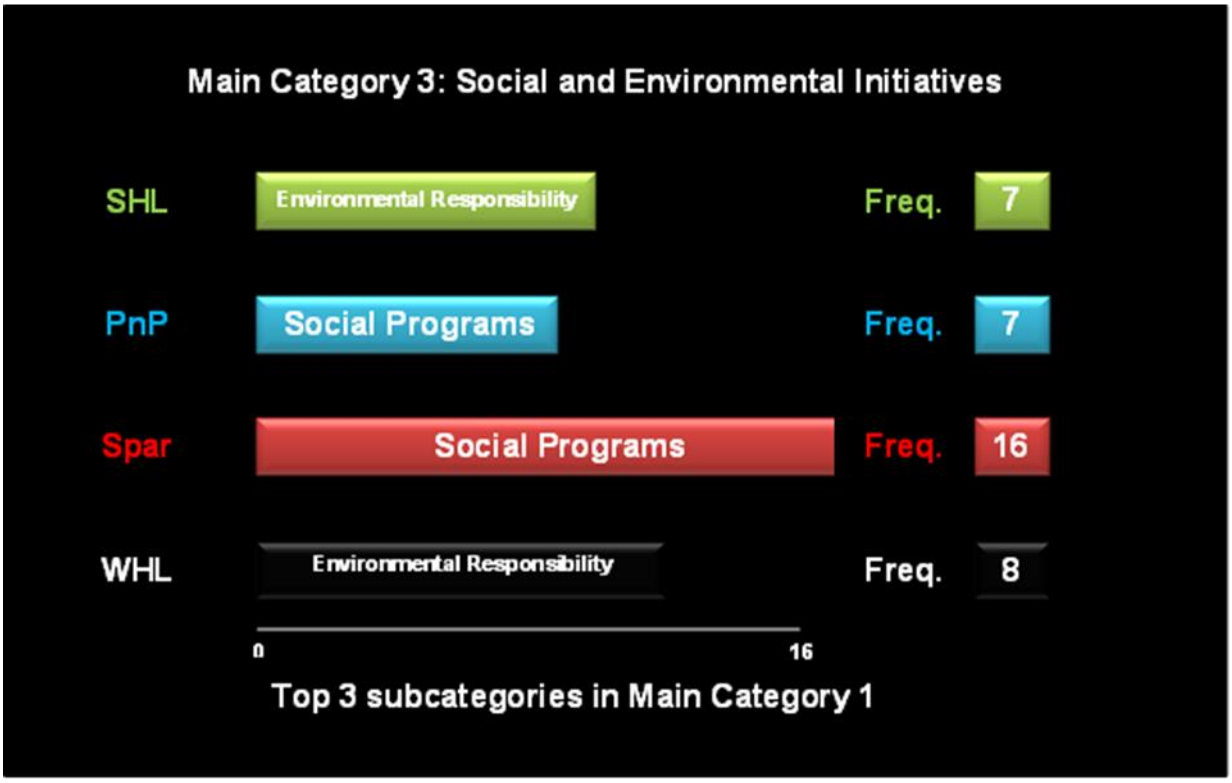

Figure 16: Top 3 categories in Main Category 3

It is evident that retailers do communicate their involvement in sustainable social and environmental activities regarding food. Each has a differentiated way of focussing on certain aspects they deem important and the communications of the extent of their involvement is clear to all stakeholders. This is discussed in more detail in Chapter 6.

CHAPTER 6. CONCLUSIONS & RECOMMENDATIONS

6.1 Introduction

The chapter discusses the conclusions drawn of the extent to which food retailers in SA are actively involved in sustainable social and environmental activities regarding food and communicating this through Integrated Annual Reports. It looks at how the retailers differentiate themselves through these initiatives and the level of authenticity they have. Finally, the chapter concludes with recommendations and for the client PnP.

6.2 Conclusions of the report

The retailers each had different focus points when compared with each other. SHL focused on food safety in category one, on competitive prices in category two and environmental responsibility in category three. PnP concentrated on food availability, competitive prices and social programs across categories. Spar emphasised improved fresh produce, operational efficiencies and social programs. WHL focused on food quality, improved price perceptions, competitive prices and environmental responsibility. In this way the four retailers attempt to differentiate themselves.

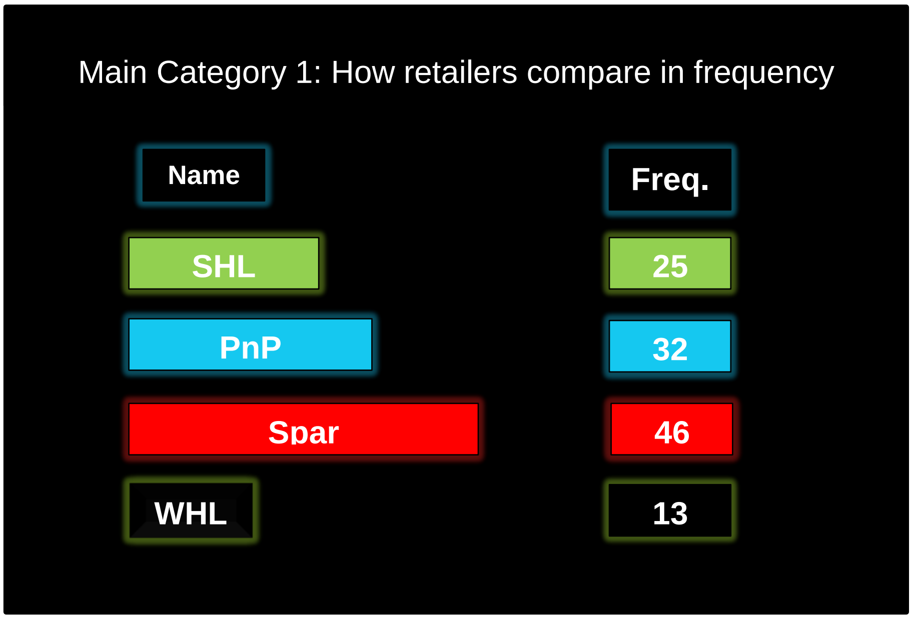

Figure 17: Main Category 1: How retailers compare in frequency

In figure 17, one can see how often retailers mentioned topics relating to fresh food in the various subcategories. Spar referred to fresh food most in their Annual Report whereas WHL mentioned their fresh produce only 13 times. SHL, PnP and Spar tend to focus significantly on this category. This indicates that they feel it is important to stress the value of fresh produce and that these retailers want to offer the best to their customers. PnP focuses on this quite strongly as well indicating that they take care to bring the best available to their customers. They could improve on communicating their commitment to adhering to food safety standards and compliance with legal standards.

Spar and SHL may not be perceived as focusing much of their efforts on fresh foods, in the minds of consumers, which is possibly a reason why they are concentrating so much on their communications of fresh food.

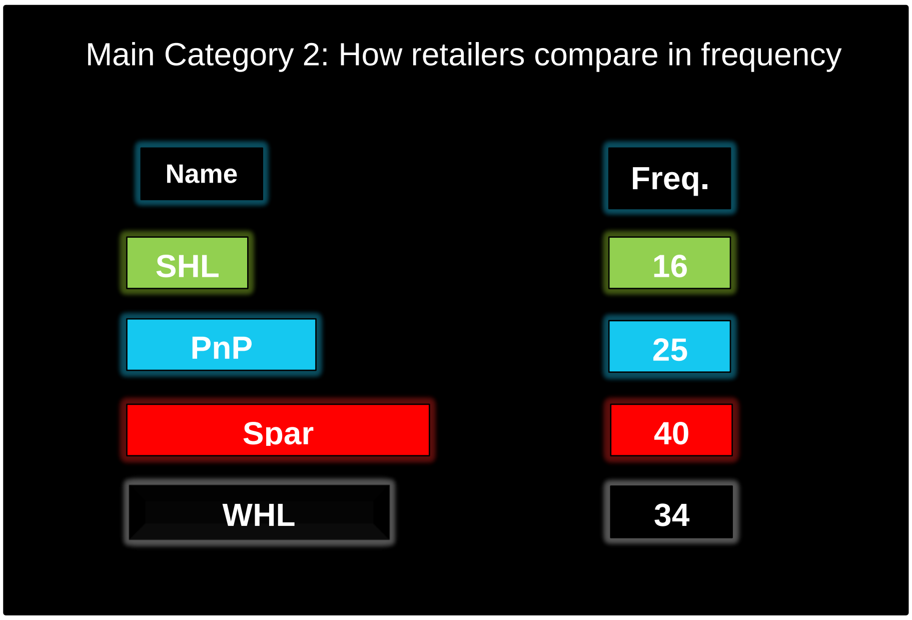

Figure 18: Main Category 2: How retailers compare in frequency

In figure 18, one can compare the frequency the retailers cited matters relating to their price benefits to consumers and how they achieve it. Spar group again is leading in the amount of times they mention this. WHL is second, mostly focusing on improving price perceptions and competitive prices. This may be due to many consumers viewing WHL as the most expensive out of all four the retailers. PnP is third in focussing communications in this category and they are rather fixed on communicating competitive prices. All four retailers are giving attention to competitive prices as this is one of the major competing aspects in the food retail industry with a frequency of between 7 and 8.

PnP can increase this communication to customers better in their annual reports to stand out more as a retailer that is highly competitive on prices. PnP can also communicate their operational efficiencies and convenience better which could help to explain why they are able to achieve more competitive prices. Spar is communicating their operational efficiencies more often than PnP therefore, PnP could improve communicating this too.

It is understood that there is a positive association between CSR and sustainability programs of firms and customer attitudes toward organisations (Fatma & Rahman, 2015). The more positive attitudes toward a retailer, viewed as being actively involved in sustainable social and environmental activities, the more likely it is that customers support the retailer and reward them by spending there.

The high-end retailer in the group is WHL and they are concentrating on quality and improving their fresh produce offerings. To mitigate customers viewing them as expensive they are working on improving customers' price perceptions and increasing their promotional offers. Sourcing is imperative as they scored rather high in frequency of sustainable and ethical sourcing which generally has a higher cost associated with those products. Even though they are more expensive customers can be sure of quality products that are ethically and sustainably sourced.

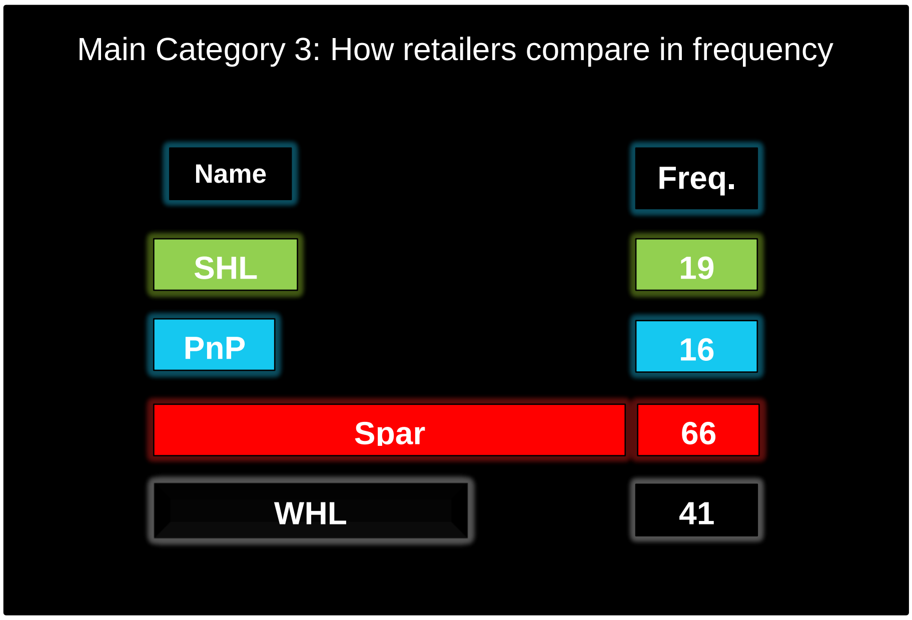

Figure 19: Main Category 3: How retailers compare in frequency

In the last category, social and environmental initiatives, PnP has the least amount mentioned. As this is becoming a more important aspect in the business environment it may be beneficial for them to have more information available on what they do in this regard. They are severely lagging behind the leader (Spar) with a frequency of 66 and WHL with 41.

Looking at the occurrence of mentioning social and environmental issues PnP are placing themselves in a position where they appear not to care much about these issues. It is also important for the leadership of an organisation to show they are committed to these endeavours and to set the example for employees and other stakeholders. They might feel that they do not need to discuss this area much as they do have a sustainability report, but in comparing the Annual Reports it seems as though they are more focussed on competing on price and fresh produce. WHL has a yearly sustainability report too and they discuss what they do in this category quite well. PnP should improve these communications as stakeholders who read their Annual Report may not read their sustainability report.

All four retailers appear to be proactive in engaging with social and sustainable activities and they are already mitigating possible issues that may occur in future.

6.3 Recommendations

The following are the recommendations the consultancy report considers important for PnP.

PnP communicates their fresh food offering, quality, safety and availability well in the Annual Report. They could consider increasing their communications on their commitment to Fair Trade and ethical sourcing as customers have shown an increase in this trend (Nel, 2017). PnP scored the second lowest, above SHL, on communicating ethical sourcing and as this is an increasing trend they can utilise to gain an advantage by informing customers of their ethical practices. They can also highlight their commitment to these efforts when leadership shows a clear commitment to these programs.

They are price competitive but also have a key focus on operational efficiency and convenience. Their biggest impact is through their supply chain and operational efficiencies where they work to keep costs low. However, the savings they make through their operational efficiencies is not communicated strongly enough. PnP can use these cost savings initiatives to enhance their competitive prices and positively influence the minds of customers with regard to price perceptions. All four retailers focus strongly on competitive prices. PnP could increase their communications on this matter to stand out above the other retailers.

PnP is generally seen as a retailer with large stores and they need to emphasise their community convenience stores to better to stakeholders. These stores will most likely compete with Spar and Woolworths which is seen as smaller neighbourhood stores. In order to position PnP as a convenient neighbourhood store in the minds of consumers they would need communicate this in such a way that customers will view them as both a large retailer and a community store.

While PnP have an active role in social programs they need to communicate their environmental initiatives more as other retailers have more comprehensive communications on this topic. PnP is very active in their social and community projects and these interactions make them more noticeable. The programs include the PnP school club and the Pink Drive Walks and food donations to charities and involve people coming together where it is clear who is sponsoring the project. PnP can increase their communications in the Annual Report as these issues are becoming more important to consumers. The trend of the green consumer is increasing (Yadav & Pathak, 2017) and by communicating their efforts to stakeholders they can become increasingly more competitive in this growing market.

The environmental programs are not so well communicated in the reports. They do show the importance of environmental responsibility by saving water electricity and fuel but not as strongly as the other retailers. PnP scored the lowest for communicating environmental responsibility and working to decrease their carbon footprint. With environmental issues being publicised more often they can also communicate their efforts better to position them in the minds of consumers as an environmentally responsible retailer. The other retailers' communication on their environmental initiatives is much more substantial.

PnP says that they are using a wide range of channels to communicate their social and environmental efforts to customers which include in-store radio, screens above checkout counters, social media and print (Nel, 2017). However, it remains unclear if these channels are effective because if a customer is faced with all these communications at once it may be too cluttered for a customer to receive a clear message. By communicating it more substantially in their Annual Reports stakeholders such as shareholders and potential investors can see how responsible they are financially, socially and environmentally.

PnP has areas where they communicate their food offering, convenience and community outreach programs well. Where they can improve on is communications with regard to environmental responsibility with food products and environmental sustainability. In these areas PnP is lagging behind their competitors and by communicating these initiatives better they can improve their competitive advantage.

This Consultancy Report has evaluated the Integrated Annual Reports of the four major South African food retailers. The analysis demonstrated that there are some significant differences in emphasis between the various retailers and suggests that the PnP take advantage of perceived weaknesses in the reports of its competitors to build on its own strengths and gain competitive advantage.

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