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The Corporate Social Responsibility strategies and practices of South African Organisations

Lara Fredericksz

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



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ABSTRACT

Corporate Social Responsibility (CSR) has become a strategic business and marketing tool for businesses worldwide which, if integrated into an organisation's overall marketing and business strategy, can lead to increased financial returns, a favourable reputation, a more productive workforce and a greater competitive advantage. Unfortunately however, CSR is not always fully understood or practiced in the precise manner that would benefit organisations in these ways. In this case it can be suggested that these organisations have adopted a CSR strategy as an afterthought that is "bolted on" and not strategically aligned or "built in" to their business.

In order to assess whether CSR strategies are built in or bolted on within a South African market context, the perceptions of employees were investigated to assess how well CSR is being integrated within South African organisations. Not only are employee CSR perceptions a relatively unexplored dimension of CSR but employees are one of the most important stakeholders within any organisation and thus clear and consistent communication to them relating to their CSR strategy will contribute towards ensuring that it is aligned and consistent with the overall business direction.

To evaluate employee perceptions, a questionnaire was developed and adapted from previous CSR studies and administered to employees working for South African organisations. Pre-requisites for candidates to be able to participate in this study included employment in a South African company that employs a CSR programme or CSI measures, and who work within the main head office of their organisation. A total of 196 respondents were analysed. The areas of focus included linkage of CSR to organisational vision, mission and values; culture; involvement of the CEO; CSR communication and CSR linked to job satisfaction and organisational trust.

The research findings show that there are a number of gaps in the fundamental involvement with CSR and the communication of CSR to employees as well as linkage to core business aspects. Areas where South African organisations need to focus their efforts to ensure that CSR is built in or more entrenched within their business include engaging employees in more CSR activities, aligning company culture closer to CSR, improving internal CSR communication and finally focusing on improving CSR dimensions which are linked to job satisfaction and organisational trust.

DECLARATION

I, Lara Fredericksz 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.

LARA FREDERICKSZ (STUDENT NUMBER 781944)

Signed at ……

On the …….. day of …… 2015

DEDICATION

I would like to dedicate this study to all South African organisations that are making a vast difference to industries and communities around them through committed CSR programmes that are making a difference to society and the surrounding environment.

I would also like to dedicate this study to my supervisor Russell Abratt who ignited my interest in the subjects of corporate ethics and corporate social responsibility.

Finally to my family and friends for their on-going support; finishing this research would not have been possible without you.

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CHAPTER 1

1. INTRODUCTION

This introductory chapter provides a brief overview of the context and purpose of the study in addition to highlighting the main problem statement that addresses the Corporate Social Responsibility (CSR) strategy and practices of South African organisations. The worldwide definition of an organisation is “an organised group of people with a particular purpose, such as a business or government department” (Oxford English Dictionary, 2014). Although worldwide organisations are predominantly referred to as government entities; in the context of South Africa “organisation” is used frequently to refer to a company, business or corporate.

1.1 Context of the study

Corporate Social Responsibility (CSR) has become a strategic business and marketing tool for businesses worldwide. Unfortunately however, CSR is not fully understood or practiced in the precise manner that would benefit the organisation such as communicating CSR effectively to employees or aligning CSR with the overall business strategy of organisation. In addition to this, scholarly literature relating to CSR from a developing market like South Africa is limited. The following study explores the strategies being used by South African organisations and in doing so hopes to add to the existing research on CSR in emerging economies.

1.1.1 Growing interest in CSR

According to Hildebrand and Sen (2011) CSR and the concept of sustainability have captured the conscious of organisations worldwide. Shahin and Zairi (2007, p 753) state that not only is it capturing the attention of businesses but that society expects corporates to be virtuous and “practice social responsibility.” In fact the vast attention CSR has received over the last decade has led to countless CSR studies that investigate how consumer perceptions and purchase intentions are influenced by CSR initiatives (Pomering & Dolnicar, 2009). This is just one of many subjects within CSR literature. According to Maignan, Ferrel and Hult (1999) the literature that existed in the 1990’s was quite extensive. Today this literature has grown even further and one of the key issues relating to CSR is the need for companies to incorporate

these sustainable and socially responsible practices into their organisation if they are to remain competitive and look after their stakeholder interests (Napal, 2013).

It is evident that as we are entering the second decade of the twenty first century, CSR has become a strategic imperative and will continue to add value to a growing number of companies (Katavic & Kovacevic, 2013). CSR impacts business performance and stakeholder relations and if used properly, can lead to a strategic competitive advantage for organisations.

1.1.2 CSR: a core marketing discipline and business strategy

There is overwhelming evidence to suggest that corporates who adopt CSR as a core marketing discipline which is integrated into their overall marketing and business strategy will benefit greatly from increased financial returns, a favourable reputation, a more productive workforce and a greater competitive advantage (Dowling & Moran, 2012).

However, more often than not, corporates are implementing CSR for the wrong reasons or a lack in strategic planning which, if not addressed properly, can result in severe reputational damage and even possible future financial losses. In a ground-breaking Harvard Business Review article on the topic of CSR, Porter and Kramer (2009) concluded the following:

> *The fact is, the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society. If, instead, corporations were to analyse their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed—it can be a source of opportunity, innovation, and competitive advantage.*

Not only can CSR approaches be fragmented and disconnected, but they may also be adopted for ill-fitting public relations purposes such as boosting a company's reputation or brand image. Hinson and Ndhlovu (2011) refer to businesses who adopt this approach as ''greenwashing'' where an attempt is made to present the image of the firm as having a more socially responsible approach whilst making few substantive internal organisational changes. Pacek and Thorniley (2007) make use of a similar term "window dressing" which is used to define half-hearted attempts by companies to implement CSR. Instead of giving CSR the priority it requires, it is given little attention or importance.

Dowling and Moran (2012) argue a comparable case for the marketing concept of "corporate reputation" and state that built-in reputations which correlate with corporate values and strategy stand in contrast to those based on irresponsible short-term initiatives such as ad hoc cheque book philanthropy and non-core CSR programs. They therefore imply that the latter has the character of being "built in" to the core operations of the organisation whereas short term ad hoc initiatives are "bolted on". Rangan, Chase and Karim (2012) support this and state that many times CSR initiatives are not strategically aligned to the business but simply serve to enhance the company's image and social standing in the community.

When corporates adopt CSR programmes or other green initiatives (that do not reflect the fundamental marketing objectives or core organisational strategies) in a careless attempt to try and boost their reputation, they send conflicting signals about the company's "reason to be" or business philosophy (Dowling & Moran, 2012). They are also less likely to benefit from the long term advantages that CSR has to offer as such behaviour can be easily copied by their competitors.

1.1.3 Communicating CSR internally to employees

One such way of supporting and ensuring a "built in" CSR strategy that is aligned with a company's core business objectives and culture is ensuring that CSR is communicated effectively and consistently to employees; the company's internal stakeholders (Birth & Illia (2008); Dawkins, (2004); Dawkins & Lewis, (2003); Ziek, (2009). Not only is it important, but in terms of historical research on CSR to date, the consideration given to CSR relating to employees, their perceptions and relationship marketing has been given little attention (Lee, Kim, Hee-Lee & Li, 2012).

Dawkins (2004) states that companies must not only adopt CSR as part of their mission, values and business strategy but they must also communicate CSR to stakeholders – most notably internal employees. Ziek (2009) goes on further to add that CSR communication is an often over-looked component of CSR research and practitioner attention.

Not only has it become a strategic imperative for companies to communicate their CSR initiatives to employees (Birth & Illia 2008), but by doing so, companies can create a strong cultural identity amongst their employees and they can pave the way for ensuring that they maintain favourable reputations and relationships with all key stakeholders (Nielsen & Thomsen, 2009).

1.1.4 Impact of CSR on employees

In addition to exploring the importance of CSR communication to employees, it is also crucial to understand the impact that CSR has on employees (Lee et al, 2012). Skudiene and Auruskeviciene (2012) stated that CSR will ensure positive long term employee turnover, recruitment, satisfaction, loyalty and commitment. Lee et al (2012) investigated the role that the four dimensions of CSR (economic, legal, ethical, and philanthropic) had on influencing relationship quality (organisational trust and job satisfaction) of employees with their employers. A section of their research approach is adopted within this study.

1.1.5 Implementation of CSR in an emerging market like South Africa

Although interest in CSR in emerging markets has increased in recent years, most research still focuses on developed countries (Muller & Kolk, 2008). Li, Fetscherin, Alon, Lattemann and Yeh (2010) and Dawkins and Lewis (2003) similarly argue that although a large amount of research has been conducted on CSR in the developed countries, very little is known about CSR in the developing countries. It is also suggested that CSR in South Africa was born out of the apartheid regime through the notion of Corporate Social Investment "CSI" (Skinner & Mersham, 2008). This would imply that the understanding and implementation of CSR by South African organisations would vary from previous research in developed markets.

Hinson and Ndhlovu (2011) propose that CSR and CSI both have the potential to bring about a new meaning as to how South African businesses are able to contribute to the radical transformation of the economy and country. If used correctly, it is also possible for these firms to derive enormous benefits for themselves.

A study into the strategies of organisations will thus contribute towards ailing CSR research in emerging markets in addition to contributing towards the economic performance of South Africa by guiding organisations on how and why to integrate CSR as a core internal strategic tool.

1.2 Purpose of the study

The main purpose of this research aims to uncover what CSR strategies are currently being used by South African organisations, and whether they are built into companies' overall business strategies or are they disconnected (bolted on) as suggested by Porter and Kramer (2009) and therefore require more attention and focus going forward.

There are many indicators for assessing this, one of which includes analysing the perceptions of employees. This angle will be used for the purposes of this study. Not only is this a relatively unexplored dimension of CSR (Lee et al, 2012; Ziek, 2009), but employees are one of the most important stakeholders within any organisation and thus clear and consistent communication to them relating to their CSR strategy will contribute towards ensuring that it is aligned and consistent with the overall business direction. The study also aims to investigate how employee perceptions of CSR are linked to job satisfaction and trust; both indicators of relationship quality (Lee et al, 2012). This will aid South African organisations in understanding any cause and effect relationships between CSR perceptions and these indicators.

Finally, further to this:

1. little research has been done specifically on the subject of strategies relating to CSR within an emerging market like South Africa; and
2. South Africa is a country that can benefit from companies executing strategic CSR initiatives that will help society (and relevant causes) as well as the greater South African economy.

Therefore by undertaking this study, the researcher aims to contribute towards the existing research on CSR in emerging markets in addition to providing insight into the current adoption of CSR so as to improve or adopt on current strategies being used.

1.3 Problem Statement

1.3.1 Main problem statement

Many businesses misuse CSR within their organisation because they do not fully understand how to integrate the concept into their marketing and business dealings. In this case it can be suggested that these organisations have adopted a CSR strategy as an afterthought that is "bolted on" and not strategically aligned or "built in" to their business. A bolted on strategy is not aligned to company values or mission, or is adopted for the less genuine benefits of enhancing the organisations reputation or social standing within their community (Fan, 2005).

Main Problem Statement:

The intention of this research is to assess whether CSR strategies are fully entrenched (built in) to South African organisations or disconnected (bolted on).

There are a number of gauges that are able to determine whether a CSR strategy is built in or bolted on. For the purposes of this study, the main problem statement will be determined by investigating and analysing the sub problems listed below.

1.3.2 Sub problem 1

Central to any successful CSR programme is the closeness of fit or relationship between an organisations' CSR programme and the company's vision, mission and values (Burke & Logsdon, 1996), culture (Du, Bhattacharya & Sen, 2010) and the quality and focus of its leaders such as CEO Involvement (Kakabadse & Kakabadse, 1999) towards CSR.

The first sub-problem reviews how effectively organisational vision, mission and values, culture and CEO Involvement are linked to CSR and how importantly these constructs are viewed by employees.

1.3.3 Sub problem 2

It is important for companies to communicate their CSR initiatives to employees because according to Dawkins (2004) it is the most effective form of CSR communication. Provision of such measures can instil strong values and promote ethical working conditions in the workplace that can provide organisations with a competitive advantage (Napal, 2013).

The second sub-problem reviews how effectively CSR is communicated internally to employees.

1.3.4 Sub problem 3

Lee et al (2012) have raised the importance of understanding the impact that CSR has on employees, especially from a relationship perspective. For instance how does it positively contribute to relationship outcomes such as organisational trust and job satisfaction and thereby organisational commitment? If South African organisations can understand how CSR is linked to factors such as employee turnover, recruitment, satisfaction, loyalty and commitment (Skudiene & Auruskeviciene, 2012) then they can stand to benefit from the long term competitive advantages that CSR has to offer.

The third sub problem examines the role of CSR in predicting an employee's job satisfaction and organisational trust.

1.3.5 Derived Research Questions

If a researcher is having difficulty in the beginning phase of research, research questions make problems or issues far easier to deal with those difficulties the researcher may be dealing with. They also aid the researcher to assess and define exactly what issues need to be resolved (Zikmund, 2003).

For the purpose of determining whether South African corporates 'build CSR into' their core business or whether they 'bolt CSR programmes on' in an attempt to follow what the market is doing or to boost their corporate reputation, it is necessary to ask businesses the following research questions in order to try uncover which scenario is more prevalent.

MAIN QUESTION: *Are South African CSR strategies built in or bolted on?*

- ***Question 1:*** *Are organisational vision, mission & values, culture and CEO involvement linked to CSR?*
- ***Question 2:*** *How effectively is CSR communicated internally to employees?*
- ***Question 3:*** *Are employee CSR perceptions linked to organisational trust and job satisfaction?*

1.4 Justification of the study

Welman, Mitchell and Kruger (2005) imply that marketers are often confronted with two or more alternatives on whether or not to conduct marketing research. The justifications for pursuing research will cover issues such as the availability of research, the nature of the decisions to be made and the value of the research information in relation to costs.

Whilst there is abundant literature existing that touches on whether corporates should adopt CSR, and how CSR leads to better financial performance, there is little research specifically from a South African stand point on what strategies South African businesses are currently adopting. Hinson and Ndhlovu (2011) states that CSR literature is less represented in Africa than other regions. Neil (2009) suggests that whilst CSR literature in South Africa is not as large as other more developed world countries, it is certainly growing.

Finally, even though CSR is said to contribute only one percent of companies' profits in South Africa (Hinson & Ndhlovu, 2011), CSR has the potential to bring about radical transformation

in the economy if adopted with the right mind-set and understanding of how to strategically build it into South African businesses.

In a study done by Hargett and Williams (2009), it was sought to try and understand how companies define CSR; the developmental experiences of the leaders towards CSR, and to identify strategies, policies and practices implemented to support CSR. The findings revealed that CSR and sustainability as execution strategies were not properly understood by management or employees and that there was a need to educate corporates on how to integrate CSR as a sustainable key business strategy which is built into the business. This study aims to build on the study by Hargett and Williams (2009) within a South African context to try and understand how CSR strategies are being executed and treated within various organisations.

1.5 Delimitations of the study

- When it comes to acting in a "socially responsible" manner, corporates are faced with the option of investing in either CSI (Corporate Social Investment) or CSR or both. CSI and CSR are two separate, distinct terms which should not be used interchangeably. This study will focus on CSR only (and other closely related CSR terms);

- The sample of employees was selected from head offices only. In other words, employees working in a retail or warehouse environment were not considered for this study;

- Only respondents who work for organisations that currently employ CSR were considered;

- There are many various stakeholder perceptions to assess whether a CSR strategy is built into an organisation or not. Stakeholders include: shareholders, customers, suppliers and employees. For this study only the impact relating to the stakeholder: "employees" was analysed.

- The study does not provide a direct valuation of the effectiveness or ethical motivations of CSR programmes being undertaken by the organisations in the sample base. The emphasis in this study involves understanding how effectively CSR is being communicated to employees and how CSR impacts their commitment and trust to their company.

1.6 Definition of terms

- **Built in or bolted on:**

  This term which is used consistently throughout this study is adopted from the study of Dowling and Moran (2012) on Corporate Reputations: Built in or bolted on? A built in strategy is consistent, difficult for competitors to imitate and aligned to the overall business strategy. A bolted on CSR strategy is referred to as being loosely coupled to the business strategy and is usually adopted with less genuine goals in mind.

- **Corporate Social Responsibility (CSR)**:

  Werther and Chandler (2006) define CSR as a comprehensive business concept where organisations become more than just profit-seeking entities and focus on giving back to society. In this way, CSR should be entwined into a firm's strategic overall strategic business operations bringing about a long term competitive advantage and mutual benefit for the company and society alike. From a South African context, and in terms of historical circumstances in the country, according to Hinson and Ndhlovu (2011), CSR does not just involve corporate citizenship, it also includes the notion of B-based Black economic empowerment (B-BBEE) and skills development which are corrective governmental policy measures that have been enforced on South African businesses to provide more business opportunities to groups who were previously disadvantaged.

- **Corporate Social Investment (CSI):**

  The concept of CSI includes all external projects that an organisation contributes towards betterment for others. They are not aimed at increasing economic revenues for the company (i.e. profit) but have a developmental approach that uses company resources (monetary or human resources) to benefit and uplift communities (Hinson & Ndhlovu, 2011); usually on a short term or ad-hoc basis. Further to this CSI is not seen as a marketing initiative whereas CSR is (Shahin & Zairi, 2007). It is also possible for a company to be involved in a CSI initiative and CSR programme at the same time.

- **Emerging Markets:**

  Gao (2009) defines an emerging market as a society which is transitioning from a dictatorship to a free-market-oriented-economy. In addition to this an emerging market has an expanding middle class, shows an improvement in standard of living, and finally exhibits an increase in cooperation with multilateral institutions.

- **Going green:**

  Going green is a term often used in today's environment-conscious society. When related to business, it would mean a concerted effort to reduce your carbon footprint, having an environmentally sound product and taking other such measures to protect the environment and society around you (Prasertsang & Ussahawanitchakit, 2011). An example would be South African Breweries (SAB) which invests in a number of sustainable initiatives to compensate for their large carbon footprint as a result of the brewing and bottling procedures.

- **Greenwashing:**

  Greenwashing is a progression of the term "white washing" which is used to describe a business that deliberately conceals unpleasant facts or actions that they might have taken, (especially in a political context) and then tries to cover them up (Prasertsang & Ussahawanitchakit, 2011). In the context of this study it refers to the actions taken by companies to promote "how green their company is" through marketing and advertising the fact instead of focusing and adopting greener operational and strategic business practices that are more environmentally friendly and in fact make better business sense for South African organisations (Hinson & Ndhlovu, 2011).

- **Philanthropy:**

  Put simply, philanthropy is the yearning to uphold the welfare of others. This is usually achieved by the generous donation of money towards good causes (Dowling & Moran, 2012). Many corporates invest in philanthropic initiatives to assist causes that are in need. "Corporate Philanthropy" is often mistaken with the term CSR; however it is only one dimension of CSR and should not be used interchangeably.

1.7 Assumptions

- The topic of corporate responsibility is often referred classed under an assortment of terminology, including strategic philanthropy, corporate citizenship, social responsibility and other nicknames (Rangan, Chase & Karim, 2012). For the purposes of this research, the assumption is that the term CSR covers all of these related topics that are centred on the idea of creating shared value.

- Respondents understood the concept of CSR that was communicated to them throughout the questionnaire and that they answered each questions to the best of their ability.

- The breadth of industry sectors and number of respondents are sufficient for the study's results to be adequately representative. Non-representative views would skew the results and reduce its validity.

- The term "organisation" refers to large company or firm. It is used quite extensively in a South African context, and all three terms are referred to in literature from various sources around the globe. For this study they are all seen as one and the same and the term organisation is mostly commonly used.

CHAPTER 2

2. LITERATURE REVIEW

This chapter outlines the literature from which the research questions informing the researcher have been derived. The first part describes the background relating to the topic at hand followed by an in-depth definition of the concept of CSR including the history, growth of the concept and key thought-leaders who have contributed significantly to the field of CSR. An in depth literature analysis has also been provided to capture the various foundations for CSR adoption over the last few decades in addition to a comparison of the concept of CSR versus CSI. This is followed by a review of the CSR landscape in South Africa.

The chapter then focuses on the various key organisational factors (vision, mission and values, leadership and culture) and how they link to CSR, in addition to the idea of how key communication is in the context of CSR. Finally, the relationship between CSR and employees' perceptions of the organisations are unravelled to understand the link between relationship quality aspects (organisational trust and job satisfaction) to the various sub-dimensions of CSR (philanthropic, legal, economic and ethical).

2.1 Introduction

In the era of globalisation, corporate social responsibility (CSR) is a new trend in which many businesses have become interested in and one that is practiced by organisations across the globe to create benefits for society and the environment in return for social appreciation and an increase in the sustainability of their business (Pornpimon, Dusadee & Buapun, 2011). That being said, many businesses misuse CSR within their organisation because they do not fully understand how to integrate the concept into their marketing and business dealings**.** In these cases it can be suggested that these firms have adopted CSR practices as an afterthought that is "bolted on" and not strategically aligned to their business. Rangan et al (2012) support this notion arguing that many firms do not strategically align CSR initiatives but instead adopt socially responsible practices purely for the less genuine benefits of enhancing the organisations reputation or social standing within their community.

According to Kitchin (2003), when CSR is driven by such dishonest motives that are purely for a firms benefit, then not only is it fake and unsustainable, but it is also doomed to fail. This is

supported by Fan (2005) who states that dishonest CSR motives can attract more sufferings for a firm than the perceived benefits. Such ill motives can estrange and upset large numbers of their current or potential consumers especially when firms take a stance on a CSR project that is controversial; usually because it has little to do with their core business.

Literature surrounding CSR maintains that the only way that corporates can successfully adopt CSR programmes within their business is if they strategically build it into their core strategic existence and being. Pomering and Dolnicar (2009) state that values, ethics and corporate social responsibility (CSR) are linked in the culture and management of a firm and that CSR should not be integrated and looked at in isolation. Balmer, Powell and Elving (2009) take this one step further and suggest that CSR has a unique ability to unify contrasting identities of a company (actual identity, perceived identity and intended identity). Therefore it cannot be viewed as an isolated or "add on concept." These views would suggest that CSR should be "built in" to organisations in order to impact positively on society, improve their reputation in the eyes of consumers and ultimately better influence the strategic direction of the business.

It can be argued that there are two underlying factors dictating whether a CSR programme is strategically built in or carelessly bolted on (Dowling & Moran, 2012) to a company's core business

1. Is it aligned to the core business strategy (in other words is it linked to the vision, mission and values, culture and leadership) and

2. Is it communicated effectively to company employees?

This is abundantly supported by Ziek (2009) who states that not only must companies adopt CSR as part of their visions and mission, but they also need to communicate CSR effectively to their stakeholders.

2.2 Corporate Social Responsibility (CSR)

2.2.1 Definition

Pride and Ferrell (2006) define Corporate Social Responsibility (CSR) as a corporate initiative that is used to take responsibility for a company's effects on the environment or potential negative impact on communities around them. Similarly, Hargett and Williams (2009) state that CSR is a concept that implies organisations have a moral duty to take care of all

stakeholders, from shareholders, to employees to their surrounding community; in all facets of their business operations.

Pomering and Dolnicar (2009) equally define CSR as the commitment a business makes to contribute to sustainable economic development, whilst working with the communities at large around them (including families, employees and local authorities) in order to develop and improve social and environmental circumstances and Dowling and Moran (2012), further purport that the concept of CSR is in fact the 'due returns' that a business owes to society due to potential negative operational impacts that it may have on them. Others however argue that while CSR efforts may agreeably have a positive impact on addressing environmental and community concerns, CSR also provides valuable opportunities to companies.

Finally, according to Hargett and Williams (2009), there are many different kinds of terminology used by different entities to describe CSR but essentially refer to the same social and environmental commitments described above. These include: corporate responsibility, social responsibility, corporate stewardship, corporate citizenship, community relations and triple bottom line.

2.2.2 The rise and adoption of CSR

Background

The concept of CSR is one that has been around for longer than what most people may think. According to Bowie (1983), the idea of the corporate social contract arose during the latter half of the twentieth century and has been advanced as a theoretical basis upon which to explain the current practice of CSR by corporations. According to Carroll (1979) the principles of CSR have been a part of enlightened business practice since the 1920s.

Growth of the concept (CSR)

Corporate social responsibility (CSR) has received a large amount of research attention over the last decade according to Pomering and Dolnicar (2009). Baden and Harwood (2009) state that the growth of CSR is unprecedented, with articles referring to the concept growing from under ten in the year 1990 to many thousands today. It is clearly a concept that has grown in popularity and interest amongst marketers and business leaders alike. Smith (2013) suggests that the reason for this growing interest and adoption has been due to increasing pressure on

business leaders and their companies to address declining societal values which have taken a knock due to high levels of insecurity and poverty, the backlash against globalisation.

Carroll's CSR Pyramid

While CSR has been around for a while, its importance and practice has only really captured organisations in the last two decades. The basis of what we consider to be the modern definition of CSR stems from Carroll's "Pyramid of Corporate Social Responsibility". In this pyramid it is suggested that a corporation has four types of responsibilities (Napal, 2013). The one that usually come to mind when determining organisational duties are a company's economic responsibilities; in other words the responsibility to be profitable. This is positioned at the bottom of the pyramid so as to form the base for the remaining responsibilities to be built on. After this comes a company's legal responsibilities. In other words, there are laws in place which companies need to abide by in their course of business. After legal responsibilities, and in fact closely linked are a company's ethical responsibilities. A company should always behave ethically especially in situations where they are not bound by law. Finally, at the top of the pyramid are philanthropic responsibilities, sometime also referred to as discretionary responsibilities. These responsibilities include efforts by the company, (usually an organisation's own resources) towards social, educational, recreational and cultural commitments.

As mentioned already, emerging economies are viewed separately to developed countries, and, as such, Visser (2008) came up with an alternative version of Carroll's Pyramid for emerging countries – also illustrated in Figure 2.1. In this case, the philanthropic responsibilities are seen to have far greater importance than ethical or legal responsibilities. Aiding those less fortunate and lending a helping hand is far more critical and necessary in an emerging country such as South Africa. Abiding by governmental laws (legal responsibilities) comes next, followed by ethical responsibilities. In every country the legalities around CSR are different and are touched on from a South African perspective further on in the literature review.

(Source: Napal, 2013 (as cited in a) Carroll (1999) and b) Visser (2008))

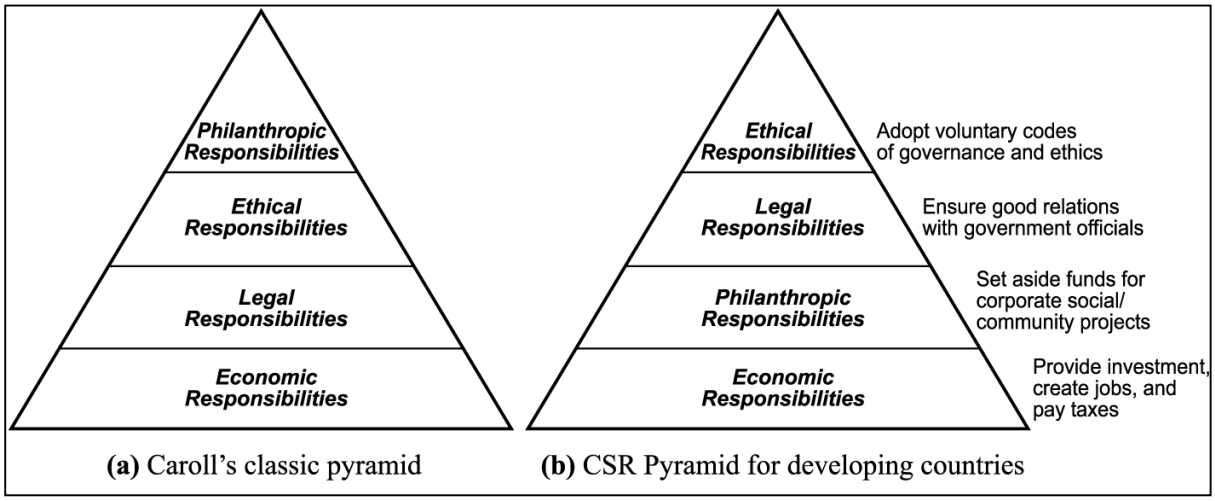


Figure 2.1: Carroll's CSR Pyramid for classic and developing countries

Adoption of CSR

A number of reasons have been suggested in existing literature as to why corporates adopt some form of socially responsible programmes into their business. Fan (2005) argues that today's business organisations face increasing pressure from both shareholders (who are pressurising the business to improve their financial performance) and from a wider group of stakeholders (who expect the business to behave in a more socially responsible way). Pomering and Dolnicar (2009) state that not only do consumers expect businesses to be more socially responsible but they want to know exactly what it is the firm is doing – i.e. they need to be transparent about their social initiatives. It is further suggested that consumers prefer doing businesses with firms that support CSR initiatives (Pomering & Dolnicar, 2009). In addition to this, if CSR is not communicated effectively to employees, then the factors leading to CSR adoption will be misunderstood.

Table 2.1 summarises a list of reasons (factors) suggested by academics as to why firms adopt CSR programmes or practices into their organisations.

Table 2.1: Factors determining CSR adoption by Corporates

Factor	Author	Argument
Self-interest	Mintzburg (1983)	Enlightened self-interest is one of the main reasons why organisations are adopting CSR practices.
	Fan (2005)	CSR is a staged attempt for companies to divert public attention away from their corporate illnesses. It is in fact a selfish egotistical pantomime.
	Fig (2005)	It is noted that some South African corporates have adopted CSR practices for cosmetic and self-serving reasons.

	Wagner, Lutz and Weitz (2009)	Firms are adopting CSR in an effort to cover up their socially irresponsible (negative) behaviour which is widely being covered by mass media.
Opportunistic or artificial	Fan (2005)	Most marketing managers who are in charge of adopting CSR practices do not have adequate training or prior knowledge to assist them in deciding which social programme to adopt. The result therefore are CSR programmes that are superficial and opportunistic.
	Friedman , Hudson and Mackay (2008)	Corporates are using the principle of CSR and other socially environmental practices to deflect attention away from fundamentals. In other words they are hiding away their socially irresponsible sins.
	Skinner and Mersham (2008)	Many companies are focused on the publicity that social causes can generate and are therefore opportunistic in their approach. In line with this approach, the CSR initiative should be funded by the marketing or PR budget and not a separate CSI or CSR budget.
	Hinson and Ndhlovu (2011)	Firms engage in tactics often known as “greenwashing” which means they attempt to present the image of a socially responsible approach; whilst in fact they have done little or no such thing.
Competitive advantage & long term interest	Werther and Chandler (2006)	Not only is does a business adopt CSR in light of their obligations to society but also due to the strategic importance and long term benefit that CSR offers.
	Porter and Kramer (2009)	If companies adopted CSR practices with the notion of it becoming a competitive advantage for them, the strategy would be far less fragmented and disconnected from the overall business strategy.
	Gebmann (2010)	Organisations that integrate CSR into their strategy for the benefit of a long term competitive advantage will prosper in the long run and increase their overall business sustainability.
Environment	Shahin and Zairi (2007)	Corporates need to integrate the practices of CSR and sustainable development into their mainstream business strategies.
	Neil (2009)	CSR has been adopted in Southern African mines due to mining potential and significant social and environmental damage. This pro-active, socially responsible step will hopefully mitigate future possible negativity resulting from such harmful damage.
	Prasertsang and Ussahawanitchakit (2011)	Environment considerations are defined as the concern by organisations regarding their environment management, environment protection and resource conservation.
	Dowling and Moran (2012)	Environmental dilemmas like drastic climate change intensify the need towards adopting more sustainable and socio economic practices. If, however, corporates misread the environmental situation, their reputation can be severely put at risk.

Society	Shahin and Zairi (2007)	In order to earn the respect from society and the reputation of legitimacy, corporates need to define in their basic value and mission how they are serving and contributing to society rather than just the self-beneficial motives of profit maximisation.
	Skinner and Mersham (2008)	It is an urgent global imperative to foster sustainable growth and combat global poverty – especially in Africa and South Africa.
	Hinson and Ndhlovu (2011)	Businesses have a responsibility or an obligation to help solve problems existing in society.
Stakeholders	Sacconi (2004)	The role of CSR is to emphasize social responsibility to business stakeholders.
	Shahin and Zairi (2007)	When it comes to the distribution of economic wealth, organisations must strive to ensure the fair treatment of all stakeholder interests.
	Hildebrand and Sen (2011)	The stakeholder is the central reason as to why businesses adopt CSR.
	Dowling and Moran (2012)	Organisations often give money to worthy causes or adopt corporate social responsibility programmes in the expectation that it will appeal to their stakeholders.
Consumers	Pomering and Dolnicar (2009)	Australian consumers are believed to have the highest CSR expectations from firms in the world. It was also established in a further study that 86% of Americans expect firms to tell them about what they are doing in terms of social responsibility.
	Wagner et al (2009)	When it comes to making purchasing decisions, consumers, especially those in more developed countries, are putting pressure on companies to follow corporate social responsibility practices.
Employees	Prasertsang and Ussahawanitchakit (2011)	CSR initiation plays a positive role in increasing workers attitudes towards their work, working conditions and rewards.
	Skudiene and Auruskeviciene (2012)	Relating to the subject of motivation it was proved that CSR activities motivate the work ethic of employees. It is therefore suggested that firms employee and strategically use CSR as a tool for enhancing employee motivation.
Legislation	Shahin and Zairi (2007)	When it comes to CSR investment, there is a legal responsibility to follow the laws or ground rules that guide companies' ability to achieve their economic requirements.
	Hinson and Ndhlovu (2011)	The general impression that one gets in South Africa is that most companies seem to have only responded to legislative requirements when it comes to CSR.
Government / Private Sector relations	Shahin and Zairi (2007)	To ensure that that government and private corporations work together effectively, especially to mitigate negative operational outcomes, there needs to be a redefinition of the roles and responsibilities of the public and private sectors.
	Skinner and Mersham (2008)	There is extensive support for the Millennium Development Goals (MDGs), which is a global framework used by governments to stamp out poverty and work towards achieving far more equitable development. Consequently, governments are forging partnerships with the private sector in order to increase their development spending funds.

2.2.3 CSR versus CSI

The terms CSR and CSI are often misunderstood by society. According to Hinson and Ndhlovu (2011), while CSI is sometimes viewed as part of corporate citizenship, CSR encompasses other factors that CSI does not such as government and labour relations, ethical working conditions, working with communities rather than simply providing them with monetary support or donations, changes in operational business practices, working towards meeting greener working standards and general good business ethics. According NGO pulse (2013) whilst previously the terms CSI and CSR were used interchangeably, they have now been defined separately. Both are defined here.

CSI (Corporate Social Investment)

CSI includes projects that are external to the normal business activities of a company and are not directly used for purposes of increasing company revenues. These external projects most often utilise company resources (such as staff and/or monetary funds); usually for once off initiatives that might benefit and uplift communities (CSI Solutions, 2013). According to NGO pulse (2013) CSI is defined as any developmental activities that are provided to people, organisations and communities that are external to normal business activities. Such actions usually include cash and non-cash items (bought or second hand goods). Finally such CSI activities are normally done on a once off basis or monthly or yearly – however the point is that is does not deeply involve organisations from a marketing or employee perspective.

CSR (Corporate Social Responsibility)

CSR on the other hand is believed to reflect a company's value system and has a much deeper approach than CSI does. NGO pulse (2013) suggests that the term CSR refers to the manner in which a company operates its business in order to satisfy stakeholder requirements whilst benefiting the community and having a positive impact on the environment at the same time. In this way CSR is seen to boost employee morale as well as benefit the surrounding communities. CSI Solutions (2013) define CSR as an organisation's total responsibility towards the business environment in which it operates. It can also be used to describe the broader solution to triple-bottom-line matters of the 3Ps – profit, people and planet.

Jones, Bowd and Tench (2009) tabulate the difference between CSI and CSR in Table 2.2. A select few key differences which relate to the descriptions defined previously are tabulated referring to the same principles.

Table 2.2: CSI vs. CSI comparison

CSI	CSR
1. Employees are a resource to be exploited	1. Employees are a resource to be valued
2. Governance of company is best left to shareholders and management	2. Governance of company involves shareholders, managers and a wide range of stakeholders (employees, workers unions etc.)
3. Sustainability is defined in terms of business survival.	3. Sustainability is defined in terms of the business, the environment and the survival of the community.
4. New technologies should be tested and introduced to the market.	4. New technologies should be tested and introduced to the market – ONLY IF THEY ARE NOT HARMFUL to the environment or society.
5. Pragmatic approach to CSR issues.	5. Principled, strategic approach to CSR.
6. Minimal consultation and involvement with the community.	6. The community is actively consulted on certain issues and interaction is ongoing.
7. Ethical issues are only considered if they are relevant or if they might rear their head.	7. Ethical issues are at the heart of and central to the overall CSR strategy.
8. Profit is the main aim of the business.	8. Profit is important, but so too is being socially responsible. Profits are not exploited at the cost to society.

Source: Jones et al (2009)

According to Hinson and Ndhlovu (2011), CSI activities have over time increasingly become a more focused version of the broader CSR. For this reason and the manner in which CSR is entrenched deeply within a company's values system, this research focuses on the latter concept only.

2.2.4 CSR in emerging markets

In the past CSR by larger multinational companies was mostly focused on communities territorially related to the businesses. More recently however, this focus by multinationals (and local organisations alike) has moved away from their direct vicinity towards CSR efforts in emerging markets (Kaye, 2013). This is supported by Hinson and Ndhlovu (2011) who state that in Africa and other emerging markets around the world, large multinationals are driving business in these economies and as such are adding to environmental and social concerns. As such, there is pressure on these multinationals to negate any negative impacts by engaging in socially responsible practices and projects in these regions aimed to promote and protect the welfare of the locals.

According to Muller and Kolk (2008), although the interest in CSR in emerging markets has increased, most research still focuses on developed countries. Li, at al (2010) also argue that although widespread research has been conducted on CSR in the developing countries, much less is known about the practice and success of CSR in these developing countries. It remains evident that there is still more work to be done around CSR in emerging markets.

Further to this, much of the research performed to date in emerging economies focuses on the extent to which firms in developing countries adopt CSR is far less, compared to their counterparts in the developed world. According to Li et al (2010) the main reason for this existing inequity is due to the low economic development level that exists in developing markets that only have emerging economies.

2.2.5 CSR in a South African context

The general impression one gets is that most organisations in South Africa have only responded to legislative requirements when it comes to adopting CSR, and even then, their CSR and/or CSI activities have not always reached the wider public (Skinner & Mersham, 2008). Supported by Hinson and Ndhlovu (2011) it is suggested that involvement in CSI and CSR in South Africa is influenced by government regulations and the increasingly compulsory nature of B-BBEE and industry charters. In this way it is suggested that South African CSR initiatives are largely influenced and determined by historical circumstances.

Others however argue that legislation is not a determining factor for CSR in South Africa and that companies are realising the importance of CSR as a community and business imperative. Flores-Araoz (2011) states the following of corporations in South Africa:

> *South African corporations have come to realise that they cannot operate in isolation to the community; that good governance and social involvement go beyond the work performed in their own offices. Their vision is shifting from one where shareholder's value and owner's satisfaction were almost the exclusive corporate goals to another one more sensible that considers and protects not only shareholders, but also all stakeholders; including employees, customers, suppliers, the environment and the community.*

2.2.6 The legal framework for CSR in South Africa

In South Africa, although companies are not forced to engage in CSR projects directly through the South African Companies Act 61 of 1973, they are inadvertently enforced to do so through the country's Policy Document and the King II and King III reports which openly address the requirement and relevance for corporations to recognise all stakeholders and to adopt a "triple-bottom line" approach (Dekker & Esser, 2008). In particular, the King reports establishes accepted guides of best practices in corporate governance in South Africa, focusing on social, environmental and economic concerns – which some scholars have further simplified to mean people, plant and profit respectively. Although the clauses in the King reports are not mandatory, they take a "comply/apply or explain" approach which somehow manages to encourage organisations to apply CSR programs or to justify why they have not adopted them.

There is a second legislative requirement worth mentioning. According to the B-BBEE Legislation Act 53 of 2003, many companies are legally forced to embrace CSR initiatives because the Act requires South African based companies to assist previously disadvantaged groups to be actively involved in the economy – by giving them preferential treatment. This Act was implemented with the aim of redressing imbalances of the past as a result of the Apartheid regime. Some academics point out that the initiative of B-BBEE in South Africa could be a positive for CSR projects if handled correctly (Flores-Araoz, 2011).

2.2.7 JSE and the socially responsible investment (SRI)

The Socially Responsible Investment (SRI) Index measures company policies, performance and reporting in relation to the three pillars of the triple bottom line cover the environment, the economy and social sustainability. The principles for acceptance for each criterion are reported in Figure 2.2.

The SRI index was launched in May 2004 when the JSE (Johannesburg Stock Exchange) realised that that safeguarding sustainability principles was a vital aspect in the overall non-financial risk management of a company (Hinson & Ndhlovu, 2011). In this way it sought to leverage its unique position within the financial services environment to focus the debate on responsible investment.

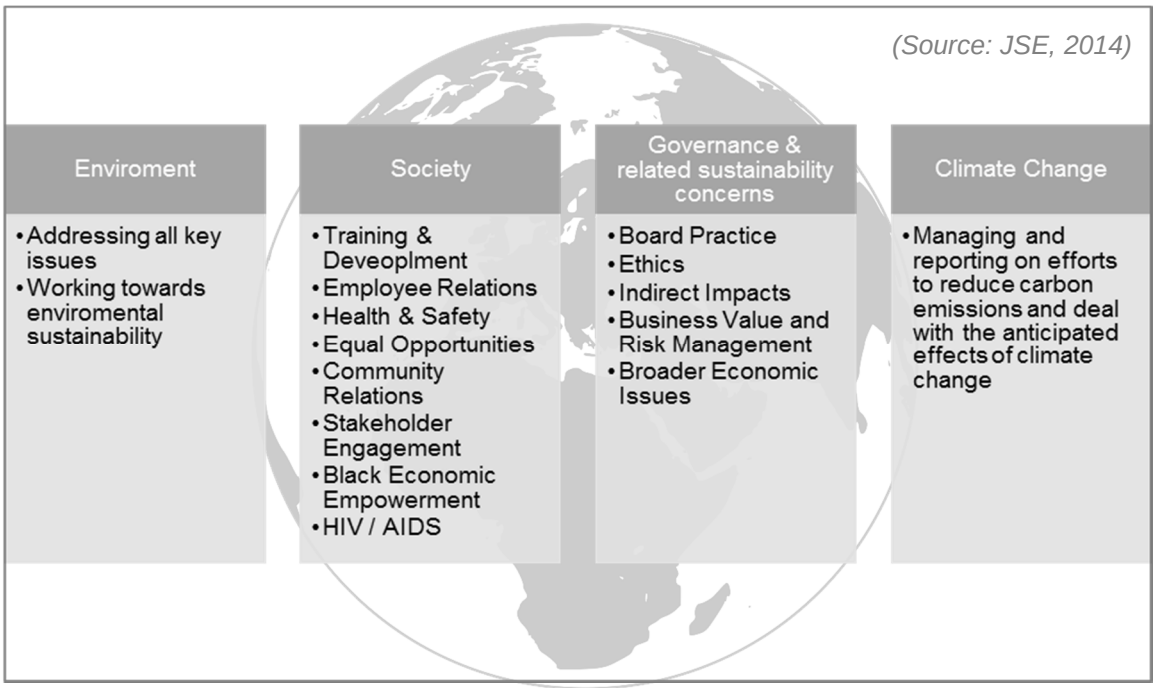


Figure 2.2: SRI Index criteria

The SRI index is not the first index of its kind internationally (Hinson & Ndhlovu, 2011). It is however, the first of its kind to be sponsored by an Exchange such as the South African Stock Exchange and it is certainly the first such index to be introduced in an emerging market. The SRI index provides an important framework for non-financial risk management of companies and investors alike. Figure 2.3 is an example of an SRI Index for a global organisation: Sun International. This particular organisation is classified as a medium impact company.

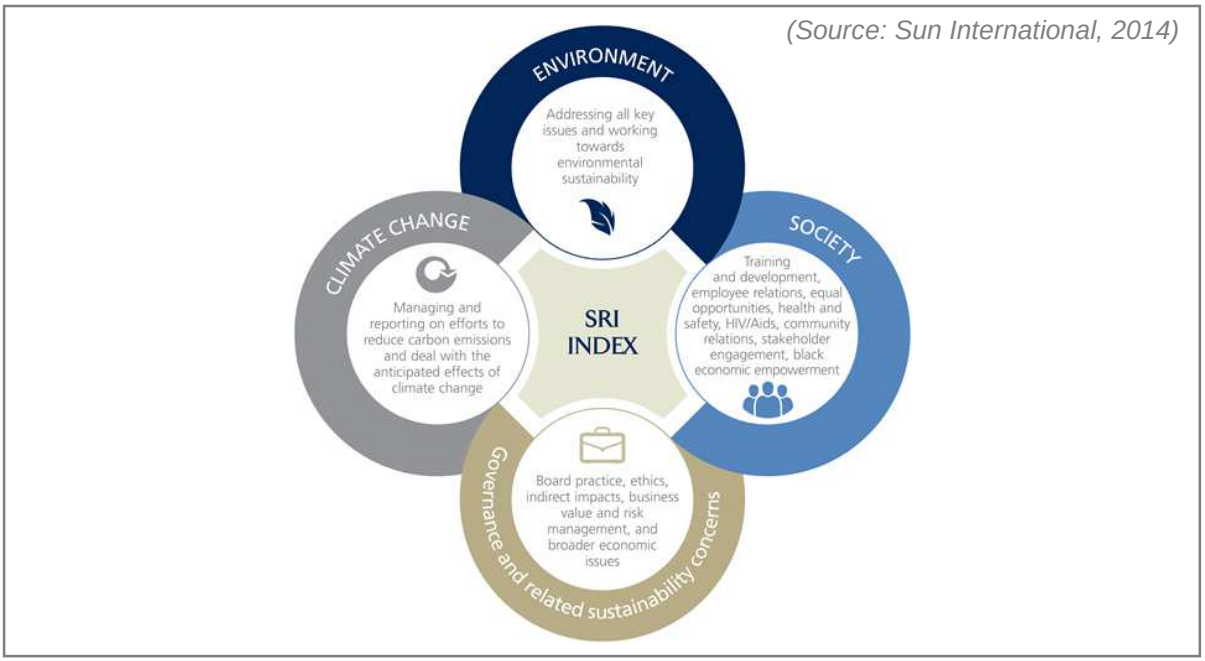


Figure 2.3: Sun International SRI Index

2.3 CSR built into business

SUB PROBLEM 1: reviews how effectively organisational vision, mission and values, culture and CEO Involvement are linked to CSR and the strength of their association.

Mission statements define the organisation's purpose and primary objectives, vision statements define an organisation's purpose, and values define the fundamental beliefs of the organisation. CSR should be strategically linked (or entwined) throughout each organisational business concept in addition to organisational culture. Culture according to Jaakson, Vadi and Tamm (2009) is the sum total of all the shared, taken-for-granted assumptions that a group has learned throughout its history and, according to Hildebrand and Sen (2011), CSR should be rooted in the organisational culture of the business. Finally, Chen and Hung-Baesecke (2014) argue that participative leadership can contribute towards employee understanding of CSR by enabling them to participate in the decision-making process. Before addressing each of these individually, the need for CSR to be built into the company's core business strategy is debated as a starting point for this discussion.

2.3.1 CSR built in to core marketing and business strategy

There is overwhelming evidence to suggest that corporates who adopt CSR as a core marketing discipline which is integrated into their overall marketing and business strategy will benefit greatly from increased financial returns, a favourable reputation, a more productive workforce and a greater competitive advantage (Dowling & Moran, 2012).

However, more often than not, corporates are implementing CSR for the wrong reasons or lack of strategic planning which, if not addressed properly, can result in severe reputational damage and even possible future financial losses. As stated by Porter and Kramer (2009) the current approaches to CSR are so fragmented and disconnected from business and strategy that both companies and society alike are not benefiting from the real opportunities that CSR has to offer. If companies used the same tools and thinking for CSR that they apply to normal business proceedings, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed - it can be a source of opportunity, innovation, and competitive advantage.

2.3.2 Vision, Mission and Values

What should exist in organisations worldwide is a coherent and holistic vision of CSR integrated in to the actual business of the company. In fact, the socially responsible focus

should go as far as to be included in the company's corporate statement; both in its vision and its mission and values (Corporate Excellence - Centre for Reputation Leadership, 2009).

Parker (2009) states that by linking or aligning your CSR programme with the fundamental values of your company or encouraged behaviour (culture) of your company, your initiatives become that much more powerful, both to the community and to the company performance. According to Burke and Logsdon (1996) one way of assessing a company's CSR strategy is by measuring the closeness of fit between the CSR policy or programme and the firm's mission and objectives. Ziek (2009) states that not only must companies adopt CSR as their mission but they must also focus on effectively communicating CSR to stakeholders – this is addressed under the second sub problem.

According to Guarieri and Koa (2008) a privately held equipment and outdoor clothing company called Patagonia (based in Ventura, California) has a mission statement which differentiates it from those of other companies and speaks volumes about its commitments. Their mission statement is "to build the best product, cause no unnecessary harm, use business to inspire, and implement solutions to the environmental crisis". Patagonia is a relatively small organisation that has made a name for itself, not only as a top seller of high-quality gear, but also as a business leader in environmental sustainability. On a much larger scale, a key ingredient to KPMG's success is linking CSR to its overall business vision and promoting a culture of corporate citizenship around the world. To achieve this, the organisation embraces both top-down and bottom-up company and community involvement. According to Corporate Excellence - Centre for Reputation Leadership (2009) American coffee chain Starbucks' mission statement is "to inspire and nurture the human spirit person to person, cup to cup and community to community" – another good example of tying CSR back to vision, mission and values.

2.3.3 Culture

CSR should also be rooted in the organisational culture of the business. Hildebrand and Sen (2011) argue that the culture of an organisation and its CSR initiatives should not be seen as two different entities. Both concepts are formed and influenced by each other and should therefore be one and the same. If the culture or identity of an organisation does not fit with the CSR strategy, then it is likely that CSR is bolted on rather than built in.

Du, Bhattacharya and Sen (2010) state that, unlike corporate ability-related information such as product superiority and new innovations, an organisation's CSR information reveals

aspects of its corporate identity and culture that are not only fundamental and enduring but also often more distinctive by virtue of their disparate and idiosyncratic bases.

According to Alas and Vadi (2006) the implementation of CSR depends on the combination of organisational and societal factors – both of which are embedded in organisational culture. Further to this, in the context of transitional economies, organisations with stronger cultures are said to be able to better implement organisational changes especially relating to CSR. Alas and Vadi (2006) further claim that CSR and ethical corporate governance should in general be seen as an embodiment of the organisation's culture and values – linked back to the first previous argument. They propose that organisations with high ethical standards and concern for stakeholders adopt value-sets that include interdependence, empathy, equity, personal responsibility, intergenerational justice, cooperation and partnership as well as communication and dialogue.

2.3.4 Management / Leadership

Finally, not only do today's organisations need to reflect their core corporate social responsibility values in their mission statements and organisational culture, but they also require leaders who possess the behavioural capacity to positively influence the CSR values and guiding principles throughout their organisation (Pedrini & Ferri, 2011). These leaders must be capable of influencing employees to value, understand and passionately support their businesses socially responsible business practices. According to Guarnieri and Kao (2008) the need for leaders who can inspire followers and are capable at handing all levels within the organisation is greater than ever. They must also demonstrate visionary thinking, and an ability to execute and uphold the highest ethical standards. Finally, even more importantly, they must also understand the business as a whole and build influential relationships with customers and stakeholders. If they do not understand the business then effectively integrating CSR within their overall strategy becomes more challenging.

Wade (2006) states that the success of businesses in the long run is influenced by the capacity of leaders to actively address CSR within their long term business strategy and their ability to communicate and engage in CSR initiatives. Pedrini and Ferri (2011) contend that implementing CSR into any business requires rethinking the entire company business strategy as well as introducing a formal professional to oversee this function such as a CSR Officer.

Kakabadse, Kakabadse and Lee-Davies (1999) also agree that the success of organisations depends on the quality of its leaders. It makes sense therefore that the concept of CSR

leadership requires the adoption of wisdom, courage and understanding. Scholars have also highlighted the different perspectives adopted by individuals who hold senior leadership (i.e. strategic) roles against middle management (i.e. operational) roles. Such differences are displayed in terms of goal orientation, career expectations and relations with employees and people external to the organisation. Kakabadse et al (1999) argue that the pulling together of these different forces is critical to organisational sustainability and nowhere more so than in the case of CSR.

Guarnieri and Kao (2008) outline the role of the CEO as setting and communicating a vision that takes into account and balances short term business goals, the bigger picture and the businesses' long term view; making difficult decisions in the short term to protect and support the long term; motivating and inspiring employees to do the above; treating all stakeholders well (including employees) and creating an ethical culture to do the right thing. Each of these responsibilities also applies to CSR, and collectively they all help drive shareholder value and employee motivation. Chen and Hung-Baesecke (2014) argue that participative leadership can contribute towards employee comprehension of CSR by enabling them to participate in the decision-making process. In addition to this, by using the Social Learning Theory (which suggests that human beings can learn behaviours from a live, verbal, or symbolic model in a social context), the CEO can increase employee involvement in CSR activities by a series of behaviours of role-modelling, encouragement, and enabling (provision of training, incentives, and rewards).

In summary it is evident that the company's vision, mission and values (Burke & Logsdon, 1996), culture (Du et al, 2010) and the quality and focus of its leaders such as CEO involvement towards CSR (Kakabadse et al, 1999) are vital to any successful CSR programme. If it can be proven that CSR is positively linked to the a) vision, mission and values; b) culture and c) CEO involvement, then it can confidently point towards the assumption that CSR is built into South African organisations. The following research hypotheses have been drawn up in support of proving this.

- *H-1: There is an association between CSR performance and CSR linked to organisational vision, mission and values*

- *H-2: There is an association between CSR performance and CSR linked culture*

- *H-3: There is an association between CSR performance and CEO Involvement in CSR*

2.4 Internal CSR Communication

SUB PROBLEM 2: reviews how effectively CSR is communicated internally to employees.

There are numerous stakeholders who are interested in the actions taken by organisations to become more virtuous and adopt more socially responsible practices. Employees are one of these stakeholder groups (Ziek, 2009). However, even though there has been an increased acceptance of organisational behaviour that goes beyond company financial gains towards more socially responsible practices, the act of communicating CSR is still too often overlooked – especially to employees.

According to Napal (2013) employees are one of the key stakeholder groups for the development of any CSR strategy or programme and it is therefore strategically damaging to overlook them. A critical first step in the development of organisational mission, vision, values and strategy is to understand the key concerns, priorities and perspectives of all key stakeholders, particularly employees (Birth & Illia, 2008). It is also important for companies to communicate their CSR initiatives to employees. Dawkins (2004) states that internal CSR communication to employees is the most effective form of CSR communication. Napal (2013) argues that effective internal CSR communication can instil strong values and promote ethical working conditions in the workplace that can provide the organisation with a competitive advantage.

2.4.1 Internal Communication

In order to investigate internal CSR communication further, it is useful to go back to the origins of the term. According to Kitchen and Daily (2002) internal communication is intended for the purpose of the internal stakeholder group: employees. It is used in order to shape and influence awareness of employees and behaviour and attitudes. (CSR Europe, 2014) refer to internal communication as managed internal communication system that is formally utilised to send messaging to employees; most frequently relating to organisational content.

The three main challenges that businesses are confronted with when it comes to formal and informal CSR communication methods are: methods, one and two way communication, and downward and upward (or top-down and bottom-up) communication (Welch and Jackson, 2007). Touching further on two way communication, Chen and Hung-Baesecke (2014) state that a leader who focuses on exchanges with their employees contributes to the organisation's

long term CSR strategy as well as the employee's attitude to CSR, and perceived extrinsic motive of corporate CSR engagement. The top down approach is covered in the first research problem which touches on CEO involvement in relation to CSR programmes. A top up approach is in itself a form of two way communication – allowing the employee to actively engage and contribute towards the company's CSR strategy.

In addition to the types of channels, there are a numerous internal communication tools available to organisations to communicate their messaging to internal stakeholders. It is possible for organisations to try and test what approach works for them. They can either focus on one channel, use more than one at a time or look at combining them. A variety of such tools allows organisations to reach a higher number of their employees whilst addressing their needs for communication issues in a more effective way (Kitchen & Daly, 2002).

2.4.2 Internal CSR Communication

Internal communication and employee engagement were highlighted as the primary focus of any CSR strategy (CSR Europe, 2014). They both play a vital role in ensuring the effective implementation of CSR strategies. Employee engagement in CSR opens up the opportunity for employees to become active CSR practitioners and as a result they are able to feed into the CSR strategy and ultimately transform them into company ambassadors. In addition to ambassadorship, their loyalty to the company is heightened. Internal communication aids in assisting and increasing employee engagement.
According to Chen and Hung-Baesecke (2014) employee participation in CSR activities is essential to organisational success for several reasons:

1) Employee CSR participation can help make CSR a part of the organisation's culture and values;
2) CSR is fast becoming a long term initiative therefore organisations require permanent behavioural changes from within and
3) Employee involvement in CSR activities results in the enhancement of employee morale, self-development, job satisfaction, positive perception of organisational performance, identification with the organisation and commitment and emotional attachment to the organisation.

It is further identified by Skudiene and Auruskeviciene, (2012) that internal CSR communication and employee engagement make an impact on all levels within an organisation and should be implemented continuously via top-down and bottom-up forms of

communication. Lyon (2004) recommends that CSR messaging needs to come from the top down. In addition to this, CSR depends not only on buy in from senior management, but from other managers and staff across the organisation. This is only possible if there is a culture that is supportive of corporate responsibility (Lyon, 2004). Bhattacharya, Sen, and Korschun (2007) argue that CSR programs are most effective when employees are the ‘‘actual enactors,’’ while the company is the ‘‘enabler.’’

Emphasis needs to be placed on the strategic alignment of internal CSR communication and employee engagement with an organisation’s overall business performance (Ziek, 2009). In order to achieve this, regional CSR managers should be employed to manage employee CSR needs and to implement individual CSR policies. According to Dawkins and Lewis (2003) even though CSR strategies may be developed by top management, the implementation thereof requires regular interaction and feedback with organisational business units and employees.

Internal Communication tools

The same as there are tools used for general communication within firms, there are tools which are used to communicate CSR. According to Chen and Hung-Baesecke (2014) companies apply a variety of tools and mechanisms to implement internal CSR communication and employee engagement. Dawkins (2004) lists these channels for CSR communication to include: web sites, social reports, thematic reports, stakeholder consultations, codes of conduct, prizes and events, product packaging, internal channels, cause-related marketing, interventions in the press and on TV, and points of sale. He then identifies three channels in particular that play a prominent role in CSR communication. These channels include: 1) social reports, 2) web sites, and 3) advertising. Ziek (2009) describes the prominent channels of CSR communication to include annual reports, annual shareholders letters, information relating to philanthropy, indexes and organisational linkages, nonfinancial reports, organisational codes and dedicated non-financial web pages.

Imperative for CSR Communication

According to the literature, it has indeed become a strategic imperative for companies to communicate their CSR initiatives to employees (Birth & Illia, 2008). By doing so companies can create a strong identity amongst their employees and they can pave the way by ensuring that they maintain favourable reputations and relationships with key stakeholders (Nielsen & Thomsen, 2009). Companies need to realise the benefits of a socially responsible business practices internally amongst its employees (Dawkins & Lewis, 2003).

In the findings of Bhattacharya et al (2007) it was found that organisations did not communicate the details and the extent of CSR initiatives clearly and consistently. In their study only thirty seven percent (37%) of employees surveyed were even aware of their company's CSR programs while seventy one percent (71%) of companies surveyed indicated CSR practices are developed and managed at the CEO level. It was found that employees wanted greater roles in CSR activities. CSR communication is clearly an area that needs more attention.

2.5 The Strategic Role of CSR in Organisations

SUB PROBLEM 3: examines the role of CSR in predicting an employee's job satisfaction and organisational trust.

According to Hansen, Dunford, Boss, Boss and Angermeier (2011) most research on CSR to date has predominantly focused on external stakeholders and outcomes, revealing very little about the effects that CSR might have on internal stakeholders such as employees. Numerous studies have been carried out in order to examine the impact of CSR on consumers, however they say that very little research has been done that studies the impact of CSR on employees; especially from a relationship marketing perspective. Choi and Yu (2014) state that previous studies on corporate sustainability (corporate social responsibility) practices tended to focus on external stakeholders and outcomes. However, the influence of CSR practices on employees remains largely unexplored.

From the research that does exist, Lee et al (2012) sought to explore the concepts of CSR and relationship outcomes more finely by investigating the role of four dimensions of CSR (economic, legal, ethical, and philanthropic) in influencing relationship quality aspects (organisational trust and job satisfaction), which is expected to have an impact on relationship outcomes (commitment and turnover intention). In other words, examining how CSR influences the perceptions of employees. In another study completed around the subject of motivation, the results revealed that one of the stimuli used to motivate employees were CSR activities employed by companies (Skudiene & Auruskeviciene, 2012). It was also found that CSR positively impacted employee turnover, recruitment, satisfaction, retention, loyalty and commitment.

Balmer and Greyser (2002) argue the importance that CSR plays in stakeholder perceptions and attitudes and suggest that an organisation's ethics play a very important role in shaping

employees' behaviour with regard to, and their relationships with, management. Given the critical role of employees in the overall performance of the corporation and its financial success, analysing the relationship between CSR and employees' perceptions of the organisation is key from a strategic perspective. The relationship between CSR and two of the most researched internal stakeholder outcomes: job satisfaction and organisational trust are detailed further in line with the focus of this study.

2.5.1 Job Satisfaction linked to CSR

Job satisfaction according to Tziner (2006) is defined as the rewarding or positive emotional feeling that results from assessing the overall pleasure and satisfaction from one's job or job experiences, and is a direct contributor to the extent to which individual needs are met within the workplace. For that reason, Porter and Kramer (2009) suggest that it can be both intrinsic (deriving from internally mediated rewards such as the job itself) and extrinsic (resulting from externally mediated rewards such as satisfaction with pay). Further to this, there is general agreement in organisational behaviour literature that job satisfaction is an affective construct (Pavlos, Vlachos, Nikolaos, Panagopoulos & Rapp, 2013) – meaning that the level of job satisfaction is derived from a number of factors.

Tziner (2006) studied the direct link between CSR and employees' commitment and was able to demonstrate that employee perceptions of CSR was positively related to organisational commitment including job satisfaction. CSR relates to the economic, legal, ethical and philanthropic anticipations that society has of organisations at a given point in time according to Carroll (1979). It is therefore defined to incorporate various dimensions or perceptions of an organisation.

Chong (2009) found a direct link between an employees' direct involvement in CSR activities and the ability for the employee to resonate and identify with the organisation's values and their overall satisfaction within the workplace. In a similar study, Lee and Chang (2008) found that external recognition of the organisation through positive associations created through formal marketing channels (such as traditional media) increased employee satisfaction through the notion of the social identity theory. In other words, employees identified more strongly with their organisation if a positive reputation is created about their company through external media channels.

More recently, it has also been suggested that perceptions of a firm's ethics, values and social responsiveness played a significant role in shaping the perceived attractiveness of an

organisation for potential employees (Greening & Turban, 2000). Finally, Valentine and Fleischman (2008) proved that corporate ethics programs and perceptions of corporate social responsibility positively influenced an employees' job satisfaction.

2.5.2 Organisational Trust linked to CSR

Researchers have identified trust as a highly noteworthy component of successful business practice especially in light of the new forms of stakeholder relations both between and within organisations. Trust, according to Cummings and Bromiley (1996), mediates between success and features of the organisational environment, be it productive, commercial and institutional or connected to research. Pavlos (2013) states that the relationship aspect "trust" significantly reduces any uncertainty in business negotiations and in doing so drastically improves the cooperation amongst partners.

Whilst there are number of definitions of trust (Vidotto, Vicentini, Argentero & Bromiley, 2008), the specific construct "organisational trust" has been given little attention. Mayer and Schoorman (1995) investigated the origins of the concept and described the relationships amongst organisational trust and several other organisational factors including job satisfaction and organisational commitment. According to Pavlos (2013) organisational trust is generally defined as the level of confidence that one individual has in another's competence and his or her willingness to act in a fair, ethical, and predictable manner.

In terms of leadership and organisational trust, when the leaders in an organisation do not commit themselves to their CSR activities, the organisation itself loses the trust of its stakeholders. Organisational culture and leadership have significant influence on innovativeness, and trust is one of the key antecedents of open culture which is built upon effective communication (Mayer & Schoorman, 1995). Choi and Yu (2014) supported this and stated that employee perception of CSR practices have a direct positive impact on their organisational commitment.

Mayer and Schoorman (1995) suggested two strategies for improving organisational trust through CSR perceptions:

1) "Building trust by resilient coaching and open communication": a coaching manager communicating through visible leadership and commitment and

2) “Creating collaboration by participative management (hands-on), and showing trustworthiness”: the management philosophy being “leading with the guys”; a basic attitude and willingness of organisation members to cooperate.

Valentine and Fleischman (2008) proved that corporate ethics programs and perceptions of corporate social responsibility positively influenced an employees’ job satisfaction whilst Maignan and Ferrell (2001) showed how corporate social responsibility was associated with higher levels of employee commitment especially amongst marketing managers and executives. In addition to this, Lee et al (2012) also proved that dimensions of CSR (economic, legal, ethical, and philanthropic) had a positive influence relationship on quality aspects: organisational trust and job satisfaction.

For this study it can therefore be deduced that:

- *H4: Perceptions of CSR will have a positive effect on job satisfaction*

- *H5: Perceptions of CSR will have a positive effect on organisational trust*

Perceptions of CSR related to these two organisational outcomes (also relationship quality aspects) are defined as the degree to which employees perceive a company to support the CSR related activities. The four dimensions of CSR perceptions: economic, legal, ethical, and philanthropic are adopted accordingly.

2.6 Summary of Research Hypotheses

According to Welman, Mitchell and Kruger (2005) the research hypothesis is an unproven proposition or possible solution to a problem. It is therefore a tentative assumption about the relationship between two or more things that requires further examining. Creswell (1994) supports this statement by defining a hypothesis as a formal statement that presents the expected relationship between an independent and dependent variable. Sarantakos (1993) further defines a hypothesis as a tentative explanation of the research problem. In other words, are the hypotheses possible outcomes of the research or an educated guess about what the research outcomes will be?

In quantitative studies, researchers often use quantitative research questions and hypotheses to shape and specifically focus the purpose of the study (Hair, Bush & Ornitau (2000).

Quantitative research questions inquire about the relationships among variables that the investigator seeks to know (Wiid & Diggins, 2009) whereas hypotheses, on the other hand, are predictions the researcher makes about the expected relationships among variables (Welman et al, 2005). The hypotheses follow on from the overall research questions and are clear, testable statements that are precise and to the point. The final hypotheses for this study are summarised in Table 2.4.

Table 2.3: Final Literature Review (Research Hypotheses)

SUMMARY OF RESEARCH HYPOTHESES
H-1: There is an association between CSR performance and CSR linked to organisational vision, mission and values
H-2: There is an association between CSR performance and CSR linked culture
H-3: There is an association between CSR performance and CEO Involvement in CSR
H-4: Perceptions of CSR will have a positive effect on job satisfaction
H-5: Perceptions of CSR will have a positive effect on organisational trust

2.7 Conclusion

Corporate Social Responsibility is here to stay and the sooner businesses realise this, the better off they will be. Katavic and Kovacevic (2013) argue that CSR is no longer an ideology and should become a standard practice in every business. Rangan, Chase and Karim (2012) suggest that in order to implement an effective CSR strategy, firms should implement a separate CSR business unit. This would naturally depend on the size of the firm and the magnitude of their CSR initiatives. In addition to this, CSR needs to get the support it requires from the organisational leadership.

Finally, there are some companies who realise the importance of CSR for organisational success but struggle to find the best way to proceed with it. One way of trying to address such a problem is going right back to the beginning to understand why CSR was implemented in the first place, and what initiatives they have done since then to integrate it into the company as well as communicate its CSR positioning and strategy as such.

CHAPTER 3

3. METHODOLOGY

This chapter outlines the research methodology used to address the propositions put forward in the literature review. Following an identification of the choice of research paradigm and design, the population and sample of respondents is described and discussed. The research instrument, procedure for data collection and the methods that were employed in analysing and interpreting results are then presented. Notable limitations are also identified. The chapter concludes with a consideration of issues pertaining to validity and reliability.

3.1 Research Methodology / paradigm

A quantitative paradigm was adopted for the purpose of this study. Quantitative research is defined as the collection of data that involves larger, more representative respondent samples and numerical calculation of results according to Wiid and Diggines (2009). Creswell (2003) refers to quantitative research as being an inquiry based examination that uses statistical procedures to test certain theories in order to determine whether predicative generalisation of theories holds true. Due to the relatively large number of respondents involved, techniques were designed to generate information that could be projected to whole populations (Dillon, Madden & Firtle, 1990).

The advantages and rationale for adopting a quantitative research methodology for this study included the ability to generalise the findings and find meaningful relationships (Aakar, Kumar & Day, 2003). Lee et al (2012) also used a quantitative approach in determining the impact of CSR on relationship quality and relationship outcome from the perspective of service employees.

3.2 Research Design

According to Bryman (2008) a research design provides a framework for the collection and analysis of data. Welman, Mitchell and Kruger (2005) define the research design as a plan according to which researchers choose and locate respondents in order to acquire information from them for the purpose of answering their research questions. Different designs are recommended depending on which research methodology the researcher employs:

quantitative methods, qualitative methods or mixed methods (using both). Creswell (1994) summarises which designs are appropriate for the various types of methodology in Table 3.1.

Table 3.1: Research Design according to chosen Methodology

Quantitative Research Methods	Qualitative Research Methods	Mixed Methods Research Methods
- Experimental designs - Non-Experimental designs, such as survey	- Narratives - Phenomenologies - Ethnographies - Grounded theory - Case Studies	- Sequential - Concurrent - Transformative

When deciding which design to proceed with, it is beneficial to note that the choice of a suitable research design is largely influenced by the purpose of the study (Aakar et al, 2003).

For this study, a non-experimental research design using a questionnaire (survey) was adopted. The purpose of this study included analysing perceptions around various CSR concepts and related issues which a non-experimental research design was most suitable to tap into these perceptions.

3.3 Population and Sample

It is extremely important to distinguish between the population and the sampling frame (Aaker et al, 2003). A population is an distinguishable group (in the case of this study – people; but could be extended to include products, organisations or physical entities) that is of interest to the researcher. According to Aaker et al (2003); Bryman (2008) and Wiid and Diggines (2009), a population is the aggregate of all the units of the population under analysis. The sample is a specific section of the population that is chosen for the purposes of the research (Zikmund, 2003). The population and sampling frame for this study are presented below:

3.3.1 Population

The population included employees who work for large firms in South Africa and that employ a CSR programme. This would naturally imply mostly JSE listed companies, as one of the JSE reporting requirements is that the companies have a formal CSR reporting procedure in place. Not to delimit the scope of the population, non-JSE listed companies were included as well that had a CSR programme or in-depth CSI policy in place that went beyond cheque book

philanthropy. In other words, the company actively involved their employees in CSR or CSI endeavours.

3.3.2 Sample and sampling method

There are various methods for obtaining a sample from the target population (Wiid & Diggines, 2009). This study used a judgemental sampling method – also known as purposive sampling. Judgmental sampling is a non-probability sampling technique where the researcher selects the units to be sampled based on their knowledge and professional judgment (Welman et al, 2005). In other words, for this study, the candidates were defined based on their employment in a South African company that employs a CSR programme or CSI measures.

The sample was chosen according to the following two criteria:

1. *Works for a company that has a CSR programme* – as mentioned previously, one of the main criteria for the survey was that the sample of respondent's worked for organisation that employed a CSR programme. Organisations who have an in-depth CSI programme and follow CSR guidelines were included; and
2. *Works within the main head office* – prior studies have been completed to illustrate how organisations have failed to communicate their strategy effectively throughout various supply chains from head office. The intention of this study was to focus on corporate head offices. It would be useful to replicate a study like this to see how the results compare from head office throughout the supply chain.

Two methods were used for reaching the sample:

1. *Targeting companies* – a targeted approach was used to contact a number of pre-selected companies (mostly JSE listed). The head of marketing or CSR/CSI was contacted directly in order to gain approval to send the survey (research instrument) out to employees (refer to Appendix B for the covering note included and emailed to organisations following initial contact via telephone). The organisations listed in Table 3.2 were selected and contacted:

Table 3.2: List of companies for formal-targeted sampling purposes

Institution	**Sector**
1. BMW	Motor Industry
2. Audi / VW	Motor Industry
3. Pick n Pay	Retail
4. Truworths	Retail

5. Redefine	Property
6. Growth Point	Property
7. Investec	Bank
8. Nedbank	Bank
9. Blue Label	Telecommunications
10. SAAPI	Manufacturing
11. Konica Minolta	Manufacturing
12. Globeflight	Logistics
13. Tigerbrands	FMCG
14. BHP Billiton	Mining
15. KPMG	General Financial

2. *Networking* – a further networking approach was used due to the constraints experienced in gaining access to the sample above. This involved networking through contacts and sending the survey out to extended sample groups. Contacts under the employment of the organisations in Table 3.3 were approached in order to send the survey out to relevant colleagues and other external contacts.

Table 3.3: List of companies for networking sampling purposes

Institution	**Sector**
16. Vodacom	Telecommunications
17. MTN	Telecommunications
18. Tsogo Sun	Hospitality
19. Absa	Bank
20. PwC	General Financial
21. Advtech	Education
22. Waltons	Retail
23. Business Connection	Telecommunications
24. Busby Group	FMCG / Retail
25. CAVI Brands	FMCG / Retail
26. Internet Solutions	Telecommunications
27. Kimberley Clark	FMCG
28. Smollen Group	FMCG
29. RmB	General Financial
30. Old Mutual	General Financial

Representative sample

A representative sample is one that has strong external validity in relationship to the target population the sample is meant to represent. If this is achieved, the findings from the survey can be generalised with confidence to the population of interest. In other words, it is a "microcosm" of the population (Bryman, 2008; p. 187). Accordingly, a sample of 200-250 responses was desired and considered sufficient for the purposes of this study. A total of 237 questionnaires were submitted. Due to missing information 41 responses were excluded from the study for further analysis, resulting in the final sample size of 196.

3.4 The Research Instrument

Research Instruments are measurement devices designed to acquire data on a specific topic of interest from research subjects (Welman et al, 2005). They are researched and created by the researcher and, according to Wiid and Diggines (2009), the questionnaire is the most common instrument for collecting primary data in quantitative studies. Advantages of using this instrument include: being more cost effective, easier to administer, convenience for respondents and absence of interviewer effects (Bryman, 2008). Taking the abovementioned advantages into account and the quantitative research methodology adopted, a questionnaire (also known as a survey) was adopted for this study. The guidelines for designing a questionnaire illustrated in Figure 3.1 were followed with particular reference to steps two, three, four and nine. Each was documented and discussed starting with the method of administration.

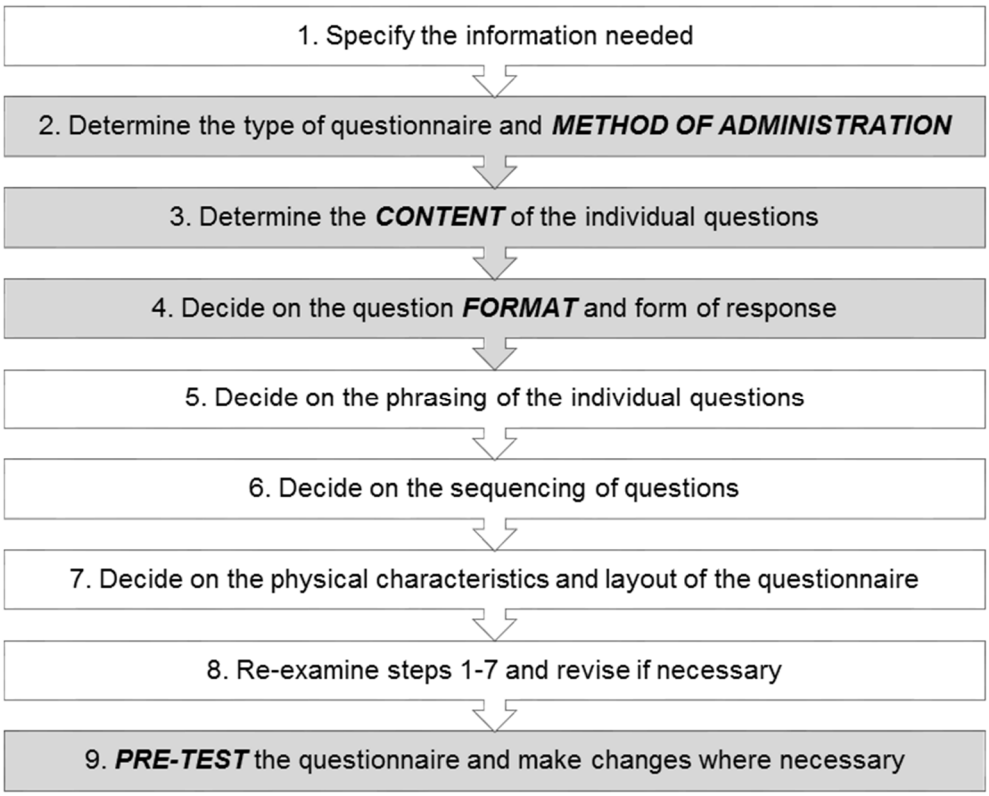


Figure 3: Guidelines for designing a questionnaire *(Source: Wiid & Diggines, 2009)*

3.4.1 Method of administration

There is a growing tendency for researchers who conduct traditional questionnaire surveys to offer their respondents the opportunity to complete their questionnaires online (Bryman, 2008). Zikmund (2003) states that there is no precise survey method to use and that many researchers select different methods after careful planning and consideration of the various advantages and disadvantages of various options available to them.

For this study, paper-based questionnaires (in Microsoft office word format) were administered and emailed to the target sample with a covering note providing respondents with the background and context to the study at hand (refer to Appendix A). Due to slow response rates, the survey was uploaded onto surveymonkey.com with precisely the same format, layout and approach (refer to Appendix B). The advantages of online (web-based) surveys according to Zikmund (2003) are: [1] they offer quick and easy delivery, [2] they provide quick and convenient responses, [3] they are more targeted, [4] they appeal more to respondents and [5] they offer automatic data capturing and analysis. The main disadvantage experienced during this study was that many of the online surveys were not completed, and, due to the large existence of omitted sections, these responses were dropped from the study. The paper-based questionnaires were advantageous for employees of those organisations that had

firewalls in place (most notably the banking industry) which prevented respondents from accessing the online survey.

3.4.2 Questionnaire content

The questionnaire used for this study was adapted from a number of previous studies as listed below in table 3.4:

Table 3.4: Content for questionnaire adapted from previous studies

Demographics *(Section A)*	Eliciting information from respondents such as age, gender, socio-economic status, manufacturing sector and such (Zikmund, 2003) are of great importance especially for non-experimental research such as this. The study included the following demographics: gender, age, race and education.
Employee & company details and corporate CSR *(Section B & C)*	Dawkins and Lewis (2003) set out to understand the role of CSR in stakeholder expectations. In doing so it was necessary to investigate the role of the stakeholder in addition to awareness of CSR programmes within the company. In the research performed by Lee et al (2012) and Skudiene and Auruskeviciene (2012), the length of time employees had worked (in general) and the length of time they had worked for their current company were of significant interest within both studies. Skudiene and Auruskeviciene (2012) further sought to recognise industry, and organisational department belonging to each respondent. All of these were adopted and further detail of position within the organisation added.
CSR linked to the organisation *(Section D)*	A socially responsible focus should be included in the company's corporate statement, both in its vision and its mission and values; and should be evident in the organisational culture. Key items were drawn from the literature review in order to ascertain how embedded CSR is in all of these measures.
Internal CSR Communication (Section E)	Whilst trying to make sense of CSR communication, Ziek (2009) studied and listed various forms of CSR channels. Birth et al (2008) also analysed the channels of CSR communication within Swiss organisations. The items from both studies were reviewed and condensed to understand how organisations communicate CSR.

	A scaled item analysis was built using key extracts from the literature review pertaining to sub problem two. In addition to this, Birth and Illia (2008) reviewed the roles of those who communicated internal CSR to employees' including the CEO, Head of HR, Head of PR, Head of Communication and Marketing. For the purposes of this study, this level of questioning was rotated to ascertain who communicated CSR programmes to employees.
CSR Measures / Relationship quality Aspects (Section F)	Because organisations are required to meet the needs of multiple stakeholders (such as shareholders, customers, employees), it is important to understand their perceptions of CSR activities. Employees specifically are one of the important stakeholders of the organisation, not only because they impact the quality of the products or services customers receive, but also because employees' well-being is directly related to job performance (Lee et al, 2012). Whilst numerous studies have been carried out to examine the impact of CSR on consumers, very little research that studies the impact of CSR on employees is found especially from the relationship marketing perspective (Dawkins 2004; Lee et al, 2012; Napal 2013). Narrowing the gap in the literature, this study replicates part of the study completed by Lee et al (2012) which investigated the role of four dimensions of CSR (economic, legal, ethical, and philanthropic) in influencing relationship quality (organizational trust and job satisfaction). The items used to uphold each dimension of CSR and relationship quality were adopted and adapted.

3.4.3 Questionnaire format

Assessment of constructs within the questionnaire were predominantly measured using a 5 (five) point Likert-type scale where responses ranged from strongly disagree (1) to strongly agree (5). Likert or frequency scales use fixed choice response formats and are designed to measure attitudes or opinions (McLeod, 2008).

3.4.4 Questionnaire testing

Development of a valid and reliable questionnaire is vital in order to reduce measurement error. Minimising this measurement error is achieved by running a pilot study and testing the results. According to Zikmund (2003) the purpose of the pilot is to check that the design of the questionnaire works in practice, and to identify and amend problematic questions and refine the questionnaire. It may also uncover issues relating to the sample size (variability), non-response rate and more practical issues, such as cost of administering.

A pilot study was performed using responses from a total of twelve respondents. The preliminary questionnaire items were tested for reliability by calculation of its Cronbach alpha coefficients. According to Wiid and Diggines (2009), a Cronbach's alpha above 0.8 shows good reliability; between 0.6 and 0.8 - acceptable reliability and below 0.6 - unacceptable reliability. All those items below 0.6 were revised or dropped from the study completely.

3.5 Procedure for data collection

In order to ensure that the collection of data was carefully planned out and carried through as consistently as possible, the following data collection procedures highlighted by Bryman (2008) were followed:

1. A research diary was kept to track records of contacts from various organisations and when they were contacted;
2. Data from the paper-based questionnaires were coded according to the online survey format (from surveymonkey.com) and uploaded as they were submitted;
3. The questionnaires were administered and collected over a period of 6 weeks; and
4. Although questionnaires in survey research do not raise as many ethical issues as a semi-conducted interview might (Welman et al, 2005), careful consideration was taken in gaining permission from organisations in addition to ensuring that respondent responses remained confidential.

3.6 Data analysis and interpretation

According to Bryman (2008) before any data analysis takes place, it is necessary for the researcher to check for any obvious flaws in the data. This would include checking the data for any glaring omissions in answering certain questions in the questionnaire/survey and trying to ensure the data is reduced to as few categories as possible in order to interpret the material

properly. Aaker et al (2003) state that the raw data obtained from questionnaires must undergo preliminary preparation before it can be analysed using statistical techniques. Accordingly the data was examined to remove all responses where gross omissions existed.

3.6.1 Re-coding

Following the deletion of the uncompleted questionnaires, the data was re-coded in cases where respondents replied to open-ended questions such as “other / specify”. According to Zikmund (2003) a common data quality control procedure in research survey is reviewing and recoding response data from the "other / specify" questions. These questions are ones which often follow a preceding question with a list of pre-coded responses and provides a way to capture response data that is outside of the pre-coded list. The responses were reviewed and re-categorised under pre-existing categories or new categories were created. This was performed for respondent industry, level and department within the organisation and where personnel CSR communication emanated from.

3.6.2 Statistical Analysis

For this study, statistical analysis of the data was performed using descriptive statistics and multivariate inferential statistical techniques: correspondence analysis and regression analysis. This was performed using statistical software SA JMP (version 11). According to Aaker et al (2003) it is desirable in some situations to use a single number to describe the response to a question such as the mean. This is referred to under descriptive statistics.

Regression analysis was performed to identify and test for relationships as per the proposed hypotheses. Regression analysis is a statistical technique that analyses underlying relationship between variables with the objective of determining the influence of an independent variable on the dependent variable (Hair et al, 2000). The relationship between the dependent variable and the independent variables was tested.

According to Wiid and Diggines (2009), as a matter of good scientific practice for statistical analysis, a significance level should be chosen before the researcher begins with even the data collection process. Statistical significance plays a fundamental role in statistical hypothesis testing and implies that you are very sure that the statistic is reliable. The significance level confirms how likely a pattern in your data is due to chance, thus the lower the significance level (or p-value), the less likely the data finding was by chance. The most common level used to measure the p-value is .95. This means that the finding has a 95%

chance of being true. Following from this the p-value is usually set to 0.05 (5%). Other significance levels may be used such as 0.01 (depending on the field of study). For this study a p-value of 0.05 was adopted for the correlation and regression analyses.

3.7 Limitations of the study

Hair et al (2000) define the common limitations associated with marketing research to include sampling bias, financial limitations, time pressures, measurement error and demand artefacts. This study recognises the following limitations:

- The sample was comprised of 196 respondents in total. This sample is only a very small proportion of the entire population of companies that use CSR programmes in South Africa.
- The data collection was mostly confined to respondents based in Johannesburg. A replication of the study focusing on greater variety of South African business centres would enable better generalisability of the findings of the study.
- There may have been bias due to the Likert scale, which presented only five options to reflect the respondent's answer to any statement.
- The constructs used for this study were based on instruments developed by researchers from other countries that are relevant for more developed and different markets than South Africa.
- Finally the study was limited to the perceptions of employees only. It would be beneficial to assess the perceptions of other key stakeholders such as shareholders and/or customers.

3.8 Validity and Reliability

All measurements may contain some element of error (either bias or distortion); validity and reliability concern the type of error that typically occurs, and they also show how we can estimate the amount of error in a measurement. In other words, they can measure the amount of bias or distortion. Bryman (2008) states that reliability and validity are "analytically distinguishable." By this it is meant that they are related because validity presumes reliability. In other words, if your measure is not reliable, then it cannot be valid. Validity is the degree to which a test or instrument measures what it is supposed. Reliability measures the dependability that the questionnaire can produce the same results in repeated studies.

3.8.1 External validity

External validity questions how far the results of a study can be generalised (Bryman, 2008). In other words whether is it possible to apply the findings from a study (Welman et al, 2005) to other people (population validity) or settings (ecological validity).

This study was performed within a South African context. It is therefore not expected that the findings from this study will apply directly to other emerging markets, although it will be of great value to compare it to other similar studies from an emerging market perspective. Due to the time limitations of the study, it was not possible to do a greater sample of the population; therefore this might also affect the external validity. The researcher went to great lengths to control for external validity to make sure that the results are as generalisable as possible.

3.8.2 Internal validity

According to Bryman (2008), the issue of causality is most related to internal validity. In other words, it is used to determine whether inferences regarding cause-effect or causal relationships are true or not. Welman et al (2005) refer to two types of constructs that measure and/or control internal validity. They are construct validity and criterion-related validity. Construct validity refers to the validity of inferences that observations or measurement tools actually represent or measure the construct being investigated (Polit & Black, 2012), and criterion-related validity is the extent to which the measures used in the study are demonstrably related to concrete criteria in the "real" world.

Three types of measures were taken to ensure that the internal reliability was as high as possible for this study. They were:

1. *The adoption of a previous study:*
   As a whole, the study enjoys considerable construct validity since it is based on vast and established theories.
2. *The adoption of non-reactive measures:*
   The survey was completed in a familiar environment for the respondents, and they were provided absolute assurance that their responses would remain anonymous. This ensured a reduction in the Hawthorne Effect which, according to Welman et al (2005), is when individuals alter their normal behaviour because of the studies they are involved in.

3. *Instrumentation effects and human error:*

   It is possible that there may have been errors with the instrument as the survey was completed by respondents without the presence of the researcher – either by completing the word document manually or via surveymonkey online. Human error was adequately controlled for in this study as the majority of surveys were completed using surveymonkey which automatically uploads answers into an excel spreadsheet for the researcher – thereby minimising human error in capturing / uploading the results.

CHAPTER 4

4. PRESENTATION OF THE RESULTS

The following chapter presents a summary of the profile of the respondents and the results obtained from the preliminary stage of the research and statistical analysis. The findings are presented in chart and table format. The chapter begins with a full breakdown of the demographic and organisational profile followed by an overview of the validity and reliability of the questionnaire. Each aspect is analysed and discussed in relation to each construct used in the questionnaire. Validity aims to determine the research tool's capability to measure exactly what it is supposed to measure, in which case it has high validity.

The extraction and rotation method are discussed under validity as well as the occurrence of cross loadings and how this was dealt with. The reliability was tested to ensure that the instrument measured consistently (under the same condition with the same subjects). For this study the Cronbach coefficient alpha, which is a popular estimate used to test reliability, was used. Following this the descriptive and inferential results are presented for each of the research questions and hypotheses. The descriptive results which were attained through exploratory factor analysis are presented in fair detail. Finally, multivariate (inferential) techniques, namely correspondence analysis and regression analysis were used to analyse relationships and modelling of certain constructs.

4.1 Profile of the respondents

The profiles of the respondents for this study are broken down into two sections: "Demographic profile of respondents" which covers gender, age, race and education and "Organisational sample profiling" which covers organisational specifics of each respondent.

4.1.1 Demographic profile of respondents

Gender

Figure 4.1 shows that one hundred and twelve respondents (57%) were females and eighty four respondents (43%) were males indicating a fairly even representation from both genders.

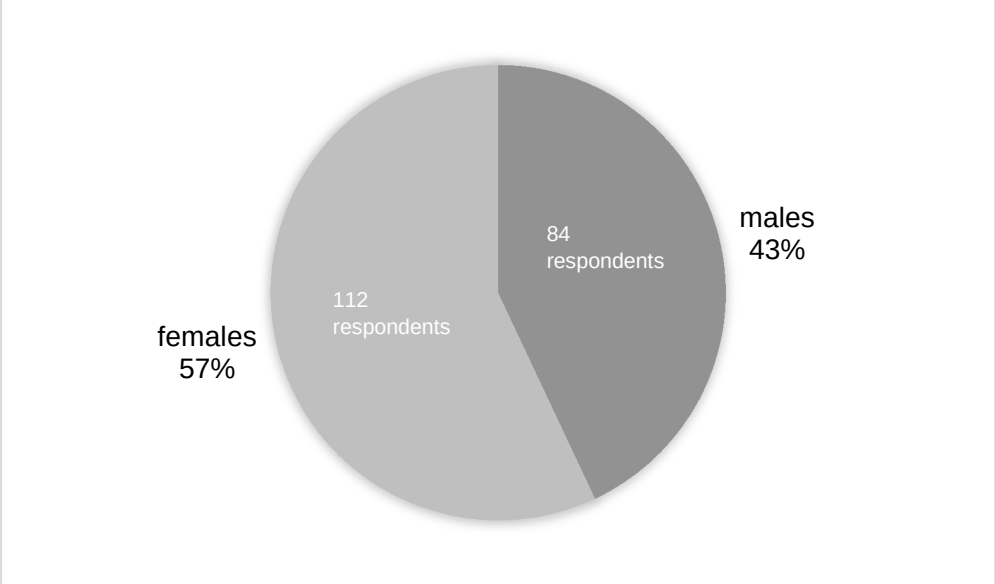


Figure 4.1: Percentage of Male and Female respondents

Age

The most represented age group were thirty one to forty (31-40) year olds who accounted for forty three percent (43%) of the sample – eighty four respondents in total. This was closely followed by the twenty to thirty (20 – 30) year olds with sixty two respondents (32%). Figure 4.2 illustrates how one hundred and forty six respondents (75%) of the sample were grouped under the age of forty (40). Ten respondents (5%) were in the age category 51 – 60 and three respondents (2%) were in the age category 60+.

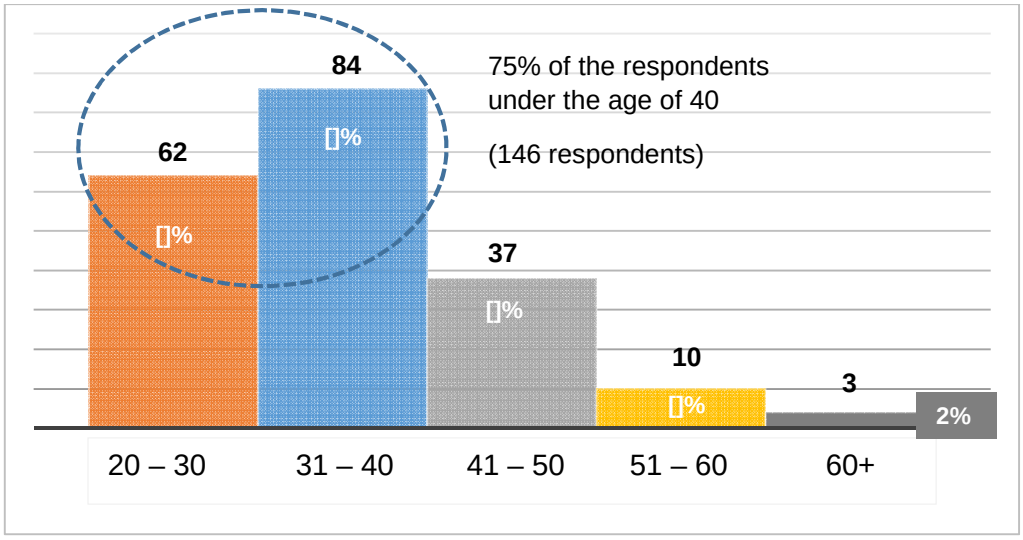


Figure 4.2: Respondent age

Race

With regards to race, one hundred and twenty six respondents (65%) were white; thirty six respondents (18%) black; twenty two respondents (11%) Asiatic; and eleven respondents (6%) were coloured. Asiatic included both Indian and Asian respondents.

Education

Finally, the sample appeared to have quite a high level of education with one hundred and fourteen respondents (58%) having completed a university level degree. Thirty four of the respondents (18%) had a master's degree or higher. Both of these categories combined (76%) would possibly suggest a good level of understanding of the questionnaire by respondents. It further corresponds with the high positions held within the organisations by respondents.

4.1.2 Organisational sample profiling

The following information was included to provide further context as to the average number of years work experience respondents possessed, in addition to providing further background as to the types of organisations represented in this study.

Department within organisation

The highest recorded "department within the organisation" in which the sample of respondents worked was marketing. Eighty three respondents (28%) worked within a marketing department which makes sense as most marketing positions are predominantly held by females in the South African market. This also correlates with females being the more represented gender. The total distribution of all departments worked for is illustrated in Figure 4.3. Following this, twenty respondents (11%) worked within finance, twenty two respondents (11%) within operations / production / merchandising and twenty one respondents (11%) within strategy / consulting. The remaining forty eight respondents were distributed as follows: thirteen respondents (7%) service; thirteen respondents (7%) HR; nine respondents (5%) corporate affairs; five respondents (3%) administration and two respondents (1%) training.

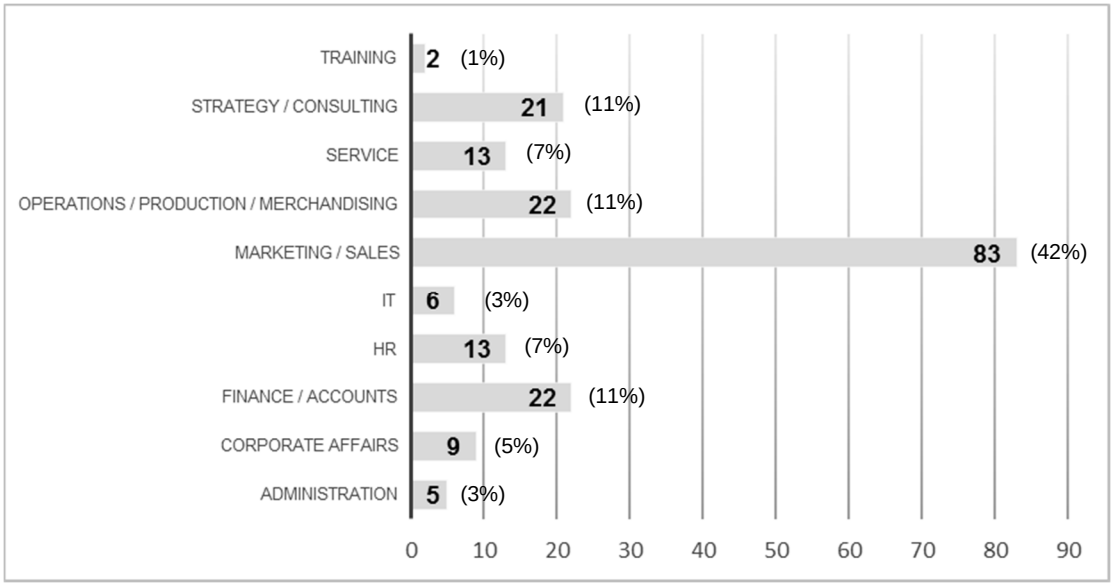


Figure 4.3: Organisational department respondents work within

Number of years worked (in total)

In terms of the numbers of years worked, the number of years "worked in total" versus "worked for current company" was requested of each respondent. The longer an employee works for an organisation, the more it is expected they would know about the organisation in general and therefore its CSR programme. It was noted that ninety seven respondents (49%) had worked in total for more than ten (10) years. Seventy two respondents (37%) had worked a total of five to ten (5-10) years which implied that eighty six percent (86%) of the respondents had at least five (5) years' work experience. Fifteen respondents (8%) said they had more than 3 but less than 5; eleven respondents (5.5%) said they had more than 1 but less than 3 and only one respondent (0.5%) had less than 1 year work experience.

Number of years worked (for current company)

When it came to number of years worked for current company, the split was approximately 50/50 for "more than 3" and "less than 3" with twenty three respondents (12%) having "less than 1" year experience, sixty four respondents (33%) "more than 1 but less than 3" years, forty respondents (21%) with "more than 3 but less than 5" years and finally sixty eight respondents (34%) having "more than 5 years'" experience at their current company. This would imply that forty five percent (45%) have "less than 3" years' work experience at their current job and fifty five percent (55%) have "over 3" years' experience.

Position

The level of (or position held by) each of the respondents was extremely high up within the organisation with seventy two percent (72%) occupying a job of middle management and above. This included seventy eight respondents (40%) who worked within middle management, forty five respondents (23%) in senior management, ten respondents (5%) at Director or board level and eight respondents (4%) were either Chief Executive Officer (CEO) or Managing Director (MD). There is possible ambiguity with regards to the fields: “specialist” with eleven respondents (6%), “consultant” with six respondents (3%) and “executive” with twenty three respondents (12%) as it is not distinct at which level these categories correspond for each respondent – although being a specialist or consultant would conceivably imply a higher level position.

Industry

The industries represented by the sample were extremely varied but there were four industries which stood out considerably more than others: Finance and Banking were represented by twenty eight respondents (14%), Marketing/Research: thirty two respondents (16%), Retail: twenty four respondents (12%) and Telecommunications: twenty nine respondents (15%). The remainder included: Automotive: ten respondents (5%), Construction: one respondent (1%), Consulting: nine respondents (5%), Courier/Logistics: nine respondents (5%), Education: five respondents (3%), Energy: four respondents (2%), FMCG: six respondents (3%), Insurance: five respondents (3%), Legal: one respondent (1%), Manufacturing: six respondents (3%), Mining: nine respondents (5%), Pharmaceuticals: two respondents (1%), Property: fourteen respondents (7%) and Recruitment: two respondents (1%). It would be beneficial for future researchers to focus on one or a few industries only.

South African based companies

What was extremely interesting to note was that thirty nine of the respondents (20%) worked for South African only firms with a presence only in South Africa and ninety five respondents (48%) worked for companies that had started in South Africa but have now extended their footprint globally. This has great relevance in terms of the context of the research which is focused specifically on South Africa. Sixty respondents (31%) worked for global companies that are based in South Africa which might mean that the CSR programmes instituted these companies are controlled by a foreign office - and finally two respondents (1%) were not sure what option to select as they did not know which scenario applied to their company.

Department for managing CSR

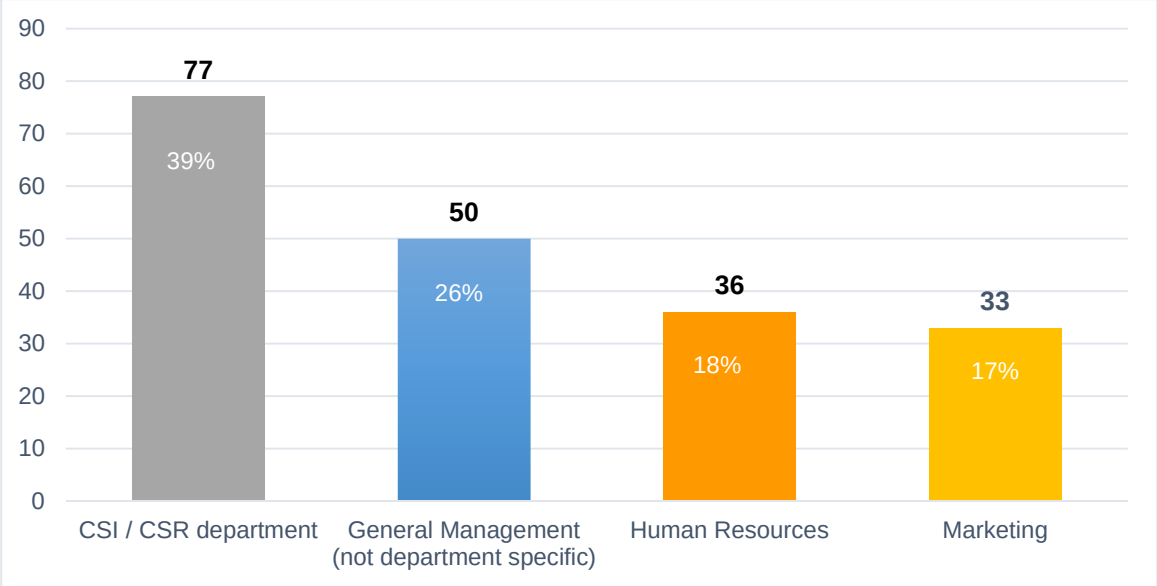


Figure 4.4: Department for managing CSR

In terms of the department responsible for managing CSR within the organisation, Figure 4.4 shows that seventy seven respondents (39%) worked for a company that have a CSI or CSR department. If there is no CSR/CSI department then the messaging is likely to come from general management with fifty respondents (26%) selecting this option, thirty six respondents (18%) human resources and thirty three respondents (17%) indicating marketing as the department who manages their CSR programmes.

4.2 Validity

Validity aims to determine the research tools' (questionnaire or survey) capability to measure exactly what it is supposed to measure (Bryman, 2008; Hair et al, 2000). To test the validity of all the constructs (dimensions), an exploratory factor analysis is usually performed to determine if the individual questions load (or contribute) onto the constructs as intended in the questionnaire. There are two types of Factor Analysis: Exploratory Factor analysis (EFA) and Confirmatory Factor analysis (CFA). Only Exploratory Factor analysis was used for this study.

4.2.1 The extraction and rotation method

The most common extraction methods are Maximum Likelihood (ML), Principle Component Analysis (PCA) and Principle Axis Factoring (PAF) (Wiid & Diggines, 2009). For this study, the maximum likelihood method, defined as "a method of estimating the parameters of a statistical

model" (Kumar, Aaker & Day, 2002) was used to extract the components, and this was followed by a Varimax (orthogonal) rotation – used to simplify the data. After the extraction and rotation of the factors, the communalities and factor loadings were produced.

The following rule was applied to the factor loadings as recommended by Hair et al (2000):
If the factor loading was greater than 0.40 it was said to load on that component and if the factor was less than 0.40 it did not. The rational for overturning loadings less than 0.4 was based on Stevens' (2000) suggestion that this cut off point was appropriate for interpretive purposes.

4.2.2 Cross loading interpretation

If an item had a loading of greater than 0.40 on more than one factor the item is said to be "cross-loading' (Wiid & Diggines, 2009). Closer inspection was given to all cross loading items and a decision made to which factor the item belongs; or if the item needed to be dropped due to lack of suitability to a certain factor. Cross loadings are often the result of ambiguity in the item or statement (Zikmund, 2003). Bartlett's test for Sphericity was also conducted to determine if it was useful to conduct factor analysis. The results of these tests performed for each construct can be found in Appendix D.

The results of the validity test for each construct are presented next.

Corporate CSR – EFA Results

Exploratory Factor Analysis was applied to responses belonging to the construct: Corporate CSR. The maximum likelihood method was used to extract the factors, and this was followed by a varimax (orthogonal) rotation. Only the first four components exhibited Eigenvalues greater than or near 1. Results from a screen test (Figure 4.5) also suggested that four were meaningful. Therefore, only these factors were retained for rotation. Combined, these four factors accounted for thirty nine percent (39%) of the total variance. See Eigenvalues and cumulative percentage for Corporate CSR – Appendix D *(Figure A: Corporate CSR).*

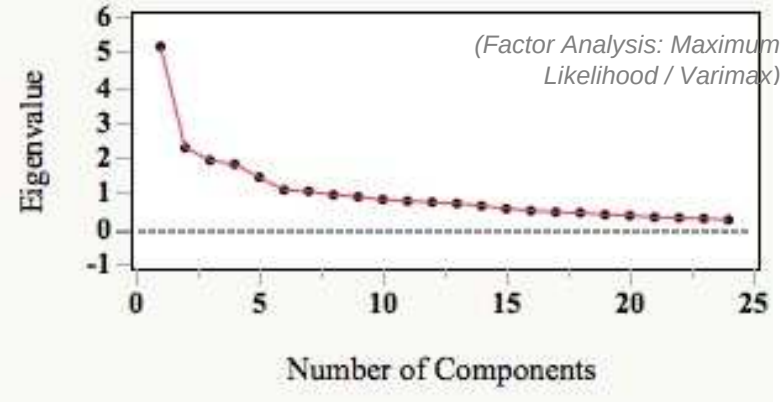


Figure 4.5: Scree Plot Corporate CSR

Questionnaire items and corresponding factor loadings for Corporate CSR are presented in Table 4.1. In interpreting the rotated factor pattern, an item was said to load on a given component if the factor loading was 0.40 or greater for that component and less than 0.40 for the other.

Table 4.1: Rotated Factor Loading - Corporate CSR

	Factor 1	Factor 2	Factor 3	Factor 4
Q11.1	-0.1	0.16	**0.69**	0.19
Q11.2	0.00	0.05	**0.72**	0.14
Q11.3	0.20	0.16	**0.45**	0.02
Q11.4	0.18	0.06	0.31	0.01
Q11.5	**0.44**	0.05	0.14	-0.0
Q11.6	0.14	0.14	0.20	0.38
Q11.7	0.29	0.38	0.23	0.17
Q11.8	0.33	0.32	0.20	0.10
Q12.1	0.21	-0.1	**0.51**	0.05
Q12.2	0.15	0.17	**0.42**	-0.0
Q12.3	**0.63**	0.15	0.22	0.08
Q12.4	**0.54**	0.14	0.16	-0.1
Q12.5	**0.58**	0.02	0.01	0.02
Q12.6	**0.68**	0.08	0.21	0.18
Q12.7	0.08	0.03	0.08	**0.54**
Q12.8	-0.0	-0.0	0.03	**0.95**
Q12.9	**0.50**	0.11	-0.0	0.30
Q17.1	0.02	-0.5	0.14	-0.0
Q17.2	0.15	**0.80**	0.13	0.03
Q17.3	0.15	**0.73**	0.23	-0.1
Q17.4	0.05	-0.3	0.31	0.03
Q17.5	0.14	**0.53**	0.23	0.14
Q17.6	**0.42**	0.39	-0.0	0.18
Q17.7	0.24	-0.0	0.26	0.03

Using these criteria, seven items were found to load on the first factor, which was subsequently labelled “CSR Advantages”. One of the sevens items (Q17.6: I think that CSR is one of the most important focus areas in our business) was borderline with a communality of 0.42 and after thorough reflection as to its relevance to the component, it was perceived not to be an advantage of CSR. The item did not cross load elsewhere and was therefore dropped. Three items loaded on the second factor, labelled “CSR Rating”. All three of these items were kept. For the third factor, five items had a loading greater than 0.4. None of these items were dropped either and the component was labelled as “CSR Understanding”. There were two items which loaded on the fourth factor. The recommended rule for Exploratory Factor Analysis is that there should be more than three items loaded on a factor for it to be valid (Wiid & Diggines, 2009). Factor 4 was therefore eliminated, leaving three rotated factors under Corporate CSR. The final sub-constructs (factors) and items (statements from the questionnaire) for this construct are listed in Table 4.2.

Corporate CSR - Cross loadings

FINDINGS: There were no cross loadings recorded for rotated factor loadings belonging to construct Corporate CSR.

Table 4.2: Corporate CSR sub-constructs (factors) and items

FACTOR 1	FACTOR 2	FACTOR 3
CSR Advantages	**CSR Rating**	**CSR Understanding**
Improving public relations of company	My company takes their CSR strategy/programme very seriously	Ethical Conduct
It helps to gain a competitive advantage	My company’s intentions for having a CSR strategy/programme are genuine	Environmental Protection
It helps keep employees satisfied, loyal and motivated	I think we are doing a better job than our direct competitors in the CSR space	Social inequalities correction
It help to keeps the customers loyal		Giving to the poor
It is financially beneficial to the company		It helps improve the company’s image and reputation
Cost reduction and efficiency		It has a moral obligation to society

CSR linked to the Organisation - EFA Results

Exploratory Factor Analysis (EFA) was applied to responses belonging to the construct: CSR linked to the organisation. The maximum likelihood method was used to extract the factors, and this was followed by a varimax (orthogonal) rotation. Only the first three components exhibited Eigenvalues greater than or near 1. Results from a screen test (Figure 4.6) also

suggested that only three were meaningful. Therefore only these factors were retained for rotation. Combined, these factors accounted for sixty three percent (63%) of the total variance. See Eigenvalues and cumulative percentage for CSR linked to the organisation – Appendix D *(Figure B: CSR linked to the organisation).*

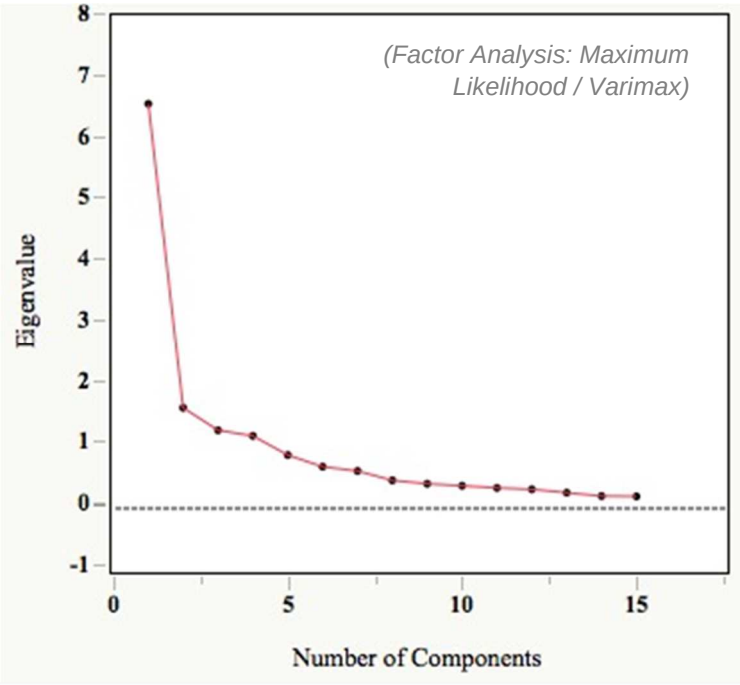


Figure 4.6: Scree Plot CSR linked to the organisation

Questionnaire items and corresponding factor loadings for CSR linked to the Organisation are presented in Table 4.3. In interpreting the rotated factor pattern, an item was said to load on a given component if the factor loading was 0.40 or greater for that component and less than 0.40 for the other.

Table 4.3: Rotated Factor Loadings – CSR linked to the organisation

	Factor 1	Factor 2	Factor 3	
Q18.1	0.43	0.03	**0.68**	cross loading
Q18.2	0.25	0.10	**0.76**	
Q18.3	0.47	0.18	**0.65**	cross loading
Q18.4	0.04	-0.2	0.16	
Q18.5	-0.0	0.03	0.05	
Q19.1	**0.70**	0.16	0.19	
Q19.2	**0.74**	0.18	0.20	
Q19.3	**0.85**	0.11	0.17	
Q19.4	**0.77**	0.16	0.15	
Q19.5	**0.69**	0.33	0.12	
Q20.1	0.42	**0.62**	0.28	cross loading

	Factor 1	Factor 2	Factor 3
Q20.2	0.26	**0.83**	0.24
Q20.3	**0.67**	0.47	0.22
Q20.4	0.18	0.30	0.07
Q20.5	0.29	**0.69**	0.27

cross loading

Using the maximum likelihood method with reference to Table 4.3, nine items were found to load on the first factor, which was subsequently labelled "Vision, Mission & Values". Four items loaded on the second factor, labelled "Culture" and the third factor had a total of three factor loadings. All three of these were retained and this factor was labelled "CEO Involvement". The final sub-constructs (factors) and items (statements from the questionnaire) for this construct are listed in Table 4.4.

CSR linked to the organisation – Cross loadings

FINDINGS: Questions 18.1, 18.3, 20.1 and 20.3 showed cross-loadings. These questions would normally be considered as part of the construct where it loaded the highest as well as where it made sense logically. For this construct, they were all loaded on the construct where they loaded highest.

Table 4.4: CSR linked to the organisation sub-constructs (factors) and items

FACTOR 1	FACTOR 2	FACTOR 3
Vision Mission & Values	**Culture**	**CEO Involvement**
Our CSR strategy/programme is linked to our core business activities & objectives	Our culture is fitting to the CSR programmes we are involved in	Our CEO is actively involved in our CSR strategy and planning
Our CSR activities contributes to our company's ideology, thus its reason for existence	Our company's culture is strengthened by our CSR activities	Our CEO is actively involved in our CSR activities – i.e. on the ground
Our CSR activities fits our company's vision, thus the way our company wants to see the world	The culture in our company has improved through our CSR initiatives	Our CEO genuinely cares about the CSR initiatives we are involved in
Our CSR activities are aligned with our core company values		
We make use of our company's unique strengths when conducting any CSR activities		
Our CSR strategy is aligned with the core identity of who our company is		

Internal CSR Communication – EFA Results

Exploratory Factor Analysis (EFA) was applied to responses belonging to the construct: Internal CSR Communication. The maximum likelihood method was used to extract the

components, and this was followed by a varimax (orthogonal) rotation. Only the first two factors exhibited Eigenvalues greater than or near 1. Results of a screen test (Figure 4.7) also suggested that only the first two were meaningful. Therefore, only these factors were retained for rotation. Combined, these two factors accounted for forty six percent (46%) of the total variance. See Eigenvalues and cumulative percentage Appendix D *(Figure C: Internal CSR Communication).*

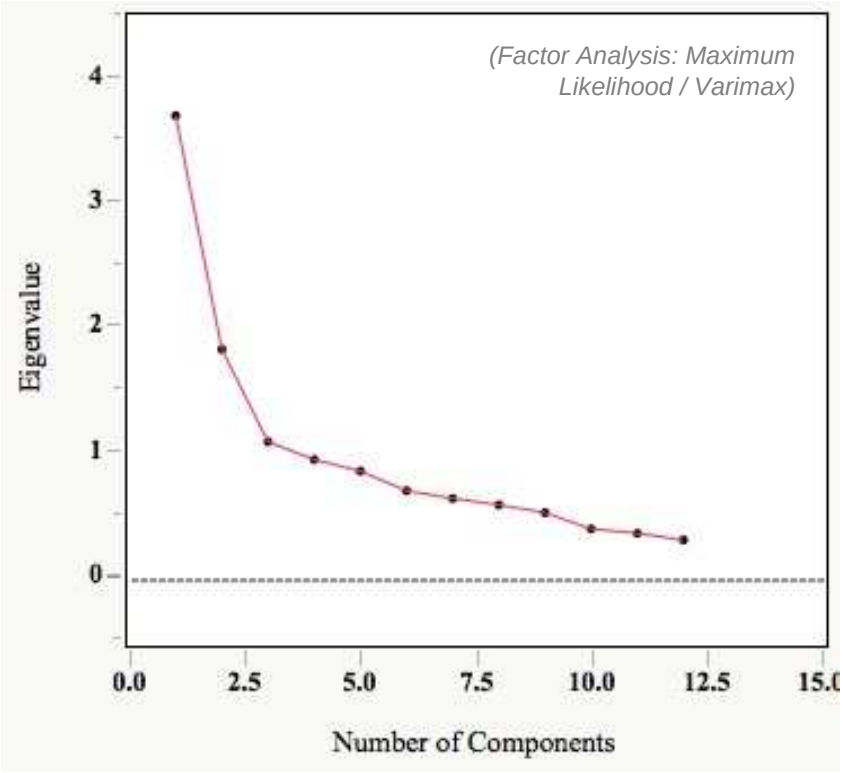


Figure 4.7: Scree Plot Internal CSR Communication

Questionnaire items and corresponding factor loadings are presented in Table 4.5. In interpreting the rotated factor pattern, an item was said to load on a given component if the factor loading was 0.40 or greater for that component and less than 0.40 for the other.

Table 4.5: Rotated Factor Loadings – Internal CSR Communication

	Factor 1	Factor 2	
Q22.1	**0.64**	0.20	
Q22.2	**0.54**	0.19	
Q22.3	**0.62**	0.18	
Q22.4	**0.66**	-0.0	
Q22.5	0.10	**0.51**	
Q22.6	0.36	**0.44**	
Q22.7	-0.2	**0.46**	
Q23.1	0.42	0.46	cross loading
Q23.2	**0.61**	0.11	

	Factor 1	Factor 2
Q23.3	-0.2	0.02
Q23.4	0.11	**0.75**
Q23.5	0.20	**0.67**

Using these criteria, five items were found to load on the first factor, which was subsequently labelled "Formal Communication". Five items also loaded on the second factor, labelled "Informal Communication". It is worthwhile to note that one of the items which would normally be classified as a formal means of communication in the media (Q22.6), is loaded onto factor two (Informal Communication). The rationale may be that because this media channel is not communicated directly to employees from their company, they would plausibly see this as an informal channel of communication. The final sub-constructs (factors) and items (statements from the questionnaire) for this construct are listed in Table 4.6.

Internal CSR Communication – Cross loadings

FINDINGS: Q 23.1 showed cross-loading. This question would normally be considered as part of the construct where it loaded the highest as well as where it made sense logically. The question did not make logical sense for either factor and was therefore dropped.

Table 4.6: Internal CSR Communication sub-constructs (factors) and items

FACTOR 1	FACTOR 2
Formal Communication	**Informal Communication**
On our website	Internal Meetings
Annual Shareholders Report	Press on TV, radio and newspapers
Cause Related Marketing Reports	Word of mouth
Internal Newsletter	There is a two way CSR communication platform – in other words we are allowed to give suggestions and advice on our company's CSR programmes/matters
In general, CSR is communicated to us in a formal manner through formal channels (rather than informal channels like word of mouth)	I understand our CSR strategy clearly

CSR Measures – EFA Results

Exploratory Factor Analysis (EFA) was applied to responses belonging to the construct: CSR Measures. The maximum likelihood method was used to extract the factors, and this was followed by a varimax (orthogonal) rotation. Only the first six components exhibited Eigenvalues greater than or near 1. Results from a screen test (Figure 4.8) also suggested that only the first six were meaningful. Therefore, only these factors were retained for rotation. Combined, these six components accounted for sixty one percent (61%) of the total variance. See Eigenvalues and cumulative percentage – Appendix D *(Figure D: CSR Measures).*

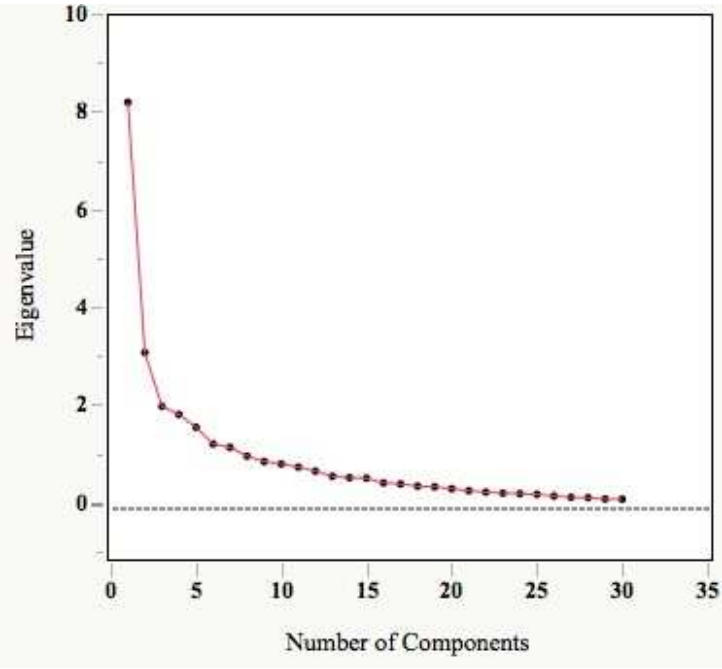


Figure 4.8: Scree Plot Internal CSR Measures *(Factor Analysis: Maximum Likelihood / Varimax)*

Questionnaire items and corresponding factor loadings for CSR Measures are presented in Table 4.7. In interpreting the rotated factor pattern, an item was said to load on a given component if the factor loading was 0.40 or greater for that component and less than 0.40 for the other.

Table 4.7: Rotated Factor Loadings – Internal CSR Measures

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Q24.1	0.14	0.17	-0.1	0.09	0.12	0.35
Q24.2	0.13	0.26	0.09	**0.48**	0.06	0.28
Q24.3	0.07	0.27	0.13	0.05	0.21	**0.51**
Q24.4	-0.0	0.26	0.10	0.38	0.01	0.29
Q24.5	0.09	0.17	0.03	0.17	-0.0	**0.57**
Q25.1	0.13	**0.48**	0.04	0.20	0.13	0.20

	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6
Q25.2	0.08	***0.66**	0.05	0.47	-0.0	-0.0
Q25.3	0.19	**0.61**	-0.0	0.05	0.12	0.37
Q25.4	0.05	**0.83**	0.11	0.21	0.13	0.09
Q25.5	0.14	**0.53**	0.02	-0.0	0.23	0.30
Q26.1	0.06	**0.40**	0.03	0.17	0.12	0.17
Q26.2	0.29	0.18	0.07	-0.1	0.28	0.30
Q26.3	0.33	0.29	0.08	0.47	0.04	0.17
Q26.4	0.31	0.27	0.13	0.05	-0.1	0.18
Q26.5	0.29	0.12	0.13	0.06	-0.1	0.32
Q27.1	0.10	0.13	0.06	**0.71**	0.14	0.13
Q27.2	0.10	0.13	0.11	**0.80**	0.25	-0.1
Q27.3	0.11	0.08	0.16	0.11	**0.64**	0.10
Q27.4	0.04	0.17	0.08	0.22	**0.90**	-0.0
Q27.5	0.20	0.20	0.14	0.12	**0.69**	0.19
Q28.1	**0.69**	-0.0	0.26	0.05	0.21	0.24
Q28.2	**0.76**	0.21	0.12	0.11	0.21	0.21
Q28.3	**0.78**	0.06	0.33	0.15	0.15	0.11
Q28.4	**0.83**	0.07	0.18	0.17	0.12	0.12
Q28.5	**0.78**	0.22	0.31	0.08	-0.0	-0.1
Q29.1	0.14	0.07	**0.92**	0.08	0.04	-0.0
Q29.2	0.21	0.11	**0.72**	0.07	0.11	-0.0
Q29.3	0.10	0.05	**0.72**	0.12	0.19	0.11
Q29.4	-0.2	-0.0	**-0.4**	-0.0	-0.0	0.01
Q29.5	0.22	0.02	**0.57**	0.05	0.08	0.22

Using these criteria, five items were found to load on the first factor, which was subsequently labelled “Organisational Trust”. Six items loaded on the second factor, labelled “Legal CSR” and five items loaded on the third factor labelled “Job Satisfaction”. For the fourth factor, there were three items which loaded labelled “Economic CSR” and another three factors loaded on the fifth factor labelled “Philanthropic CSR”. Factor 6 was not considered any further (with only two loaded items). An additional question could be added for further research. The final sub-constructs (factors) and items (statements from the questionnaire) for this construct are listed in Table 4.8. Factor 4: Economic CSR is discussed further for clarity from the Economic CSR dimension used by Lee et al (2012).

CSR Measures – Cross loadings

Q 25.2 showed cross-loadings. This question was considered as part of the construct where it loaded the highest as well as where it made sense logically. In future research this question should be revised.

Table 4.8: CSR Measures final sub-constructs (factors) and items

FACTOR 1	FACTOR 2	FACTOR 3	FACTOR 4	FACTOR 5
Organisational Trust	**Legal CSR**	**Job Satisfaction**	**Economic CSR**	**Philanthropic CSR**
Our company tries to meet my expectations	Our company abides by relevant environmental laws	I find real enjoyment in my work	We continually improve the quality of our products and/or services	Our company strives very hard to help the poor
Our company is committed to proper management practices	All our products / services meet legal standards	I never have to force myself to go to work	Our company tries to improve the image of our products and services	Our company contributes towards bettering the local community
Our company is committed to understanding their employees	Our contractual obligations are always honoured	Even though I may get stressed, I am still happy with my job	The corporation tries hard to improve its overall corporate image	Our company goes a long way to ensuring everything we do is socially responsible
Our company demonstrates that they have an overall responsibility to us	Our company seeks to comply with all laws including those relating to CSR	I have thought about looking for a new job in the last few months		
I trust our company	We have programs that encourage the diversity of our workplace (in terms gender and/or race)	This is the best job I could ever wish for		
	Our business has a comprehensive code of conduct			

Factor 4: Economic CSR Labelling

In Lee et al's (2012) research on CSR Relationship Aspects (concluded in South Korea) and which this part of the study was adopted from (CSR Measures), there were four dimensions of CSR which were tested to see how they influenced relationship quality aspects (Organisational Trust and Job Satisfaction). They included Economic, Legal, Ethical, and Philanthropic CSR aspects. During the Exploratory Factor Analysis (EFA) stage within this study, two of these CSR dimensions were dropped due to low factor loading (ethical and economic CSR); two of them remained (legal and philanthropic CSR) and a fourth sub-contract of CSR was formed under Factor 4. Two of the items loaded on this factor came from the original dimension philanthropic CSR.

After careful consideration of all the original statements (items) included under "Philanthropic CSR" for Lee's study (2012) in Table 4.9, the two that loaded on Factor 4 did not adequately fit the definition of what philanthropy is. According to Dowling and Moran (2012), philanthropy is the desire to promote the welfare of others, expressed especially by the generous donation of money to good causes. Therefore 27.1 "Our company tries to improve the image of our products and services" and 27.2 "The corporation tries hard to improve its overall corporate image" by definition are not appropriately classified under this dimension.

Table 4.9: Philanthropic statements from Lee et al (2012)

Philanthropic CSR	
27.1 Our company tries to improve the image of our products and services	
27.2 The corporation tries hard to improve its overall corporate image	
27.3 Our company strives very hard to help the poor	✓
27.4 Our company contributes towards bettering the local community	✓
27.5Our company goes a long way to ensuring everything we do is socially responsible	✓

In addition to these two items/statements, an additional statement "We continually improve the quality of our products and/or services" from "economic CSR" - which also did not succeed in item loading during EFA – was included under Factor 4. Upon review of what these 3 statements meant, there was a clear consistency in all three of them that pointed towards improvement and refinement in the company's operations and image – i.e. organisational performance".

Organisational performance according to Lee and Chang (2008) is a true measure of how well a system of management is functioning, and a functioning organisation is one where everyone knows the most important variables to control in order to satisfy customers and guarantee

effectiveness and efficiency - all of which can be summed up as economic performance. Factor 4 (sub-construct) was therefore labelled as “Economic CSR”.

4.3 Reliability

Reliability is synonymous with internal consistency which measures the extent to which each indicator of a construct converges on some type of common meaning (Zikmund, 2003). In other words, it refers to the consistency of your measurement, or the degree to which an instrument measures the same way each time it is used under the same condition with the same subjects (Wiid & Diggines, 2009). The Cronbach alpha (also known as the coefficient alpha) is a popular estimate used in order to determine a scale’s reliability by showing whether the different items in a scale/concept converge (Welman et al, 2005). The Cronbach alpha is displayed as a decimal between 0 and 1. According to Zikmund (2003) a Cronbach alpha above 0.8 indicates good reliability, a Cronbach alpha between 0.6 and 0.8 indicates acceptable reliability and a Cronbach’s alpha below 0.6 indicates unacceptable reliability. Nuanally (1978) suggests a cut-off of 0.7 for acceptable reliability which was adopted here.

Item analysis was performed to assess the reliability of the different sub-constructs. Estimates of internal consistency as measured by Cronbach’s alpha all exceeded 0.70 and are reported in Table 4.10. The constructs are found to be reliable; therefore a single score may be determined for each construct by calculating the average of the individual items/statements.

Table 4.10: Construct and Factor Reliability test

Factors	Items / Questions	Items left out	Cronbach	Reliability
1) Corporate CSR				
CSR advantages	11.5 / 12.3 / 12.4 / 12.5 / 12.6 / 12.9	17.6	0.7551	Acceptable
CSR perceptions	17.2 / 17.3 / 17.5		0.7082	Acceptable
CSR understanding	11.1 / 11.2 / 11.3 / 11.4 / 12.1 / 12.2		0.7006	Acceptable
2) CSR linked to the organisation				
CSR strategy	19.1 / 19.2 / 19.3 / 19.4 / 19.5 / 20.3		0.9084	Good
CSR culture	20.1 / 20.2 / 20.5		0.8559	Good
CEO CSR involvement	18.1 / 18.2 / 18.3		0.8358	Good

3) CSR Communication				
Formal communication	22.1 / 22.2 / 22.3 / 22.4 / 23.2		0.7613	Acceptable
Informal communication	22.5 / 22.6 / 22.7 / 23.4 / 23.5	23.1	0.7448	Acceptable
4) CSR Measures				
Organisational trust	28.1 / 28.2 / 28.3 / 28.4 / 28.5		0.9180	Good
Legal CSR	25.1 / 25.2 / 25.3 / 25.4 / 25.5 / 26.1		0.8094	Good
Job satisfaction	29.1 / 29.2 / 29.3 / 29.4 / 29.5		0.8079	Good
Economic CSR	24.2 / 27.1 / 27.2	26.3	0.7564	Acceptable
Philanthropic CSR	27.3 / 27.4 / 27.5		0.8210	Acceptable

4.4 Calculating composite scores

A variable that contains factor-based scores is sometimes called a factor-based scale. For the results and discussion section of this study the factor-based scores are referred to as “sub-constructs”. Factor or construct scores were calculated and presented in Table 4.11 by taking the average of the items that loaded onto each sub-construct belonging to Construct 1 (Corporate CSR), Construct 2 (CSR linked to the organisation), Construct 3 (CSR communication) and Construct 4 (CSR measures). For interpretation in the results section which follows, the score should be interpreted as follows according to the 5-point Likert scale that was adopted throughout the questionnaire: a mean score towards 1 indicates a low frequency and a score towards 5 indicates a high frequency (1=Strongly Disagree; 2=Disagree; 3=Neutral; 4=Agree; 5=Strongly Agree).

Table 4.11: Summarised composite scores for sub-constructs

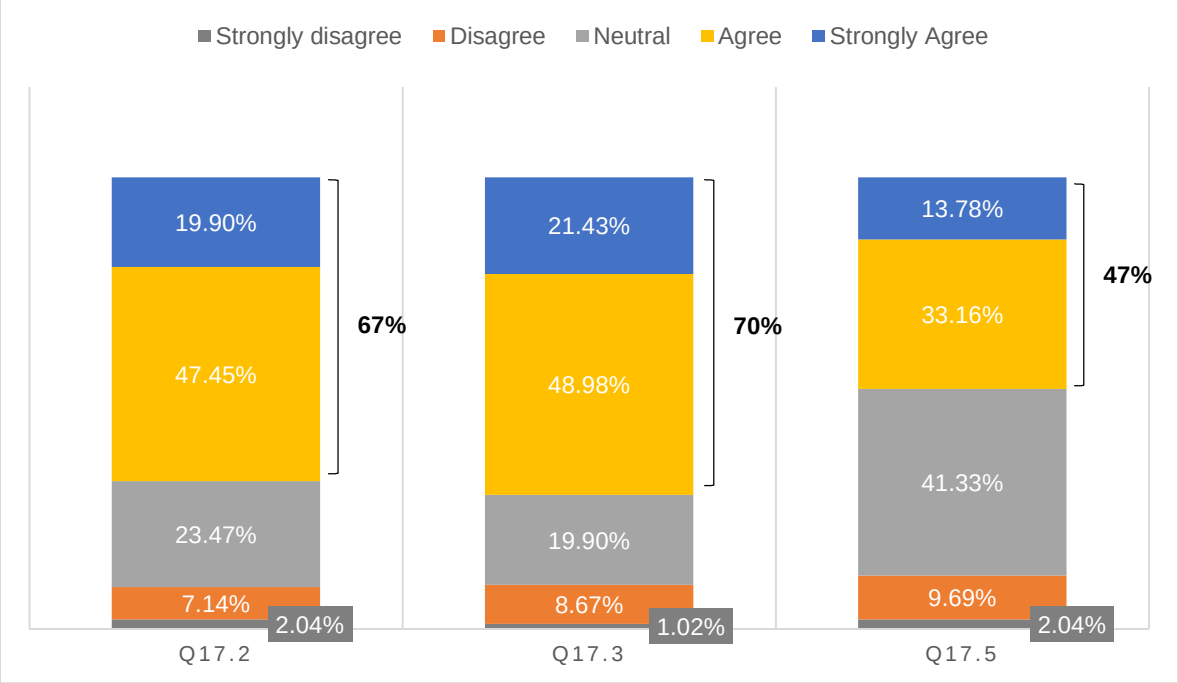
Construct	Sub-constructs	Mean	Std Dev
1) Corporate CSR	CSR Advantages	3.35	0.66
	CSR Rating	3.68	0.76
	CSR Understanding	4.12	0.52
2) CSR linked to the organisation	Vision, mission & values	3.56	0.81
	Culture	3.36	0.83
	CEO Involvement	3.37	0.82
3) CSR communication	Formal Communication	3.39	0.74
	Informal Communication	2.97	0.72
4) CSR measures	Organisational trust	3.62	0.79
	Legal CSR	4.08	0.56
	Job satisfaction	3.50	0.55
	Economic CSR	4.13	0.59
	Philanthropic CSR	3.60	0.77

4.5 Results: Main Research Question

A number of research questions were identified in order to address the main problem of identifying whether CSR strategies are built in or bolted in to South African organisations. For this study, ascertaining which scenario exists specifically includes investigating CSR linked to vision, mission and values, culture, CEO involvement and effective CSR communication. The sub-construct “CSR Rating” addresses this main problem statement from a head-on angle, by questioning respondents directly on the matter as to how they rate their company’s CSR programme. The results presented in Table 4.12 and Figure 4.9 should only be addressed in conjunction with the results presented for each of the research questions to objectively answer the main question.

Table: 4.12: Level of agreement towards CSR Rating

	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q17.2	4	2.04%	14	7.14%	46	23.47%	93	47.45%	39	19.90%
Q17.3	2	1.02%	17	8.67%	39	19.90%	96	48.98%	42	21.43%
Q17.5	4	2.04%	19	9.69%	81	41.33%	65	33.16%	27	13.78%



Q17.2	67%	My company takes their CSR strategy/programme very seriously
Q17.3	70%	My company's intentions for having a CSR strategy/programme are genuine
Q17.5	47%	I think we are doing a better job than our direct competitors in the CSR space

Figure 4.9: Level of agreement towards CSR Rating

One hundred and thirty two respondents (67%) said that the company they work for takes their CSR strategy/programme very seriously. One hundred and thirty eight (70%) indicated that their company's intentions for having a CSR strategy/programme are genuine and ninety two respondents (47%) believe that their company is doing a better job than their direct competitors in the CSR space.

4.6 Results: Vision, mission & values, Culture and CEO Involvement linked to CSR

The first sub-problem reviewed how effectively organisational vision, mission & values, culture and CEO Involvement are linked to CSR and the relative strength of their association. In order to assess this, the following hypotheses were formed:

- H-1: There is an association between CSR performance and CSR linked to organisational vision, mission and values
- H-2: There is an association between CSR performance and CSR linked culture
- H-3: There is an association between CSR performance and CEO Involvement in CSR

4.6.1 Descriptive statistics

There are two major components in the disciplines of statistics (Wegner, 2000). One is descriptive statistics and the other is inferential statistics. Descriptive statistics (produced from exploratory factor analysis) assist in providing summaries about the sample of data and often refer to means, ranges, and numbers of valid cases of one variable. For the purposes of this study the mean and standard deviation are presented for each of the constructs.

With reference to construct: ***CSR linked to the organisation***, Table 4.13 reveals relatively close means for all three sub-constructs: vision, mission & values, culture and CEO involvement.

Table 4.13: Descriptive statistics of CSR linked to the organisation

	Mean	**Std Dev**
Vision, mission & values	3.56	0.81
Culture	3.36	0.83
CEO Involvement	3.37	0.82

Up front, the means tell us that the sample in general agreed with the statements pertaining to each of these items. It is however insightful to delve in deeper into each item to gain a further understanding as to the level of agreement pertaining to each statement.

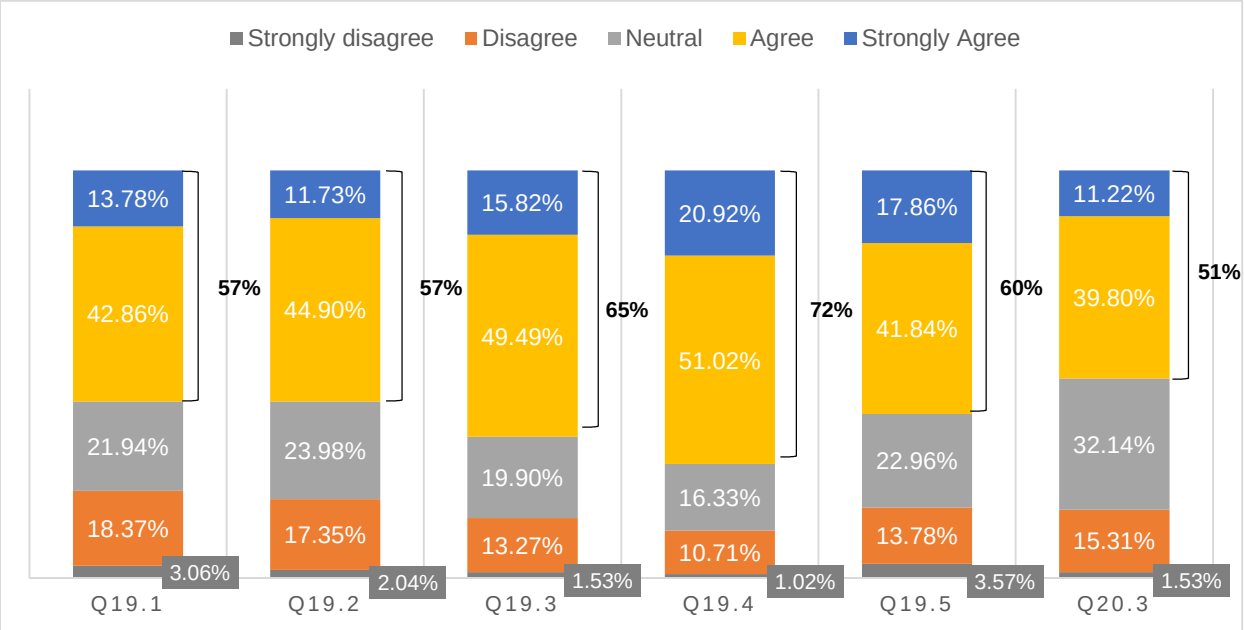
Vision, mission and values

Table 4.14: Level of agreement towards vision, mission & values and CSR

	Strongly disagree		**Disagree**		**Neutral**		**Agree**		**Strongly Agree**	
	N	**% of Total**	**N**	**% of Total**	**N**	**% of Total**	**N**	**% of Total**	**N**	**% of Total**
Q19.1	6	3.06%	36	18.37%	43	21.94%	84	42.86%	27	13.78%
Q19.2	4	2.04%	34	17.35%	47	23.98%	88	44.90%	23	11.73%
Q19.3	3	1.53%	26	13.27%	39	19.90%	97	49.49%	31	15.82%
Q19.4	2	1.02%	21	10.71%	32	16.33%	100	51.02%	41	20.92%
Q19.5	7	3.57%	27	13.78%	45	22.96%	82	41.84%	35	17.86%
Q20.3	3	1.53%	30	15.31%	63	32.14%	78	39.80%	22	11.22%

Table 4.14 provides a summary of the responses for all items that loaded on the factor: *vision, mission & values* according to the five point Likert scale presented to respondents in the

questionnaire. Figure 4.10 then graphically illustrates a percentage grouping of those respondents who indicated “Agree” and “Strongly Agree” for each statement.



Q19.1	57%	Our CSR strategy/programme is linked to our core business activities & objectives
Q19.2	57%	Our CSR activities contributes to our company’s ideology, thus its reason for existence
Q19.3	65%	Our CSR activities fits our company’s vision, thus the way our company wants to see the world
Q19.4	**72%**	**Our CSR activities are aligned with our core company values**
Q19.5	60%	We make use of our company’s unique strengths when conducting any CSR activities
Q20.6	51%	Our CSR strategy is aligned with the core identity of who our company is

Figure 4.10: Level of agreement towards vision, mission and values and CSR

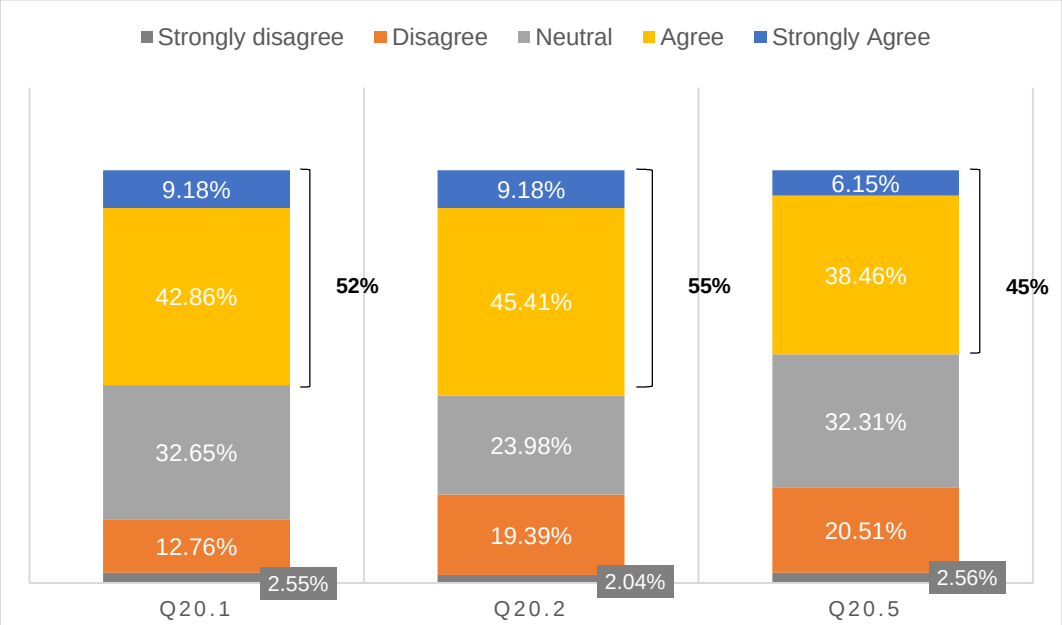
As per the mean reported for “vision, mission & values” (3.56) it was acknowledged that the responses would tend towards agree for all of the statements. Although most of the level of agreements for each one seemed to be on the same level, it would appear that the statement “Our CSR activities are aligned with our core company values” elicited a higher level of agreement from respondents with one hundred and forty one respondents (72%) agreeing with this statement. On the opposite end of the spectrum, the statement “Our CSR strategy is aligned with the core identity of who our company is” elicited the smallest level of agreement with only one hundred of the respondents (51%) agreeing with this statement.

Culture

Table 4.15 provides a summary of the responses for all items that loaded on *Culture* – and how this relates to CSR within the company. Figure 4.11 graphically illustrates a percentage grouping of those respondents who indicated “Agree” and “Strongly Agree” for each statement.

Table 4.15: Level of agreement towards culture and CSR

	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q20.1	5	2.55%	25	12.76%	64	32.65%	84	42.86%	18	9.18%
Q20.2	4	2.04%	38	19.39%	47	23.98%	89	45.41%	18	9.18%
Q20.5	5	2.56%	40	20.51%	63	32.31%	75	38.46%	12	6.15%



Q20.1	52%	Our culture is fitting to the CSR programmes we are involved in
Q20.2	55%	Our company's culture is strengthened by our CSR activities
Q20.5	45%	The culture in our company has improved through our CSR initiatives

Figure 4.11: Level of agreement towards culture and CSR

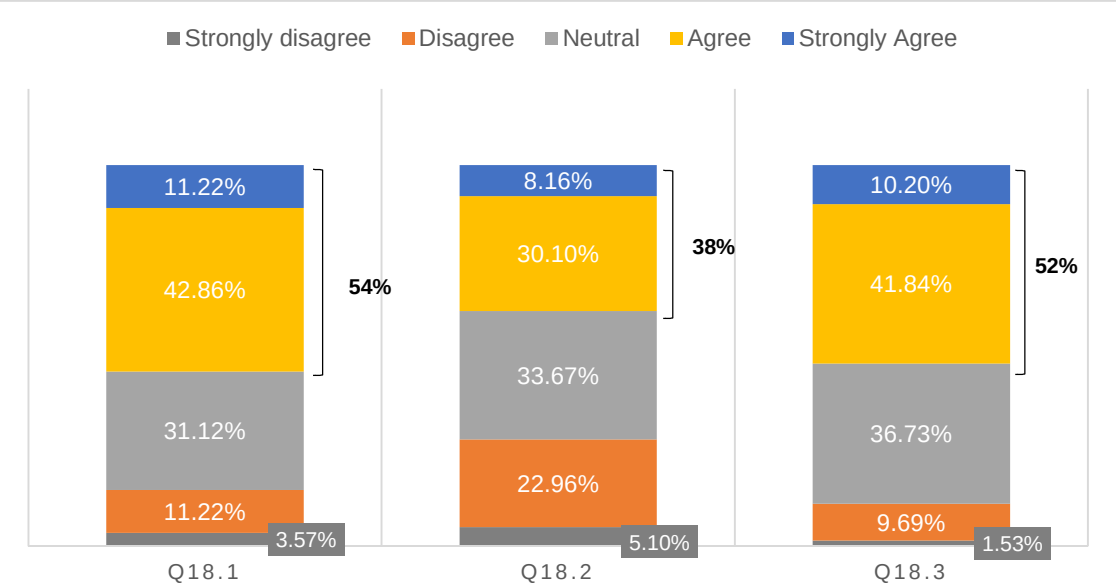
As per the mean reported for "Culture" (3.36) in Table 4.13, it was again acknowledged that the responses for sub-construct "CEO Involvement" would tend towards "agree" (3.36 closer to 5) for all of the statements.

For this factor, the level of agreement towards items was not as strong as the previous factor: vision, mission & values with only eighty seven of the respondents (45%) agreeing that the culture in their company had improved through their CSR initiatives. Even if the level of improvement was mid satisfactory, the agreement that CSR strengthens company culture was a bit higher with one hundred and seven respondents (55%) agreeing with this statement. One hundred and two of the respondents (52%) agreed that their culture is fitting to the CSR programmes they are involved in.

CEO Involvement

Table 4.16: Level of agreement towards CEO Involvement and CSR

	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q18.1	7	3.57%	22	11.22%	61	31.12%	84	42.86%	22	11.22%
Q18.2	10	5.10%	45	22.96%	66	33.67%	59	30.10%	16	8.16%
Q18.3	3	1.53%	19	9.69%	72	36.73%	82	41.84%	20	10.20%



Q18.1	54%	Our CEO is actively involved in our CSR strategy and planning
Q18.2	38%	Our CEO is actively involved in our CSR activities – i.e. on the ground
Q18.3	52%	Our CEO genuinely cares about the CSR initiatives we are involved in

Figure 4.12: Level of agreement towards culture and CSR

According to Figure 4.12, one hundred and six respondents (54%) agreed that the CEO is actively involved in their CSR strategy and planning and thirty eight respondents (38%) agreed that the CEO is actively involved in CSR activities on the ground. Finally one hundred and two respondents (52%) agreed that the CEO genuinely cares about the initiatives the company is involved in. This means that of the companies where the CEO is involved, there appears to be equal perceptions that their intentions are genuine.

4.6.2 Correlation Analysis

Correlation analysis is a statistical test that shows the relation between two or more variables such that systematic changes in the value of one variable are accompanied by systematic changes in the other (Kumar et al, 2002). The Pearson correlation coefficient measures the strength of the linear relationship between the two variables. For the purposes of this study correlation analysis was used to test for any associations between:

- CSR and organisational vision, mission & values
- CSR and culture
- CSR and leadership (CEO Involvement) and

In order to address this sub-problem, CSR is measured and defined according to the items that loaded onto sub-construct: CSR rating – and which are listed in Table 4.17 along with the sub-constructs to be tested via correspondence analysis.

Table 4.17: CSR vs. vision, mission & values, culture and CEO involvement

CSR Rating	Vision, mission & values	Culture	CEO Involvement
My company takes their CSR strategy/programme very seriously	Our CSR strategy/programme is linked to our core business activities & objectives	Our culture is fitting to the CSR programmes we are involved in	Our CEO is actively involved in our CSR strategy and planning
My company's intentions for having a CSR strategy/programme are genuine	Our CSR activities contributes to our company's ideology, thus its reason for existence	Our company's culture is strengthened by our CSR activities	Our CEO is actively involved in our CSR activities – i.e. on the ground
I think we are doing a better job than our direct competitors in the CSR space	Our CSR activities fits our company's vision, thus the way our company wants to see the world	The culture in our company has improved through our CSR initiatives	Our CEO genuinely cares about the CSR initiatives we are involved in
	Our CSR activities are aligned with our core company values		
	We make use of our company's unique strengths when conducting any CSR activities		
	Our CSR strategy is aligned with the core identity of who our company is		

The first step in performing correspondence analysis on data is to check whether to use Pearson's correlation or Spearman's correlation. Pearson's correlation (r) cannot be run in cases that include: violations of normality, the existence of a non-linear relationship or when ordinal variables are being used (Greensted, Jardine & Macfarlane, 1988). Should any of these exist then Spearman's correlation should be adopted. A test was therefore run to check

for normality. The results did not show normal distributions (see distributions in Appendix E) and thus Spearman's correlation was adopted for this study. Spearman's r is a statistic that also assesses the association or relationship between two variables. Like the conventional correlation coefficient, Spearman's r can have any value between –1 and +1. A value of 0 indicates no relationship and values of +1 or -1 indicate a one-to-one relationship between the variables or 'perfect correlation'. In Figure 4.13 the various examples of correlation coefficient values are presented in linear format.

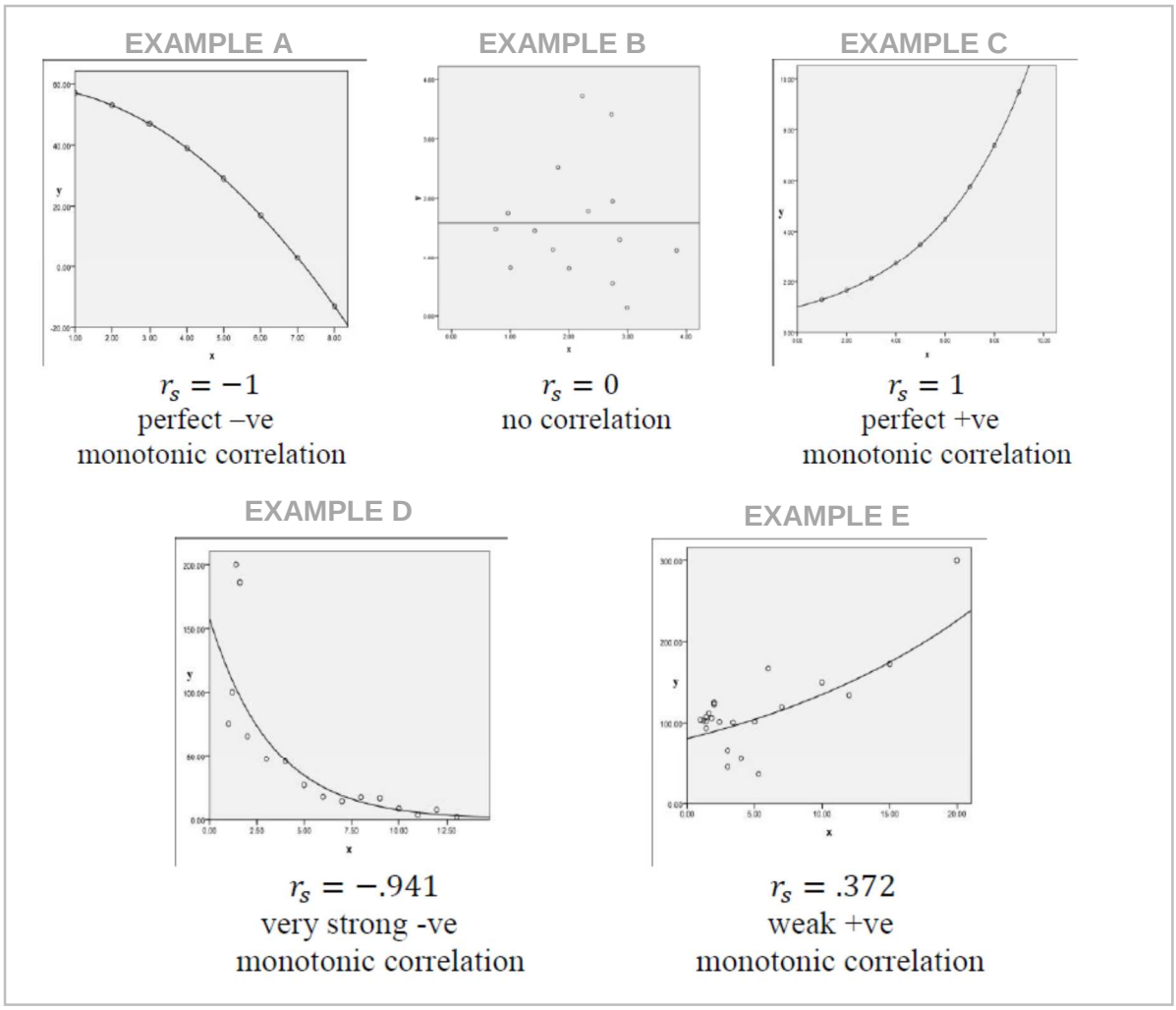


Figure 4.13: Graphic examples of correlations between variables

Graphs' A - C in Figure 4.13 represent the "extreme" monotonic correlation values of -1, 0 and 1. Graph D and E however represent more realistic statistical correlations with Graph D showing a stronger correlation (-.941 is close to -1) and Graph E a weaker correlation (0.372 is closer to 0). Once the correlation has been determined and the strength of the relationship examined, the statistical significance needs to be inspected and measured. The statistical significance (or a statistically significant result) is attained when a p-value is less than the significance level (Kumar et al, 2002). The p-value is the probability of observing an effect

given that the null hypothesis is true whereas the significance or alpha (α) level is the probability of rejecting the null hypothesis given that it is true.

If the p-value is less than the significance level (e.g., $p < 0.01$), then an investigator can conclude that the observed effect actually reflects the characteristics of the population rather than just a sampling error (Wiid & Diggines, 2009). A Spearman's correlation analysis was conducted to examine whether there is a relationship between: "vision, mission and values and CSR Rating" "culture and CSR Rating" and "CEO Involvement and CSR Rating".

The results in Table 4.18 revealed a significant and positive relationship for v*ision, mission and values* and *CSR Rating* ($p = 0.7549$, $N = 196$, $p < 0.0001$). The correlation was also extremely strong in strength. The correlation of 0.7549 between "vision, mission and values" and "CSR Rating" is significant at a 99% level of confidence since the p-value ($p < 0.0001$) is smaller than 0.01. This means that the correlation (0.7549) differs significantly from 0.

Table 4.18: Pairwise Correlations Question 1

Variable	**by Variable**	**Spearman ρ**	**Prob>|ρ|**
Vision, Mission & Values	CSR Rating	0.7549	<.0001*
Culture	CSR Rating	0.5079	<.0001*
CEO Involvement	CSR Rating	0.4531	<.0001*

Table 4.18 also revealed a significant and positive relationship for c*ulture* and *CSR Rating* ($p = 0.5079$, $N = 196$, $p < 0.0001$). The correlation was fairly good in strength. The correlation of 0.5079 between "culture" and "CSR Rating" is significant at a 99% level of confidence since the p-value ($p < 0.0001$) is smaller than 0.01. This means that the correlation (0.5079) differs significantly from 0.

Lastly, a significant and positive relationship for *CEO Involvement* and *CSR Rating* ($p = 0.4531$, $N = 196$, $p < 0.0001$) is observed from Table 4.18. The correlation, although not as good as the previous two correlations (for vision, mission & values and culture), is understandable for this study. The correlation of 0.4531 between "CEO Involvement" and "CSR Rating" is significant at a 99% level of confidence since the p-value ($p < 0.0001$) is smaller than 0.01. This means that the correlation (0.4531) differs significantly from 0.

4.7 Results: Internal CSR Communication

The second sub-problem reviews how effectively CSR is communicated internally to employees. In order to address this problem it is crucial to understand *how* CSR is communicated to employees: is it done through formal or informal channels. This is presented through descriptive statistics relating to sub-constructs “Formal Communication” and “Informal Communication”.

The level of agreement towards sub-construct “CSR Understanding” will reveal how effectively CSR is communicated to employees because according to Dawkins (2004) internal CSR communication systematically influences the knowledge, attitudes and behaviours of current employees. It can therefore be presumed that if an employee understands the rationale behind their companies’ CSR programme or strategy, then the organisation they work for has done a good job in communicating their CSR initiatives to them. The same inference can be made for sub-construct “CSR advantages”. An employee who understands the true advantages for CSR can be assumed to have been effectively communicated to by their organisation.

4.7.1 Descriptive statistics

Channels of CSR Communication

With reference to construct: ***Internal CSR Communication***, Table 4.19 reveals a mean of 3.39 for Formal communication and 2.97 for Informal communication.

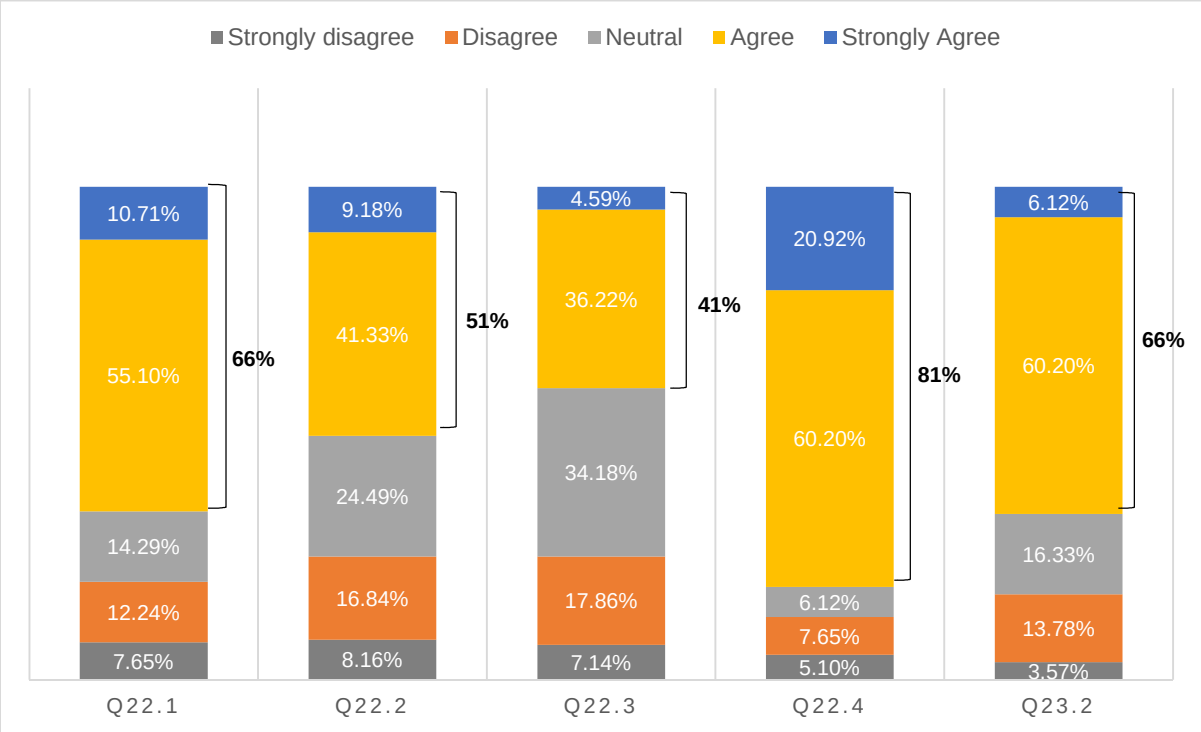
Table 4.19: Descriptive statistics of Internal CSR

	Mean	**Std Dev**
Formal Communication	3.39	0.74
Informal Communication	2.97	0.72

This suggests that there is a greater level of agreement towards formal communication being used than informal communication. The sample of responses in Table 4.20 and Table 4.21 give further detail as to the breakdown of channels of communication used whereas Figure 4.14 and Figure 4.15 show the total percentage of agreement for each channel or statement under each sub construct: Formal Communication and Informal Communication.

Table 4.20: Level of agreement towards Formal Communication

	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q22.1	15	7.65%	24	12.24%	28	14.29%	108	55.10%	21	10.71%
Q22.2	16	8.16%	33	16.84%	48	24.49%	81	41.33%	18	9.18%
Q22.3	14	7.14%	35	17.86%	67	34.18%	71	36.22%	9	4.59%
Q22.4	10	5.10%	15	7.65%	12	6.12%	118	60.20%	41	20.92%
Q23.2	7	3.57%	27	13.78%	32	16.33%	118	60.20%	12	6.12%



Q22.1	66%	On our website
Q22.2	51%	Annual Shareholders Report
Q22.3	41%	Cause-Related Marketing Reports
Q22.4	**81%**	**Internal Newsletter**
Q23.2	66%	In general, CSR is communicated to us in a formal manner through formal channels (rather than informal channels like word of mouth)

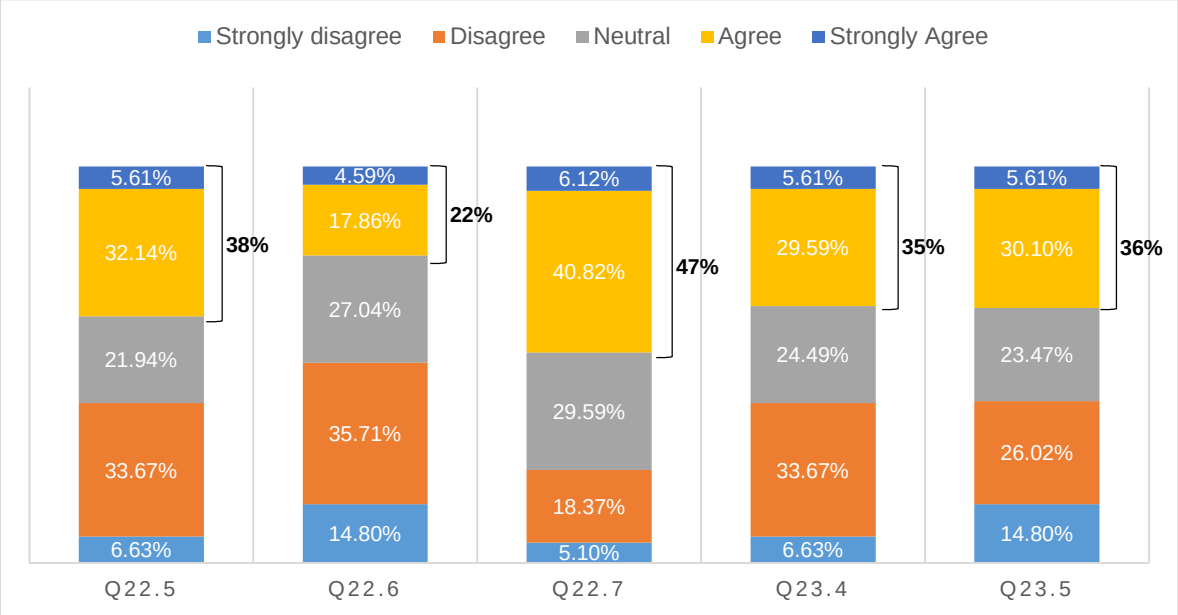
Figure 4.14: Level of agreement towards formal communication

For formal channels of communication, it would appear that the majority of respondents appear to receive messaging about their organisation's CSR endeavours through the company's internal newspaper with one hundred and fifty nine respondents (81%) agreeing to this communication channel. One hundred and thirty respondents (66%) agreed that in general CSR is communicated to them in a formal manner through formal channels (rather than informal channels like word of mouth). This is supported by the results revealed in Figure 4.15 which shows much lower levels of agreement for informal CSR communication channels than

the formal ones in Figure 4.14. The second most agreed upon channel of communication was the organisations website with one hundred and thirty (66%) of the respondents agreeing with this statement. Ninety nine respondents (51%) agreed that they received information about their company's CSR programme through the annual shareholders report and eighty respondents (41%) through cause-related marketing reports.

Table 4.21: Level of agreement towards Formal Communication

	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q22.5	13	6.63%	66	33.67%	43	21.94%	63	32.14%	11	5.61%
Q22.6	29	14.80%	70	35.71%	53	27.04%	35	17.86%	9	4.59%
Q22.7	10	5.10%	36	18.37%	58	29.59%	80	40.82%	12	6.12%
Q23.4	13	6.63%	66	33.67%	48	24.49%	58	29.59%	11	5.61%
Q23.5	29	14.80%	51	26.02%	46	23.47%	59	30.10%	11	5.61%



Q22.5	38%	Internal Meetings
Q22.6	22%	Press on TV, radio and newspapers
Q22.7	47%	Word of mouth
Q23.4	35%	There is a two way CSR communication platform – in other words we are allowed to give suggestions and advice on our company's CSR programmes/matters
Q23.5	36%	I understand our CSR strategy clearly

Figure 4.15: Level of agreement towards informal communication

The general level of agreement towards internal forms of communication was much lower than that of formal communication. Only forty four respondents (22%) agreed that CSR was communicated to them via TV, radio and newspapers; seventy four respondents (38%) via

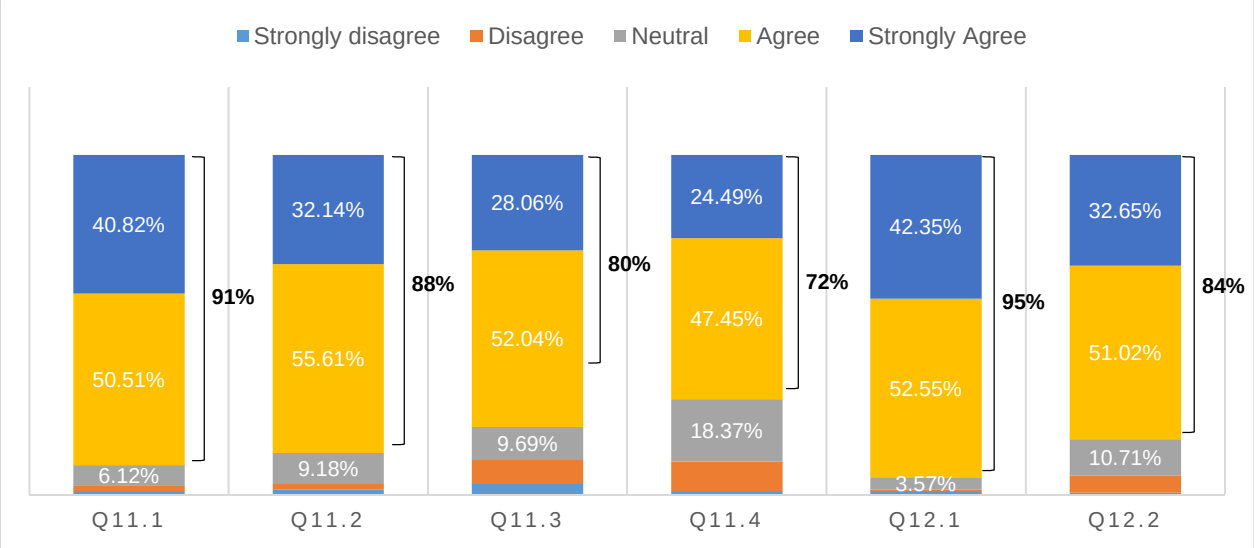
internal meetings and ninety two respondents (47%) percent via word of mouth. In addition to this, only sixty nine respondents (35%) agreed that there is a two way communication platform allowing them to give input on their CSR programmes and even more importantly, only seventy respondents (36%) understood their company's CSR strategy.

CSR Understanding

Table 4.22 provides a summary of the responses for all items that loaded on the sub-construct: *CSR Understanding*. Figure 4.16 then graphically illustrates a percentage grouping of those respondents who indicated "Agree" and "Strongly Agree" for each statement.

Table 4.22: Level of agreement towards CSR Understanding

	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q11.1	2	1.02%	3	1.53%	12	6.12%	99	50.51%	80	40.82%
Q11.2	3	1.53%	3	1.53%	18	9.18%	109	55.61%	63	32.14%
Q11.3	6	3.06%	14	7.14%	19	9.69%	102	52.04%	55	28.06%
Q11.4	2	1.02%	17	8.67%	36	18.37%	93	47.45%	48	24.49%
Q12.1	2	1.02%	1	0.51%	7	3.57%	103	52.55%	83	42.35%
Q2.2	1	0.51%	10	5.10%	21	10.71%	100	51.02%	64	32.65%



Q11.1	**91%**	**Ethical Conduct**
Q11.2	88%	Environmental Protection
Q11.3	80%	Social inequalities correction
Q11.4	72%	Giving to the poor
Q12.1	**95%**	**It helps improve the company's image and reputation**
Q12.2	84%	It has a moral obligation to society

Figure 4.16: Level of agreement towards CSR Understanding

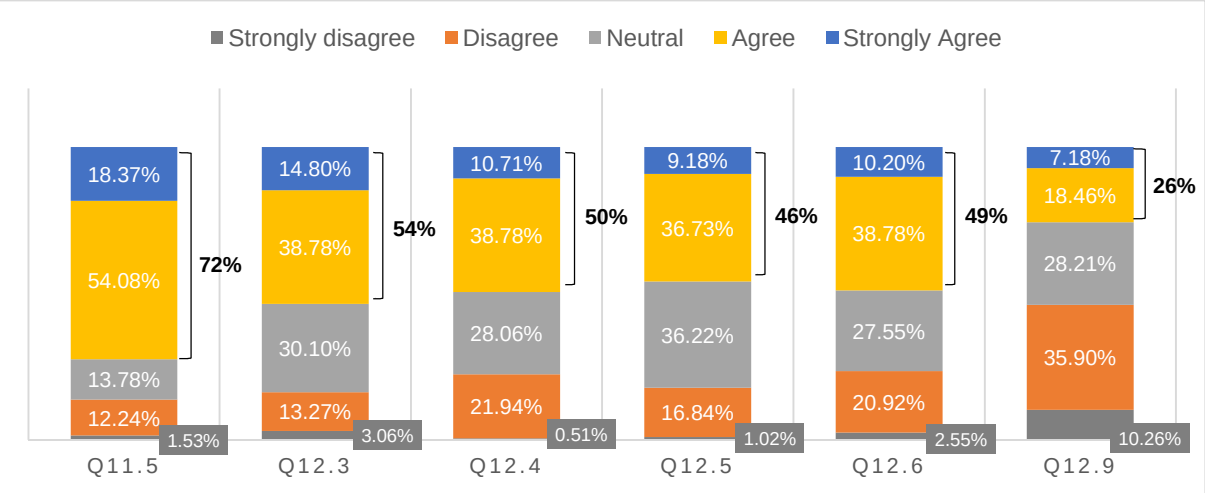
In terms of CSR understanding, one hundred and eighty six respondents (95%) agreed that CSR helps improve the company's image and reputation. One hundred and seventy nine respondents (91%) stated that it entails Ethical Conduct and one hundred and seventy two respondents (88%) said that it is about Environmental Protection. On the lower spectrum, one hundred and fifty seven respondents (80%) reported that CSR was a correction in social inequalities; one hundred and forty one respondents (72%) reported that CSR was about giving to the poor and one hundred and sixty four respondents (84%) said that companies engaged in CSR because they have a moral obligation to society.

CSR Advantages

Table 4.23 provides a summary of the responses for all items that loaded on the sub-construct: CSR Understanding. Figure 4.17 then graphically illustrates a percentage grouping of those respondents who indicated "Agree" and "Strongly Agree" for each statement.

Table 4.23: Level of Agreement towards CSR Advantages

	Strongly disagree		Disagree		Neutral		Agree		Strongly Agree	
	N	% of Total	N	% of Total	N	% of Total	N	% of Total	N	% of Total
Q11.5	3	1.53%	24	12.24%	27	13.78%	106	54.08%	36	18.37%
Q12.3	6	3.06%	26	13.27%	59	30.10%	76	38.78%	29	14.80%
Q12.4	1	0.51%	43	21.94%	55	28.06%	76	38.78%	21	10.71%
Q12.5	2	1.02%	33	16.84%	71	36.22%	72	36.73%	18	9.18%
Q12.6	5	2.55%	41	20.92%	54	27.55%	76	38.78%	20	10.20%
Q12.9	20	10.26%	70	35.90%	55	28.21%	36	18.46%	14	7.18%



Q11.5	**72%**	**Improving public relations of company**
Q12.3	54%	It helps to gain a competitive advantage
Q12.4	50%	It helps keep employees satisfied, loyal and motivated
Q12.5	46%	It help to keeps the customers loyal
Q12.6	49%	It is financially beneficial to the company
Q12.9	26%	Cost reduction and efficiency

Figure 4.17: Level of agreement towards CSR Understanding

Where does CSR messaging come from?

The data in Figure 4.18 reveals that most of the CSR messaging within organisations comes from the CSR/CSI department with 54 respondents (28%) agreeing to this option. Should a company not have such a department in place or should the employee simply not be aware of one, then the messaging is likely to either come from top level management, with forty five respondents (23%) indicating this option or the marketing department with 40 respondents (20%) indicating this option. Twenty one respondents (11%) were not sure where the messaging came from whereas twenty respondents (10%) said it came from the HR department and sixteen respondents (8%) indicated it came directly from the CEO.

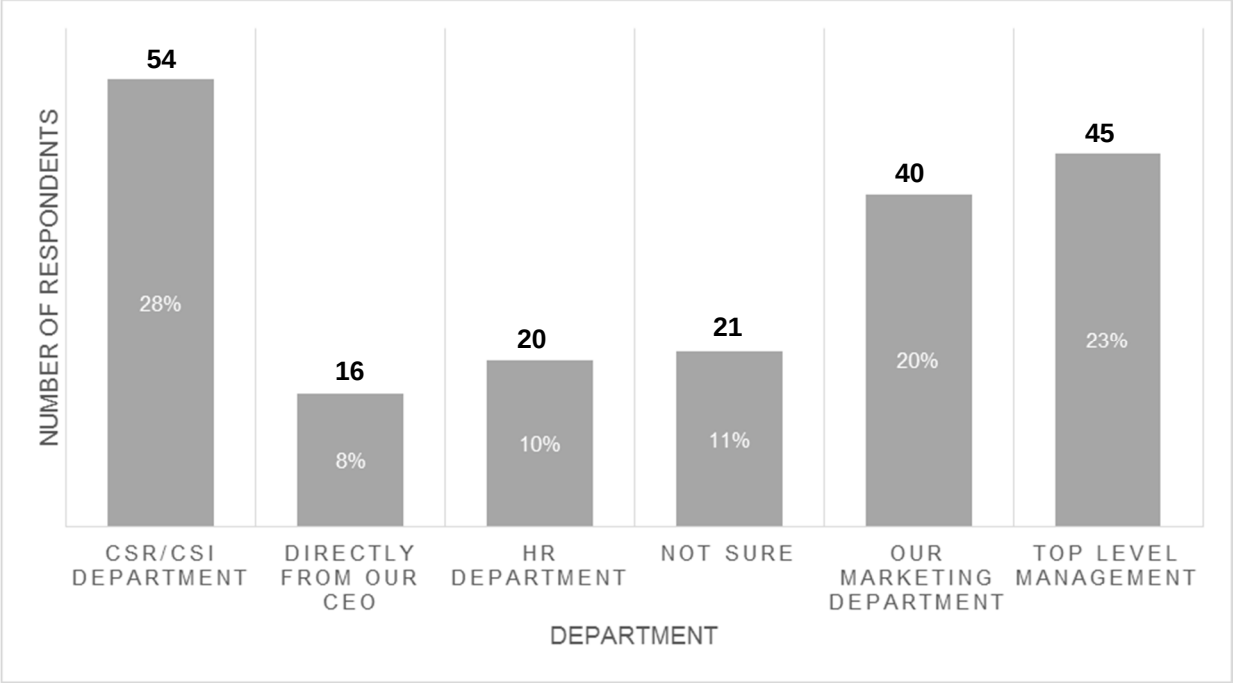


Figure 4.18: Department Direction of CSR Messaging

4.8 Results: CSR linked to job satisfaction and organisational trust

The third sub problem examines the role of CSR Perceptions in predicting relationship quality aspects organisational trust and job satisfaction.

- H-4: Perceptions of CSR will have a positive effect on job satisfaction
- H-5: Perceptions of CSR will have a positive effect on organisational trust

Perceptions of CSR = Legal CSR + Economic CSR + Philanthropic CSR

4.8.1 Multiple Regression Analysis

According to Wiid and Diggines (2009) regression analysis is a collective name for techniques for the modelling and analysis of numerical data consisting of values of a dependant variable X (also called response variable or measurement) and of one or more independent variables Y (also known as exploratory variables or predicators). There are two types of regression analysis: linear regression which measures the prediction of one independent variable Y due to variable X and multiple linear regression which looks at more than one dependent variable. For this study, regression analysis is used to explore whether dependent variables (Job Satisfaction and Organisational Trust) are influenced by independent variables (Legal CSR, Philanthropic CSR and Economic CSR).

Descriptive Statistics

Complete data were available for 196 participants. Basic descriptive statistics for each sub-construct of CSR measures (Legal CSR, Philanthropic CSR and Economic CSR) are shown in Table 4.24.

Table 4.24: Descriptive Statistics (CSR Measures)

Sub-construct	Mean	Std Dev
Legal CSR	4.08	0.56
Philanthropic CSR	3.60	0.77
Economic CSR	4.13	0.59
Organisational trust	3.62	0.79
Job satisfaction	3.50	0.55

Legal CSR, Economic CSR and Philanthropic CSR were used in a standard regression analysis to predict job satisfaction and organisational trust. The correlations of the variables are shown in Table 4.25. As can be seen from table 4.26, all correlations were statistically significant.

Table 4.25: Correlation output for standard regression

	Organisational trust	**Job satisfaction**	**Legal CSR**	**Economic CSR**	**Philanthropic CSR**
Organisational trust	1.0000	0.4187	0.3446	0.3165	0.3488
Job satisfaction	0.4187	1.0000	0.2129	0.2424	0.3136
Legal CSR	0.3446	0.2129	1.0000	0.4333	0.3751
Economic CSR	0.3165	0.2424	0.4333	1.0000	0.3748
Philanthropic CSR	0.3488	0.3136	0.3751	0.3748	1.0000

It was noted that there appeared to be high correlation between the independent variables of Legal CSR and Economic CSR (highlighted in grey) in Table 4.25. This was monitored during the regression analysis for potential problems.

Table 4.26: Nonparametric: Spearman's ρ

Variable	by Variable	Spearman ρ	Prob>|ρ|
Job satisfaction	Organisational trust	0.4194	<.0001*
Legal CSR	Organisational trust	0.3809	<.0001*
Legal CSR	Job satisfaction	0.2133	0.0027*
Economic CSR	Organisational trust	0.2772	<.0001*
Economic CSR	Job satisfaction	0.2429	0.0006*
Economic CSR	Legal CSR	0.4357	<.0001*
Philanthropic CSR	Organisational trust	0.3290	<.0001*
Philanthropic CSR	Job satisfaction	0.2497	0.0004*
Philanthropic CSR	Legal CSR	0.3696	<.0001*
Philanthropic CSR	Economic CSR	0.2860	<.0001*

Regression Analysis

Results: *Hypothesis 4: Perceptions of CSR (Legal CSR, Philanthropic CSR and Economic CSR) will have a positive effect on Job Satisfaction.*

REGRESSION ANLYSIS OUTPUT:

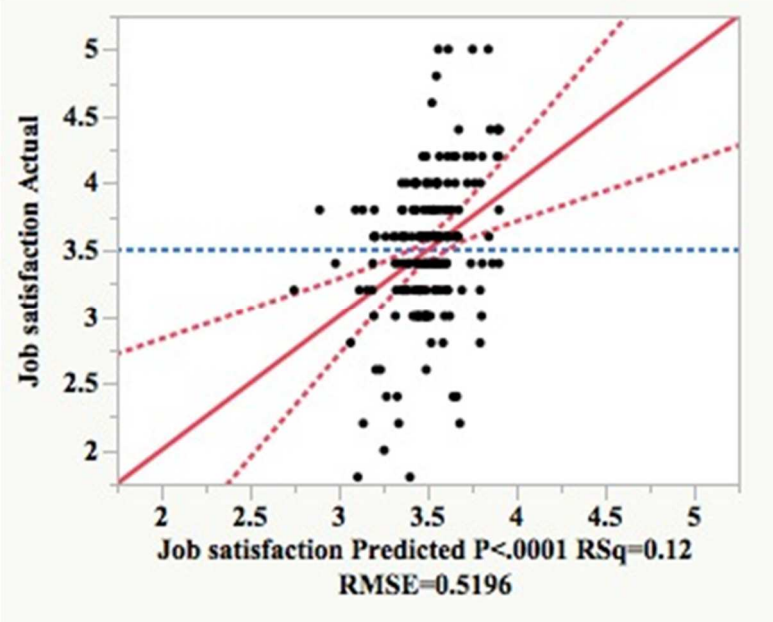


Figure 4.19: Job satisfaction (H4) whole model plot

Table 4.27: Summary of Fit for H4

RSquare	0.120117
RSquare Adj	0.106369
Root Mean Square Error	0.519628
Mean of Response	3.50102
Observations (or Sum Wgts)	196

Table 4.28: Analysis of Variance (ANOVA) for H4

Source	DF	Sum of Squares	Mean Square	F Ratio
Model	3	7.077293	2.35910	8.7370
Error	192	51.842503	0.27001	**Prob > F**
C. Total	195	58.919796		<.0001*

Table 4.29: Parameter of estimates for H4

Term	Estimate	Std Error	t Ratio	Prob>|t|	Std Beta	VIF
Intercept	2.139219	0.318143	6.72	<.0001*	0	.
Legal CSR	0.06847	0.07653	0.89	0.3721	0.069493	1.316534
Philanthropic CSR	0.171588	0.053556	3.2	0.0016*	0.241913	1.244053
Economic CSR	0.112441	0.071819	1.57	0.1191	0.121587	1.316094

Multiple regression analysis was conducted to examine whether Legal CSR, Philanthropic CSR and Economic CSR had an impact on Job Satisfaction. The overall model depicted in Figure 4.19 explained 12% (The R^2 value in Table 4.27 is 0.120) of variance in Job Satisfaction, which was revealed to be statistically significant, $F_{3,195} = 8.73$, $p<0.05$ (see Table 4.28). An inspection of individual predictors in Table 4.29 revealed that Philanthropic CSR (Beta = 0.241913, p <0 .0001) is a significant predictor of Job Satisfaction. In other words, higher levels of Philanthropic CSR are associated with higher levels of job satisfaction.

Legal CSR and Economic CSR (highlighted in yellow in Table 4.29) however were not significant. This is most likely because multicollinearity exists – as per the high correlation observed between these two independent variables in Table 4.25. According to Wegner (2000) multicollinearity exists when two or more predictor variables in a multiple regression model are highly correlated, implying that one can be linearly predicted from the other. The existence of multicollinearity does not reduce the predictive power or reliability of the model as a whole; it does however affect individual predictor calculations. Stepwise regression is a semi-automated process of building a model by successively adding or removing variables based solely on the t-statistics (collinearity) of their estimated coefficients. The output of the stepwise regression is reported next.

STEP-WISE REGRESSION ANLYSIS OUTPUT:

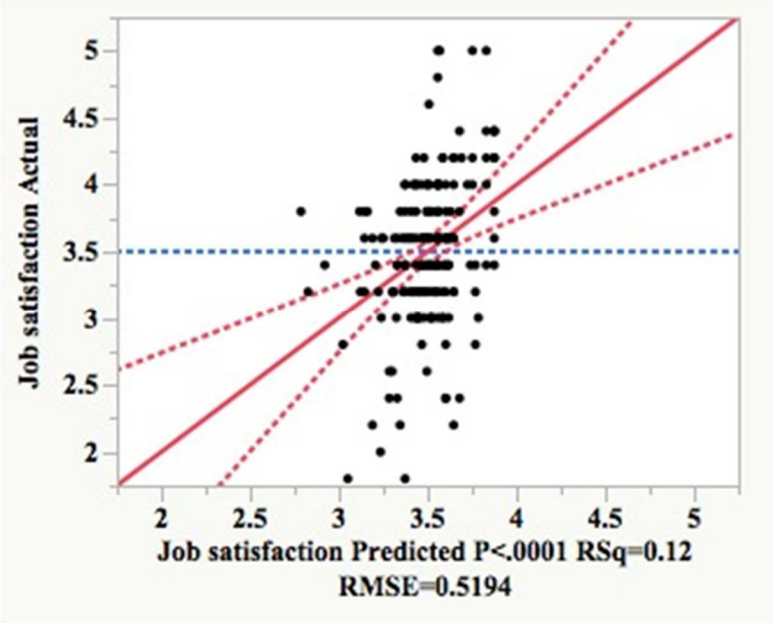


Figure 4.20: Job satisfaction (H4) whole model plot (STEP WISE)

Table 4.30: Summary of Fit for H4

RSquare	0.116449
RSquare Adj	0.107293
Root Mean Square Error	0.519359
Mean of Response	3.50102
Observations (or Sum Wgts)	196

Table 4.31: Analysis of Variance (ANOVA) for H4 (STEP-WISE)

Source	**DF**	**Sum of Squares**	**Mean Square**	**F Ratio**
Model	2	6.861162	3.43058	12.7184
Error	193	52.058634	0.26973	**Prob > F**
C. Total	195	58.919796		<.0001*

Table 4.32: Parameter of estimates for H4 (STEP-WISE)

Term	**Estimate**	**Std Error**	**t Ratio**	**Prob>|t|**	**Std Beta**	**VIF**
Intercept	2.2844791	0.273454	8.35	<.0001*	0	.
Philanthropic CSR	0.1837888	0.051764	3.55	0.0005*	0.259114	1.1633969
Economic CSR	0.1343272	0.067489	1.99	0.0480*	0.145254	1.1633969

Step-wise multiple regression analysis was conducted in order to remove any of independent variables (Legal CSR, Philanthropic CSR and Economic CSR) based on t-statistics. In Table

4.32 it is noted that Legal CSR was dropped from the model indicating that the collinearity between Legal CSR and Economic CSR was problematic.

The overall model depicted in Figure 4.20 explained 12% (The R^2 value in Table 4.31 is 0.116) of variance in Job Satisfaction, which was revealed to be statistically significant, $F_{2,195} = 12.72$, $p<0.001$ (see Table 4.31). An inspection of individual predictors in Table 4.32 revealed that Philanthropic CSR (Beta = 0.259114, p <0 .0001) and Economic CSR (Beta = 0.067489, p<0.0001) were both significant predictors of job satisfaction. In other words, higher levels of Philanthropic CSR and Economic CSR Perceptions are associated with higher levels of job satisfaction.

Regression Results: *Hypothesis 5: Perceptions of CSR (Legal CSR, Philanthropic CSR and Economic CSR) will have a positive effect on Organisational Trust.*

REGRESSION ANLYSIS OUTPUT:

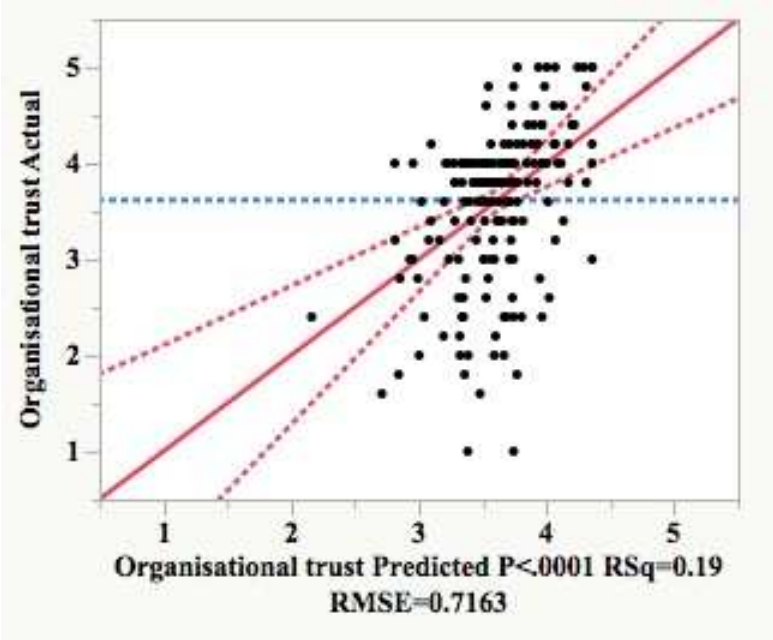


Figure 4.21: organisational trust (H5) whole model plot

Table 4.33: Summary of Fit for H5

RSquare	0.191604
RSquare Adj	0.178972
Root Mean Square Error	0.716318
Mean of Response	3.616327
Observations (or Sum Wgts)	196

Table 4.34: Analysis of Variance (ANOVA) for H5

Source	DF	Sum of Squares	Mean Square	F Ratio
Model	3	23.35031	7.78344	15.1691
Error	192	98.51745	0.51311	**Prob > F**
C. Total	195	121.86776		<.0001*

Table 4.35: Parameter of estimates for H5

Term	Estimate	Std Error	t Ratio	Prob>|t|	Std Beta	VIF
Intercept	0.8504714	0.438568	1.94	0.0539	0	.
Legal CSR	0.2231576	0.073828	3.02	0.0028*	0.218761	1.2440528
Philanthropic CSR	0.1976696	0.099004	2.00	0.0473*	0.148625	1.3160942
Economic CSR	0.2807354	0.105499	2.66	0.0084*	0.198119	1.3165335

Multiple regression analysis was conducted to examine whether Legal CSR, Philanthropic CSR and Economic CSR had an impact on Organisational Trust. The overall model depicted in Figure 4.21 explained 19% (The R^2 value in Table 4.34 is 0.191) of variance in Organisational Trust, which was revealed to be statistically significant, $F_{3,195} = 15.16$, $p<0.001$ (see Table 4.34). An inspection of individual predictors in Table 4.35 revealed that Legal CSR (Beta = 0.218761, p <0 .0001), Philanthropic CSR (Beta = 0.148625, p <0 .0001) and Economic CSR (Beta = 0.198119, p <0 .0001) were all significant predictors of Organisational Trust. In other words, higher levels of all three sub-constructs are associated with higher levels of Organisational Trust.

4.8.2 Collinearity discussion: Legal CSR and Economic CSR

According to Shaffer and Hillman (2000) a large amount of literature exists which proclaims that responsiveness of organisations to public policy issues is of increasing importance to the strategic management of business firms. This would imply that public policy, or laws, has an impact on the economic management and success of a firm. It has been recognised by many academics that non-market factors such as policy play a critical role in competitive strategy and overall performance of organisations. Mahon (1983) states that there is countless literature linking business–government relations and legal practices to firm-level behaviour. This would imply that the law (Legal CSR Perceptions) most likely would have an impact on business operations (Economics CSR Perceptions) – thereby apply reasoning as to the existing collinearity in this study between the two variables.

Another issue closely linked to legality and economics and potentially an area for future research studies is that of corruption. Branco and Delgado (2012) argue that CSR corruption issues have a potentially large impact on market functioning, thus perceptions and studies around CSR and corruption should have a more prominent place.

CHAPTER 5

5. DISCUSSION OF THE RESULTS

In this chapter, the results are discussed with reference to the theory presented in the literature review and hypotheses are accepted or refuted based on the statistical outcomes. The chapter begins with a summary of the profile of respondents as presented in Chapter 4 followed by further data profiling relating to respondent knowledge of their CSR programme, involvement in CSR activities, involvement in CSR planning and finally the breakdown of the organisational departments responsible for managing CSR programmes; all of which are notable leading up to the discussion around research questions which follow.

5.1 Profile of Respondents

A summary of the profile of the respondents in this study from Chapter 4 revealed the following:

- There was a fair representation of both genders with one hundred and twelve females (57%) and 84 males (43%);
- One hundred and forty six respondents (75%) of the sample were grouped under the age of forty (40);
- There were one hundred and twenty six white respondents (65%); thirty six black respondents (18%); twenty two Asiatic respondents (11%) and eleven coloured respondents (6%);
- Respondents had a high level of education with one hundred and fourteen respondents (58%) having completed a university level degree;
- Most respondents on average had at least five to six (5-6) years working experience;
- The number of years “worked for current company” revealed a fairly even split between less than three years (45%) and more than three years (55%);
- One hundred and forty respondents (72%) work in a position of middle management and above; and
- Marketing/Research, Banking, Retail and Telecommunications were the most represented industries for the study.

In addition to this, the following additional profile results are now revealed to confirm whether respondents were aware of their companies CSR programme and whether they are or are not

involved in any CSR activities and CSR planning within their organisations. The department who is responsible for managing organisational CSR initiatives is also discussed.

5.1.1 Know details of CSR programme



Figure 5.1: Respondent knowledge of CSR programme

Figure 5.1 reveals that forty five respondents (23%) did not know that the details of the CSR programme whereas one hundred and fifty respondents (77%) did. Of the one hundred and fifty who did, fifty one respondents (26%) knew their CSR programme in detail and one hundred respondents (51%) only knew vague details.

In the findings of Bhattacharya et al (2007) it was found that organisations did not communicate the details and the extent of CSR initiatives clearly and consistently and in their study it was found that only 37% of employees surveyed were even aware of their company's CSR programs. Comparatively so, in this study more respondents were aware of their company's CSR programme although a large percentage 51% did not know the actual details (only quite vaguely). This would imply that the communication to employees still requires considerable work from organisations if they are to reap the full potential long term benefits and strategic advantages that CSR has to offer.

5.1.2 Involved in CSR activities



Figure 5.2: Respondent involvement in CSR activities

Figure 5.2 reveals that more employees are not involved in CSR activities than those who are, with one hundred and ten respondents (57%) replying “No” and eighty three respondents (43%) replying “Yes” to their involvement in their company’s CSR programme. This would suggest that even though they might know of their companies CSR programmes – their involvement is slightly more limited. This finding is supported by Mirvis (2012) who states that there is a daunting employee engagement gap in businesses today. If, however, employees are engaged through CSR, social and business value for companies through their employees’ voluntary CSR service can be achieved. Bhattacharya et al (2008) found that even though companies might be spending millions on investing in socially compelling initiatives, organisations ultimately fail to seize opportunities to inform employees fully about their good work, let alone involve them in such initiatives. This seemingly worldwide problem of not involving employees enough in CSR activities appear to be evident in South African organisations as well through presentation of the findings here.

5.1.3 Involved in CSR planning



Figure 5.3: Involved in CSR planning

Figure 5.3 reveals that employees’ involvement in planning involvement is even lower than activity involvement when it comes to CSR. One hundred and fifty five of the respondents (80%) indicated they are not involved in their organisation’s CSR planning whilst only thirty nine respondents (20%) said they are involved in their organisation’s CSR planning. Even though CSR strategies are mostly conceptualised by senior management, the actual implementation requires regular dialogue and planning with all business units and employees (CSR Europe, 2014).

There clearly needs to be more effort from South African organisations to involve their employees further in planning around their CSR programmes. This is supported in the literature by Bhattacharya et al (2008) who argue that managers do not involve their employees in enough CSR planning and that they should continually strive to do so in the planning, design and implementation of CSR programs. In doing so they make employees the

participants rather than onlookers. Since employees know their own needs best, those who co-produce CSR programs can be expected to develop programs that give them the most meaning and purpose.

5.1.4 Internal Management of CSR

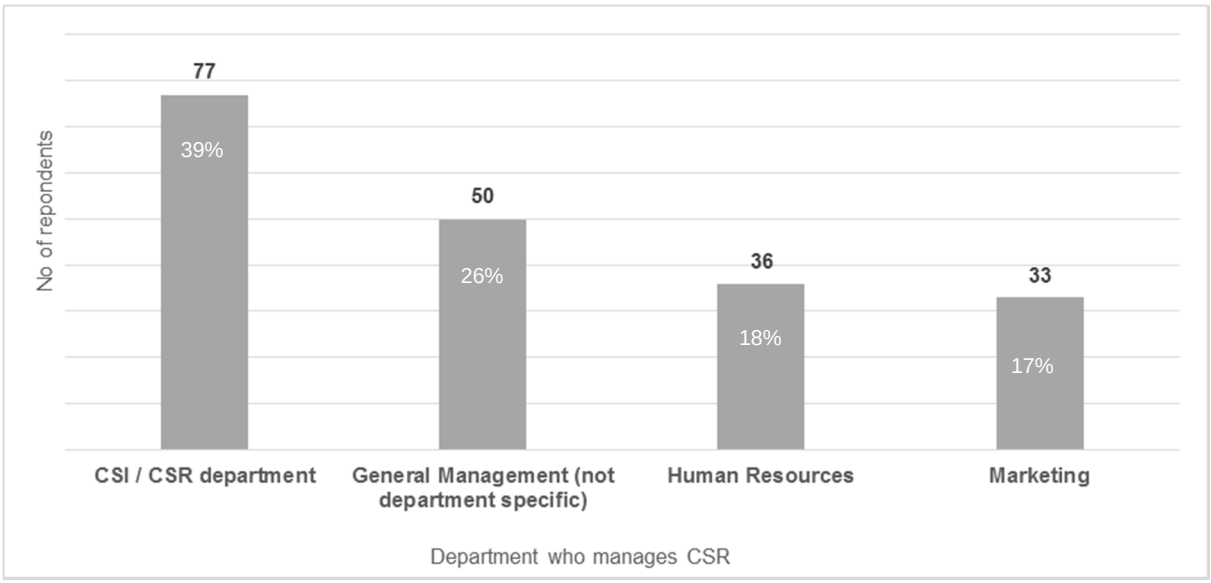


Figure: 5.4: Internal Management of CSR

Figure 5.4 reveals that seventy seven respondents (39%) work for organisations that have instituted a CSI / CSR department within their organisation. Thirty six respondents (18%) stated that Human Resources look after their CSR programmes and thirty three respondents (17%) specified that Marketing as a function attends to this responsibility. What is slightly worrying is that fifty of the respondents (26%) stated there is no specific department that looks after CSR and that general management oversee this function; implying that CSR is left detached within the business and is not being treated as a strategic business function on its own. This is supported by Zollo et al (2009) who contend that despite the increasing amount of attention being given to try and mainstream CSR within the organisation, the reality seems to be that the managers responsible for these sets of issues are still marginal to the core operations of the firm. According to Coombs and Holladay (2012) there is a practical reason for implementing a separate CSR department: facilitation for a consistent CSR approach. When different departments manage CSR there is a chance that mixed CSR messaging can be communicated to various stakeholders. A CSR department helps organisations avoid divergent CSR messaging.

5.2 Discussion pertaining to vision, mission & values, culture and CEO involvement linked to CSR

Question 1: Are organisational Vision, mission & values, Culture and CEO involvement linked to CSR?

Central to any successful CSR programme is the closeness of fit or relationship between an organisations' CSR programme and the company's vision, mission and values (Burke and Logsdon 1996), culture (Du et al, 2010) and the quality and focus of its leaders such as CEO involvement towards CSR (Kakabadse et al, 1999).

In order to address and answer this question, the perceptions of employees were analysed to understand how effectively they (the vision, mission & values, culture and CEO involvement) were being linked to CSR within South African organisations (i.e. current practices). Further to this, correlation analysis was used to test if each of these constructs had significant associations to CSR performance. The necessity of testing this would be to demonstrate the need for organisations to focus on integrating these CSR constructs into their overall marketing and business strategy and was performed by measuring each construct (linked to CSR) with employees overall rating of CSR within their organisation. The following hypotheses were formulated to test this:

- H-1: There is an association between CSR performance and CSR linked to organisational vision, mission and values
- H-2 There is an association between CSR performance and CSR linked culture
- H-3 There is an association between CSR performance and CEO Involvement in CSR

5.2.1 Current practices

» Vision, mission and values:

There was positive affirmation from respondents to suggest that South African organisations are making strides to ensure that CSR is linked to the vision, mission and values of the business. The mean for this sub-construct was 3.56 (average from 5 point Likert scale; 1-5) implying that there was general agreement that organisations are linking their CSR strategy/programme to their core business activities and objectives, vision, mission, company ideology and core values. Parker (2009) states that by linking or aligning your CSR programme with the fundamental values of your

company or encouraged behaviour (culture) of your company, your initiatives become that much more powerful, both to the community and to the company performance. It is also supportive of an organisation which has a CSR strategy which is built into the organisation.

The statement that received the least amount of affirmation for this sub-construct was "our CSR strategy is aligned with the core identity of who our company is" with only one hundred respondents (51%) agreeing to this being true. Referring the study done by Prati, Mcmillan-Capehart and Karriker (2009), it is suggested that organisational identity is built through the experiences of organisational members and that culture may significantly influence feelings related to connectivity. In other words, the familiar association of a culture allows employees to identify with one another and encourages connectedness between them.

From this association, it can be deduced that *organisational identity* has a better fit with the sub-construct *culture* (below). The level of agreement drawn towards this statement further sits more in line with the level of affirmation given to culture linked with CSR (not as high as vision, mission and values).

» Culture:

There was less positive affirmation from respondents to suggest that South African organisations are making strides in ensuring that CSR is linked to the organisation's culture (mean = 3.36). CSR should be rooted in the organisational culture of the business and, as Hildebrand and Sen (2011) suggests; the culture of an organisation and its CSR initiatives should not be seen as two different entities. Both concepts are formed and influenced by each other and should therefore be one and the same. This is thus an area that requires more focus. In the context of transition economies, organisations with stronger culture are found to better be able to pursue changes such as becoming more socially responsible (Alas & Vadi, 2006).

» CEO involvement:

The Involvement of CEO's in South African organisations' CSR programmes received a mean score of 3.37 indicating general agreement that the CEO is involved in CSR; however again not as strong as vision, mission and values. Referring back to the findings, one hundred and six respondents (54%) agreed that the CEO is actively involved in their CSR strategy and planning; thirty eight respondents (38%) agreed that the CEO is actively involved in CSR activities on the ground and one hundred and two

respondents (52%) agreed that the CEO genuinely cares about the initiatives the company is involved in. The finding that CEOs are involved in CSR in South African organisations therefore only just supports the literature which states that organisations require leaders who possess the behavioural capacity to positively influence the CSR values and guiding principles throughout their organisation (Pedrini & Ferri, 2011). The success of businesses in the long run is influenced by the capacity of leaders to actively address CSR within their long term business strategy and the ability to communicate and engage in CSR initiatives (Wade, 2006).

An area that does require more attention is that of CEO participation on the ground. According to Chen and Hung-Baesecke (2014) participative leadership can contribute towards employee understanding of CSR by enabling them to participate in the decision-making process which consists of conflicts of interest and people's values and beliefs expressed in corporate actions.

5.2.2 Association to CSR Rating

As presented in the findings, the CSR performance of organisations was measured according to the sub-construct "CSR Rating". The construct included statements: "My company takes their CSR strategy/programme very seriously"; "My company's intentions for having a CSR strategy/programme are genuine"; and "I think we are doing a better job than our direct competitors in the CSR space" which together largely encapsulate the overall performance of organisations according to employees perceptions within this study. The summary in table 5.1 below discusses the findings and concludes whether each hypothesis can be accepted or rejected.

Table 5.1: Hypotheses - vision, mission & values, culture and CEO involvement linked to CSR

H-1: There is an association between CSR Rating and CSR linked to organisational vision, mission and values
A correlation analysis test revealed that there was a significant and positive relationship for vision, mission and values and CSR Rating (p =0.7549, N = 196, p <0.0001). The correlation was extremely strong in strength. It can therefore be concluded that an association (or relationship) exists between "linking a company's vision, mission and values with CSR" and "CSR Rating".
CONCLUSION: ACCEPT HYPOTHESIS 1

H-2: There is an association between CSR Rating and CSR linked to culture
A correlation analysis test revealed that there was a significant and positive relationship for vision, mission and values and CSR Rating (p =0.5079, N = 196, p <0.0001). The correlation was moderate in strength. It can therefore be concluded that an association (or relationship) exists between “CSR performance” and “CSR linked to culture”.
CONCLUSION: ACCEPT HYPOTHESIS 2
H-3: There is an association between CSR Rating and CEO Involvement
A correlation analysis test revealed that there was a significant and positive relationship for CSR Rating and CEO Involvement in CSR (p =0.4531, N = 196, p <0.0001). The correlation was moderate in strength. It can therefore be concluded that an association exists between “CSR Rating” and “CEO involvement”.
CONCLUSION: ACCEPT HYPOTHESIS 3

According to Burke and Logsdon (1996) one way of assessing a company’s CSR strategy is by measuring the closeness of fit between the CSR policy or programme and the firm's mission and objectives. The findings from this study prove that there is significant evidence to suggest a closeness of fit between 1) CSR policy and vision, mission and values, 2) CSR policy and culture and 3) CSR policy and CEO Involvement. It is therefore strategically important for South African organisation to make sure that they focus significant time and effort in ensuring that their CSR policy is aligned to these constructs.

There is overwhelming evidence in the literature to suggest that corporates who adopt CSR as a core marketing discipline which is integrated into their overall marketing and business strategy will benefit greatly from increased financial returns, a favourable reputation, a more productive workforce and a greater competitive advantage (Dowling & Moran, 2012). From the findings of this study, this is highly applicable in the case of South African organisations.

5.2.3 Conclusion: Vision, mission & values, Culture and CEO Involvement linked to CSR

It can be concluded that organisational vision, mission & values, culture and CEO involvement linked are all linked to CSR in South African organisations. However more attention needs to be given to aligning CSR to organisational culture and CEO Involvement. The significance of the findings from question 1 is presented in table 6.1 in the final chapter in order to address the main research problem.

5.3 Discussion pertaining to Internal CSR Communication

Question 2: How effectively is CSR communicated internally to employees?

According to the literature, it has become a strategic imperative for companies to communicate their CSR initiatives to employees (Birth & Illia, 2008). By doing so, companies can create a strong identity amongst their employees and they can pave the way for ensuring that they maintain favourable reputations and relationships with key stakeholders (Nielsen & Thomsen, 2009). According to Ziek (2009) the act of communicating CSR is still too often overlooked – especially to employees. Dawkins (2004) states that internal communication is an underutilised, potentially powerful, channel that can enhance a company's CSR plan.

In order to assess how effectively CSR is communicated by South African organisations, the study addressed:

1) What forms of communication channels are being used and noticed by employees (formal or informal);
2) Whether two way communication opportunities exist;
3) How effectively employees comprehend their CSR strategy; and
4) Where in the organisation CSR messaging comes from.

5.3.1 Communication Channels

From the means reported in table 4.19, it was clearly evident that formal communication (mean = 3.39) channels superseded those of informal channels (mean = 2.97). In addition to this, one hundred and thirty respondents (66%) agreed that CSR is communicated to them through formal channels (rather than informal channels like word of mouth). Formal channels include communication via the website, annual Shareholders Report, Cause-Related Marketing Reports and the organisation's Internal Newsletter. The only actual "internal" form of formal communication is the company newsletter therefore confirming that organisations are still focusing CSR communication to external stakeholders rather than employees. This falls in line with Lynch's (2005) argument that organisations spend too much time educating external stakeholders on CSR programmes while often neglecting key audiences within their own organisation.

Dawkins (2004) reported that the three most commonly used channels for CSR communication in general included social reports, web sites, and advertising. This study revealed that internal newsletters were the most commonly used channel of internal communication to employees, followed by the website and then shareholders reports. Internal meetings and word of mouth received very little attention as internal communication channels by organisations. According to Kitchen and Daly (2002), internal communication utilises communication actions that systematically influence the knowledge, attitudes and behaviours of current employees. By not focusing enough attention on this form of communication, South African organisations are foregoing the opportunity to benefit from improved knowledge, attitudes and behaviours of employees.

As acknowledged by Ziek (2009), how the stakeholders get their information remains a fundamental issue that need to be addressed and this is no more evident than from a South African perspective.

5.3.2 Two-way Communication

As formal communication was more prevalent that informal communication, it made sense that only sixty nine respondents (35%) agreed that there is a two way CSR communication platform. That is because informal channels are structured in such a way that they lend better to communication both ways. Bhattacharya et al (2007) argue that CSR programs are most effective when employees are the ‘‘actual enactors,’’ while the company is the ‘‘enabler’’. In order to support this happening, there has to be a two way communication platform between employers and employees. This way they become active CSR practitioners and are able to feed into the CSR strategy. In addition, employee loyalty to the organisation increases when they are more involved and ultimately stand to become loyal long-term company ambassadors as a result.

In Bhattachayra et al’s (2007) findings (71%) of companies surveyed indicated CSR practices are developed and managed at the CEO level and that in general employees wanted a greater role in their CSR programme. In this study, one hundred and six respondents (54%) agreed that the CEO is involved in CSR strategy development and planning while one hundred and fifty five respondents (80%) reported that they were not involved in their CSR planning (see Figure 4.8 and Figure 5.3). Although it does not appear that CEO involvement is as entrenched in South Africa, it can be agreed that a greater role for employee engagement exists.

In summary it can be reported that poor two-way communication exists between employees and organisations in South Africa and although it is imperative for CEO's to be involved in CSR strategies, not enough attention is being given for employees to engage in CSR strategy development. Organisations need to shift their focus to employees being CSR enablers rather than CSR enactors.

5.3.3 Comprehension of CSR Strategy

In the findings of this study it was reported that only fifty one respondents (26%) clearly understood their CSR strategy (Figure 4.11). This would automatically imply that the communication strategy and communication channels being used by South African organisations are not effectively reaching employees. The findings from respondents relating to "CSR Understanding" and "CSR Advantages", which support this statement, are discussed below:

» CSR Understanding:

It was concerning that the statement "CSR helps improve the company's image and reputation" was the highest rated statement with one hundred and eighty six respondents (95%) agreeing that CSR helps improve their organisation's image and reputation (Figure 4.12). According to Dowling and Moran (2012), when corporates adopt CSR programmes or other green initiatives (that do not reflect the fundamental marketing objectives or core organisational strategies) in a careless attempt to try and boost their reputation, they send conflicting signals about the company's "reason to be" or business philosophy. They are also less likely to benefit from long term advantages CSR has to offer as such behaviour can be easily copied by their competitors. Even if an employee feels that their organisation is addressing CSR with good intentions, it is clear that the fundamental understanding of employees' conceptions of the term CSR and the true intentions of their organisations' CSR programme is gravely misunderstood.

From a South African context, it was further made clear that CSR is targeted to address social inequality corrections as per the perceptions of employees. This is due to the B-BBEE Legislation Act 53 of 2003, which legally forces many companies to embrace CSR initiatives that may assist previously disadvantaged groups to be actively involved in the economy. According to Flores-Araoz (2011), so long as CSR initiatives are handled correctly such as empowering local communities or supporting previously disadvantaged groups, there are positives which can be drawn from this Act.

Employee understanding of CSR relating to the various statements were agreed to in the following order: 1) “environmental protection”, 2) “has a moral obligation to society” and 3) “giving to the poor”; implying that although there are large gaps in South African internal CSR communications, there exists some degree of understanding that CSR is not about CSI cheque book philanthropy which consists of the cash and non-cash items given to people, organisations and communities that are external to the business (NGO Pulse, 2013).

» CSR Advantages:

In line with findings from above that CSR helps improve the company’s image and reputation, one hundred and forty two respondents (72%) found that “Improving public relations of company” was one of the most important advantages of CSR. Roughly half of the respondents agreed that CSR helps to gain a competitive advantage (54%); keeps employees satisfied, loyal and motivated (50%); keeps the customers loyal (46%) and that CSR is financially beneficial to the company (49%). Finally, only fifty respondents (26%) agreed that CSR is able to help with cost reductions and efficiency within the organisation (Figure 4.13 for all statistics). According to Robins (2011) CSR activities that focus on sustainability issues may lower costs and improve efficiencies as well. It would appear that there is still a need to improve CSR training to educate employees on how CSR can aid in improving core operational business aspects and not just social upliftment of the disadvantaged and improving organisational reputation. Porter and Kramer (2009) state that CSR can be a source of opportunity, innovation, and competitive advantage – however realising and understanding this needs to be extended to employees as well if companies are to reap the full business potential that CSR has to offer.

5.3.4 Head of CSR Communication

It has been suggested in the literature that regional CSR coordinators (and supporting CSR departments) should be employed in organisations so that they can focus on the development and communication of CSR strategies and polices (Ziek 2009). However, in the case of South African organisations, it would appear that CSR has not yet been given full organisational departmental support as only seventy seven respondents (39%) work for companies that have a CSI or CSR department (Figure 5.4). Pedrini and Ferri (2011) state that organisations need to modify their structure in order to successfully carry out CSR actions. This includes implementing a new department and managers (such as CSR officers) in charge of implementing new social and environmental actions. In addition, of the seventy seven

respondents, only fifty four respondents (28%) mentioned that CSR/CSI messaging comes from such a department (Figure 4.14). There is clearly mixed messaging as to from where and from whom the messaging comes. Twenty one respondents (10%) were not even sure where their CSR messaging comes from (Figure 4.14).

5.3.5 Conclusion: Internal CSR Communication

Bhattachayra et al (2008) state that companies must bring employees closer to their CSR activities. More importantly however, they need to focus on communication to employees by informing them of what programs the company is vested in and where their focus lies. This CSR communication needs to remain consistent and coherent if it is to have the required long term effect.

The findings however do not demonstrate that communication is central to the CSR strategies of South African organisations. Firstly, CSR communication still being focused on external stakeholders not internal stakeholders, which is clearly evident through focus on formal rather than informal channels, and secondly, there is not enough two way communication between employees and their companies. According to CSR Europe (2014), while CSR strategies are mostly conceptualised by senior management, the actual implementation requires regular dialogue with all business units and employees. This is evidently not being done. In addition, understanding of CSR by employees still requires more attention. This can adequately be addressed through improved communication as well as suitable internal CSR training. Finally, South African organisations should take greater steps towards implementing a dedicated CSR department and CSR Officer (Manager).

5.4 Discussion pertaining to CSR linked to job satisfaction and organisational trust

Question 3: Are employee CSR perceptions linked to organisational trust and job satisfaction?

Whilst question three is not formulated to answer the main problem of the study which is to assess if CSR is built in or bolted on to South African organisations, it has been included in this study as it 1) raises great strategic insight for organisers into the impact that CSR has on employees especially from a relationship perspective (specifically drawing on how dimensions of CSR impact employee organisational trust and job) and 2) very little research to date has

focused on the internal effects that CSR might have on internal stakeholders such as employees. The results from this section therefore aim to contribute towards this existing small base of employee CSR research and, if South African organisations can understand how independent CSR dimensions are linked to dependent relationship aspects, they can stand to benefit from the long term competitive advantages that CSR has to offer. Balmer and Greyser (2002) state that, given the critical role of employees in the overall performance of the corporation and its financial success, unravelling the relationship between CSR and employees' perceptions of the organisation is extremely important from a strategic perspective.

In order to examine the role of CSR perceptions in predicting relationship quality aspects organisational trust and job satisfaction the following hypotheses were formed:

- H-4: Perceptions of CSR will have a positive effect on job satisfaction
- H-5: Perceptions of CSR will have a positive effect on organisational trust

Perceptions of CSR are defined as perceptions of employees relating to Legal CSR + Economic CSR + Philanthropic CSR. As identified by Napal (2013) organisations have four types of responsibilities: economic responsibilities to be profitable; legal responsibilities to obey the laws; ethical responsibilities to do what is right and philanthropic responsibilities to contribute towards social, educational, recreational and/or cultural purposes. Due to low item loading in factor analysis in Chapter 4, ethical responsibilities were not covered in this study.

Multiple regression analysis was conducted to examine, firstly, whether Legal CSR, Philanthropic CSR and Economic CSR had an impact on Job Satisfaction and secondly whether Legal CSR, Philanthropic CSR and Economic CSR had an impact on Organisational Trust. The hypotheses are presented and discussed in Table 5.2

Table 5:2: Hypotheses - CSR linked to job satisfaction and organisational trust

H-4: Perceptions of CSR will have a positive effect on job satisfaction
It was noted in Table 4.26 (correlation matrix) that there appeared to be high correlation between independent variables Legal CSR and Economic CSR. This proved to be true and Legal CSR was dropped during the step-wise regression. The overall step-wise regression model explained 12% of variance in Job Satisfaction, which was revealed to be statistically significant, $F_{2,195} = 12.72$, $p<0.001$. An inspection of individual predictors in revealed that Philanthropic CSR and Economic CSR were both significant predictors of Job Satisfaction. In other words, higher levels of Philanthropic CSR and Economic CSR Perceptions are associated with higher levels of Job Satisfaction.
CONCLUSION: ACCEPT HYPOTHESIS 4
H-5: Perceptions of CSR will have a positive effect on organisational trust
The overall model explained 19% of variance in Organisational Trust, which was revealed to be statistically significant, $F_{3,195} = 15.16$, $p<0.001$. An inspection of individual predictors in Table 4.36 revealed that Legal CSR, Philanthropic CSR and Economic CSR were all significant predictors of Organisational Trust. In other words, higher levels of all three sub-constructs are associated with higher levels of Organisational Trust.
CONCLUSION: ACCEPT HYPOTHESIS 5

5.4.1 Job Satisfaction and Organisational Trust

The literature strongly supports the findings in this study that employee perceptions of CSR have a positive effect on job satisfaction. A review of various studies included in the literature review revealed the following conclusions:

- Tziner (2006) studied the direct link between CSR and employees' commitment and was able to demonstrate that employee perceptions of CSR was positively related to organisational commitment including job satisfaction;
- Chong (2009) found positive correlations between an employees' direct involvement in CSR activities on the one hand, and identification with the organisation's values and satisfaction with the workplace on the other;
- Valentine and Fleischman (2008) proved that corporate ethics programs and perceptions of CSR positively influence an employees' job satisfaction;

- Greening and Turban (2000) established that perceptions of a firm's ethics, values, and social responsiveness played a significant role in shaping the perceived attractiveness of an organisation for potential employees;
- Lee et al (2012) proved that dimensions of CSR (economic, legal, ethical, and philanthropic) had a positive influence relationship quality aspects: organisational trust and job satisfaction;
- Choi and Yu (2014) found that that employees perceptions of CSR practices had a direct positive impact on their organisational commitment; and

Finally, this study found that employee perceptions of CSR in South African organisations had a positive effect on job satisfaction.

5.4.2 Conclusion: CSR linked to job satisfaction and organisational trust

It can be concluded that the findings from studies done in numerous developed and emerging markets are applicable to South African organisations and that attention needs to be given by organisations to ensure they focus on economic, legal, philanthropic and ethical dimensions as they directly influence organisational commitment to employees. By doing so, CSR can have positive effects on organisational performance by building positive reputational links with other stakeholders including customers, investors, suppliers and government. It can also provide many competitive advantages to organisations, which again affects positively on organisational performance.

CHAPTER 6

6. CONCLUSIONS AND RECOMMENDATIONS

6.1 Introduction

A number of sub problems and correlating research questions were identified in order to address the main problem statement of assessing whether CSR strategies are built in or bolted in to South African organisations. According to Dowling and Moran (2012) a built in strategy is consistent, difficult for competitors to imitate and aligned to the overall business strategy. A bolted on CSR strategy is referred to as being loosely coupled to the business strategy and is usually adopted with less genuine goals in mind. The same line of thinking was applied to the concept “CSR strategy” for the purposes of this research in the context of South African organisations.

6.2 Final conclusion of the study

There is overwhelming evidence in the literature that suggests that corporates have not adopted CSR as a core marketing discipline which is integrated into their overall marketing and business strategy (Dowling & Moran, 2012; Hinson & Ndhlovu, 2011; Pacek & Thorniley, 2007; Porter & Kramer, 2009). By doing so they would greatly benefit from increased financial returns, a more favourable reputation, a productive workforce and a greater competitive advantage. Whilst this study would not go as far as to say that South African organisations have adopted CSR for ill-fitting public relations purposes on the opposite spectrum, it is clear that more focus needs to be applied to implementing dedicated CSR personnel within organisations; improved internal CSR communication; employee CSR training and linking CSR to fundamental organisational business aspects notably culture and CEO involvement. It would appear that satisfactory strides have already been made to link CSR to organisational vision, mission and values.

The purpose of this study was to assess in general the strategies and practices of South African organisations in an attempt to understand whether they are built in or bolted on to the business. Question one and two aimed to answer this while question three was formulated to provide insight as to the impact (and therefore importance) that CSR has on employees, especially from a relationship perspective.

From the summary outlined in Table 6.1, it can be concluded that there are too many existing gaps in the fundamental involvement of and communication to employees as well as linkage to core business aspects. Employees are the key stakeholder group in the success of any CSR strategy or programme (Napal, 2013) and the most beneficial channel of CSR communication (Dawkins, 2004). By linking or aligning a CSR programme with the core values of the company or encouraged behaviour (culture) of the company, these initiatives become that much more powerful, both to the community and to the company performance (Parker, 2009). For these fundamental reasons, this study can conclude that CSR is not built into South African organisations and, although good work has been done in some areas, more attention needs to be focused on how CSR really can become a source of opportunity, innovation, and competitive advantage going forward.

Table 6: CSR built in or bolted on to South African organisations

Construct / Argument	Discussed under	Level	Built in or Bolted on?
Employee involvement in CSR planning	demographic profile	low	Bolted on
Employee involvement in CSR activities	demographic profile	low	Bolted on
Dedicated CSR Department / Manager	demographic profile	no	Bolted on
Knowledge of CSR programme • Details	question 2	low	Bolted on
Knowledge of CSR programme • Understanding	question 2	low	Bolted on
CSR linked to Vision, mission & values	question 1	good	Built in
CSR linked to Culture	question 1	moderate	Built in
CSR linked to CEO involvement	question 1	low	Built in
CSR Communication	question 2	low	Bolted on
CSR Rating		moderate	Built in

Lee et al (2012) have raised the importance of understanding the impact that CSR has on employees, especially from a relationship perspective. So for instance, how does it positively contribute to relationship outcomes such as organisational trust and job satisfaction and thereby organisational commitment? If South African organisations can understand how CSR is linked to factors such as employee turnover, recruitment, satisfaction, loyalty and commitment (Skudiene & Auruskeviciene, 2012) then they can stand to benefit from the long

term competitive advantages that CSR has to offer. Organisational culture and leadership have significant influence on innovativeness, and trust is one of the key antecedents of open culture which is built upon effective communication (Mayer & Schoorman, 1995).

6.3 Recommendations

According to the findings of this research, it is suggested that South African organisations should focus on the following key aspects in order to assist them to integrate their CSR efforts deeper within the heart and soul (marketing and operations) of their business. These efforts include:

- Engaging employees in more CSR activities;
- Aligning culture and CSR;
- Improving internal CSR Communication; and
- Focusing on CSR link to job satisfaction and organisational trust.

6.3.1 Engaging employees in more CSR activities

According to Mirvis (2012), companies can employ the following remedies to engage their employees through CSR:

1. Increased opportunities of traditional forms of employee corporate volunteerism (such as mentoring schoolchildren; caring for the homeless, elderly, or disadvantaged; participating in disaster relief; building community playgrounds or habitat-for-humanity housing);
    - ❖ ***South African organisations should thus focus on the increasing the number of opportunities available to their employees to volunteer in the CSR initiatives that each company has chosen to align with their overall business.***
2. Focus on more skills based engagement efforts wherein employees use their technical and commercial know-how to address social concerns;
    - ❖ ***South African organisations should identify technical and commercial skills that their employees can potentially pass on to CSR / CSI initiatives (organisations). In addition to becoming more involved in their own company's overall CSR programme, the employee is also aiding in the overall upliftment of the general skills base in South Africa.***

3. Train employees to incorporate and focus on incorporating cause-related marketing and green business initiatives into core business operations which means in effect, that they are engaging in social responsibility on-the-job.
    - ***A formal CSR training and educational platform should be developed and implemented by South African organisations in order to achieve this. Training should also focus on educating employees how CSR can aid in improving general business operations, in addition to providing social upliftment to communities and improved reputation for companies.***

Further to these recommendations, in order to effectively manage the ongoing engagement of employees being more involved in more CSR activities, there are three different approaches that organisations can take as suggested by Mirvis (2012):

1. **A transactional approach**: where programs are undertaken to meet the needs and interests of those employees who want to take part in the socially responsible efforts of their organisation;
2. **A relational approach:** where an organisation and its employees together make a commitment to social responsibility;
3. **A developmental approach**: where an organisation aims to more fully activate and develop its employees and the firm to produce greater value for business and society.

6.3.2 Culture

In the Hargett and Williams (2009) case study which tried to understand how the Wilh. Wilhelmsen (WW) Shipping Company defined CSR and the developmental experiences of the leaders toward CSR, the following strategies, policies and practices were recommended that could be implemented to support CSR and the company culture:

1. **Common communication platform**: developing a common communication platform that articulates the best practice for using organisational values to transcend cultural differences;
2. **Systematic approach**: implementing a more systematic approach to integrating CSR into all company operations, internally and externally through closer linking of values to business priorities;
3. **Developing CSR competencies:** developing CSR competencies amongst all staff (including being clearer about what competencies apply at different levels or in different jobs);

4. **Increasing diversity**: meaning that staff diversity within the organisation should be increased, particularly at headquarters in the case of South African organisations: top management;
5. **CSR target strategy:** completing development of a sponsor strategy that will explain areas of CSR focus such as what the company will fund or support in other ways and why.

6.3.3 Improving Internal CSR Communication

According to CSR Europe (2014) there are numerous ways of how to use internal communication and engage employees in CSR activities within a business. However in order to create a successful strategy each company has to find their own best way of doing that. Two things in particular which stand out from this study and can be recommended to South African organisations in order to improve internal CSR communication are:

1. **CSR head / CSR department**: South African organisations need to modify their existing positional structure in order to incorporate a CSR head and CSR department that can successfully develop and carry out CSR actions. By doing this, one department can focus on communicating the right message to employees and monitor the success and any improvements that can be made.
2. **Two-way communication**: this dedicated CSR department should implement the right tools and channels that can facilitate two way CSR communication between employees and the greater organisation.
    - ***Use of employee feedback to shape CSR strategy: It is recommended that South African organisations encourage employees to share their ideas on how to improve company's CSR strategy (through surveys, discussions, focus groups etc.). This can have a positive effect both to the management team (who might discover new ways to shape or modify CSR strategy) and to the employees (as they are provided with an opportunity to have a say and feel more valued by their employer).***

6.3.4 Organisational Trust

Mayer and Schoorman (1995) suggest two strategies for improving organisational trust through CSR perceptions:

1. Building trust by resilient coaching and open communication: a coaching manager communicating through visible leadership and commitment and

2. Creating collaboration by participative management (hands-on), and showing trustworthiness": the management philosophy being "leading with the guys"; a basic attitude and willingness of organisation members to cooperate.

6.4 Limitations and areas for future research

The following limitations and thus suggested areas for future research can be adopted for further studies:

- The number of industries represented in this study was extremely varied. It would be beneficial for future researchers to focus on one or a few industries only.
- According to Atlas and Vadi (2006) only a few studies are available that offer insight into the relationship between Organisational Culture (OC) and CSR; this is therefore a possible area to focus on for future research.

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APPENDIX A

Research instrument (word format)

QUESTIONNAIRE – CSR PRACTICES IN SOUTH AFRICA

Thank you for taking the time to complete the following questionnaire based on the CSR strategies currently being employed by South African organisations. This questionnaire will only take 10 minutes of your time, and your answers will remain strictly confidential. There are instructions (in capital italics) next to or below each question which should assist you in answering each one accordingly. I have also given short introductions (in shaded boxes) at the beginning of certain sections to give more context.

Yours sincerely
Lara Fredericksz
(Wits Business School – Masters Strategic Marketing)

Background to Corporate Social Responsibility (CSR)

In recent years, a diverse array of terms have appeared to express the idea that businesses needs to make positive contributions to societal good. Over the last few years, many businesses and organisations have adopted CSR programmes however they are not always aligned to the core business strategy and further, they are not communicated effectively with internal stakeholders – i.e. employees – YOU! The following questionnaire aims to try understand how CSR is currently being used and viewed by a sample of employees working within various industries across South Africa.

Please take note of the following definitions:

CSR *is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR should be aligned with an organisation's core philosophy in addition to serving as a guide which communicates "what the company stands for to its consumers".*

CSI *is defined as contributions (either monetary or employee time) which bring benefits over and above those directly associated to a company's core business activities. It is most often a once-off/changeable contribution.*

Please answer all questions as honestly as you can. Your responses will remain strictly CONFIDENTIAL and will be invaluable towards improving CSR approaches within SA going forward.

IF ANSWERING IN WORD DOC – YOU MAY MARK BLOCK WITH AN "x" instead of a tick.

SECTION A: DEMOGRAPHICS

1. **Gender** *(PLEASE TICK ONE)*

Male	
Female	

2. Age *(PLEASE WRITE OUT NUMBER IN BLOCK BELOW)*

20 – 30	
31 – 40	
41 – 50	
51 – 60	
61 +	

3. Race *(PLEASE TICK ONE)*

1.	Black	
2.	Coloured	
3.	White	
4.	Asiatic (Indian or Asian)	

4. Education *(PLEASE TICK ONE)*

1.	High School	
2.	University	
3.	Masters	
4.	PhD	
5.	Other	

If other please specify: _____

SECTION B: EMPLOYEE COMPANY DETAILS

5. Please indicate your TOTAL number of years work experience? *(PLEASE TICK ONE ONLY)*

1.	Less than 1 year	
2.	more than 1 but less than 3	
3.	more than 3 but less than 5	
4.	more than five but less the 10 years	
5.	more than 10 years	

6. Please indicate how many years you have worked for your CURRENT Company?
(PLEASE TICK ONE ONLY)

1.	Less than 1 year	
2.	more than 1 but less than 3 years	
3.	more than 3 but less than 5 years	
4.	more than 5 years	

7. What industry/sector do you work in? *(PLEASE TICK ONE ONLY)*

1.	Retail	
2.	Mining	
3.	Finance / Banking	
4.	Telecommunications	
5.	Property	
6.	Automotive	
7.	Pharmaceuticals	
8.	Insurance	
9.	Education	
10.	Other	

If other please specify: _____

8. Is your company global or South African? *(PLEASE TICK ONE ONLY)*

1.	Global (with a South African presence)	
2.	Global (started in SA but now global)	
3.	South African only (presence in SA only)	
4.	Not sure	

9. What level is your position within your organisation? *(PLEASE TICK ONE ONLY)*

1.	Director (Board level)	
2.	CEO or MD	
3.	Senior Manager	
4.	Middle Management	
5.	Executive	
6.	Assistant	
7.	*Other*	

If other *please specify:* _____

10. In which department do you work in? *(PLEASE TICK ONE ONLY)*

1.	Finance / Accounts	
2.	Marketing	
3.	IT	
4.	HR	
5.	Sales	
6.	Service	
7.	Front Desk	
8.	Operations / Production	
9.	*Other*	

If other *please specify:* _____

SECTION C: CORPORATE CSR GENERAL

11. Please rate your level of agreement to how each concept below relates to the practice of CSR? *(PLEASE TICK ONE BLOCK FOR EACH STATEMENT 1 – 8) – FACTOR ANALYSIS*

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. Ethical Conduct					
2. Environmental Protection					
3. Social inequalities correction					
4. Giving to the poor					
5. Improving public relations of company					
6. Compliance with regulations					
7. Transparency in operations					
8. Addressing stakeholder concerns					

12. Please rate your level of agreement as to why companies might engage in CSR activities. *(PLEASE TICK ONE BLOCK FOR EACH STATEMENT 1 – 9)*

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. It helps improve the company's image and reputation					
2. It has a moral obligation to society					
3. It helps to gain a competitive advantage					
4. It helps keep employees satisfied, loyal and motivated					
5. It help to keeps the customers loyal					
6. It is financially beneficial to the company					
7. It is caused from direct pressure from one or more shareholders					
8. Regulatory Requirements (the Law)					
9. Cost reduction and efficiency					

13. Do you know the details of your company's CSR programme?

(PLEASE TICK ONE)

1. Yes – in detail	
2. Yes – but vague	
3. Not I don't	

14. Are you actively involved in any CSR activities undertaken by your company?

(PLEASE TICK ONE)

1. Yes	
2. No	

15. Are you actively involved in your company's CSR planning/strategy?

In other words, your company engages your thoughts and considerations into their CSR planning.

(PLEASE TICK ONE)

1. Yes	
2. No	

16. Which department manages your CSR efforts?

(PLEASE TICK ONE)

1. Marketing	
2. Human Resources	
3. CSI / CCR department	
4. General Management (not department specific)	

In order for CSR strategies to be effective in the long term, it should be genuine (not for PR purposes), and not simply to tick boxes or gain shareholder approval.

17. Please rate your level of agreement with the following statements?

(PLEASE TICK ONE BLOCK FOR EACH STATEMENT 1 – 7)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. My company does a lot of adhoc once off CSI initiatives (short-lived) rather than long term CSR programmes					
2. My company takes their CSR strategy/programme very seriously					
3. My company's intentions for having a CSR strategy/programme are genuine					
4. There is room for improvement in our CSR strategy/programme					
5. I think we are doing a better job than our direct competitors in the CSR space					
6. I think that CSR is one of the most important focus areas in our business					
7. I would like to be more involved in our CSR strategy/programme					

SECTION D: CSR LINKED TO ORGANISATION

In the following section, the purpose is to understand whether you feel that CSR is linked to your company's overall business strategy and identity and whether much thought and planning has gone into the causes/programmes you are involved in – or have they been implemented for the wrong reasons (such as window dressing (to look good in the eyes of the public and/or simply meeting legal/business requirements)

18. Please rate your level of agreement with the following statements?

(PLEASE TICK ONE BLOCK FOR EACH STATEMENT 1 – 5)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
1. Our CEO is actively involved in our CSR **strategy and planning**					
2. Our CEO is actively involved in our CSR **activities** – i.e. on the ground					
3. Our CEO genuinely cares about the CSR initiatives we are involved in					
4. CSR is more a top level management responsibility than lower level employees					
5. If I am getting involved on the ground in CSR activities – I expect management to do the same					

19. Please rate your level of agreement with the following statements?

(PLEASE TICK ONE BLOCK FOR EACH STATEMENT 6 – 10)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
6. Our CSR strategy/programme is linked to our core business activities & objectives					
7. Our CSR activities contributes to our company's ideology, thus its reason for existence					
8. Our CSR activities fits our company's vision, thus the way our company wants to see the world					
9. Our CSR activities are aligned with our core company values					
10. We make use of our company's unique strengths when conducting any CSR activities					

20. Please rate your level of agreement with the following statements?

(PLEASE TICK ONE BLOCK FOR EACH STATEMENT 11 – 15)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
	1	2	3	4	5
1. Our culture is fitting to the CSR programmes we are involved in					
2. Our company's culture is strengthened by our CSR activities					
3. Our CSR strategy is aligned with the core identity of who our company is					
4. Working for a company that has a strong CSR programme entrenched throughout the business is important to me					
5. The culture in our company has improved through our CSR initiatives					

SECTION E: INTERNAL CSR COMMUNICATION

In this section we want to understand how well your company communicates their CSR programmes to you the employee. Where does messaging come from and where is it posted or communicated from?

21. Where does CSR communication/messaging come from? *(PLEASE TICK ONE ONLY)*

1. Directly from our CEO	
2. Top level management	
3. Our Marketing Department	
4. HR Department	
5. CSR/CSI department	
6. Not sure	
7. Other	

If other please specify? _____

22. **Please rate your level of agreement on <u>HOW</u> your company currently communicates CSR to you?** *(PLEASE TICK ONE BLOCK FOR EACH STATEMENT 1 – 7)*

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. On our website					
2. Annual Shareholders Report					
3. Cause Related Marketing Reports					
4. Internal Newsletter					
5. Internal Meetings					
6. Press on TV, radio and newspapers					
7. Word of mouth					

23. Please rate your level of agreement with regards to the following statements of how your company communicate to you? *(PLEASE TICK FOR EACH STATEMENT 1 – 5)*

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1. I feel like my company has a good internal communication system which is satisfactorily used for CSR communication as well					
2. In general, CSR is communicated to us in a formal manner through formal channels (rather than informal channels like word of mouth)					
3. My company communicates more to external stakeholders (like shareholders and customers) than they do to us employees					
4. There is a two way CSR communication platform – in other words we are allowed to give suggestions and advice on our company's CSR programmes/matters					
5. I understand our CSR strategy clearly					

SECTION F: CSR MEASURES / CONSTRUCTS

Please rate your level of agreement to the following statements as to the various functions of CSR, organisational trust and job satisfaction.

24. Please rate your level of agreement to the following statements

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neutral	Slightly Agree	Moderately Agree	Strongly Agree
Economic CSR	1	2	3	4	5	6	7
Our business has a procedure in place to respond to every customer or client complaint							
We continually improve the quality of our products and/or services							
We have been successful at maximizing our profits							
We strive to lower our operating costs							
Our employee's productivity levels are closely monitored							

25. Please rate your level of agreement to the following statements

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neutral	Slightly Agree	Moderately Agree	Strongly Agree
Legal CSR	1	2	3	4	5	6	7
Our company abides by relevant environmental laws							
All our products / services meet legal standards							
Our contractual obligations are always honoured							
Our company seeks to comply with all laws including those relating to CSR							
We have programs that encourage the diversity of our workplace (in terms gender and/or race)							

26. Please rate your level of agreement to the following statements

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neutral	Slightly Agree	Moderately Agree	Strongly Agree
Ethical CSR	1	2	3	4	5	6	7
Our business has a comprehensive code of conduct							
Top managers monitor the potential negative impacts of our activities on our community							
We are recognized as a trustworthy company							
I have never questioned the services or products our company sells or markets							
Our company has never been accused of unethical behaviour in the press							

27. Please rate your level of agreement to the following statements

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neutral	Slightly Agree	Moderately Agree	Strongly Agree
Philanthropic CSR	1	2	3	4	5	6	7
Our company tries to improve the image of our products and services							
The corporation tries hard to improve its overall corporate image							
Our company strives very hard to help the poor							
Our company contributes towards bettering the local community							
Our company goes a long way to ensuring everything we do is socially responsible							

28. Please rate your level of agreement to the following statements

	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neutral	Slightly Agree	Moderately Agree	Strongly Agree
Organisational trust	**1**	**2**	**3**	**4**	**5**	**6**	**7**
Our company tries to meet my expectations							
Our company is committed to proper management practices							
Our company is committed to understanding their employees							
Our company demonstrates that they have an overall responsibility to us							
I trust our company							

29. Please rate your level of agreement to the following statements

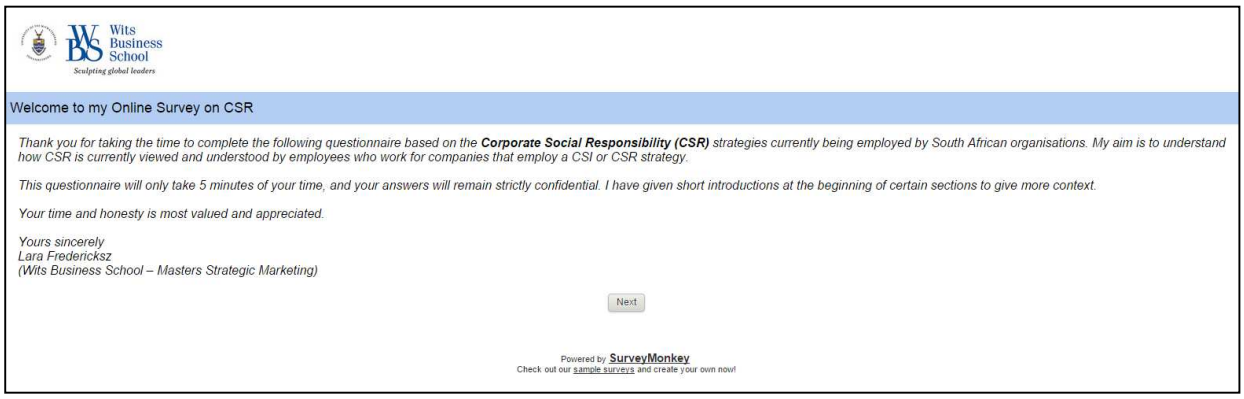
	Strongly Disagree	Moderately Disagree	Slightly Disagree	Neutral	Slightly Agree	Moderately Agree	Strongly Agree
Job satisfaction	1	2	3	4	5	6	7
I find real enjoyment in my work							
I never have to force myself to go to work							
Even though I may get stressed, I am still happy with my job							
I have thought about looking for a new job in the last few months							
This is the best job I could ever wish for							

APPENDIX B

Research instrument (surveymonkey.com)

The following screenshots are intended to provide a snapshot of the layout of the questionnaire which was uploaded onto surveymonkey.com. The survey can still be viewed via the following link: https://www.surveymonkey.com/s/CSR_Research

Screen shot 1:



Wits Business School
Sculpting global leaders

Welcome to my Online Survey on CSR

*Thank you for taking the time to complete the following questionnaire based on the **Corporate Social Responsibility (CSR)** strategies currently being employed by South African organisations. My aim is to understand how CSR is currently viewed and understood by employees who work for companies that employ a CSI or CSR strategy.*

This questionnaire will only take 5 minutes of your time, and your answers will remain strictly confidential. I have given short introductions at the beginning of certain sections to give more context.

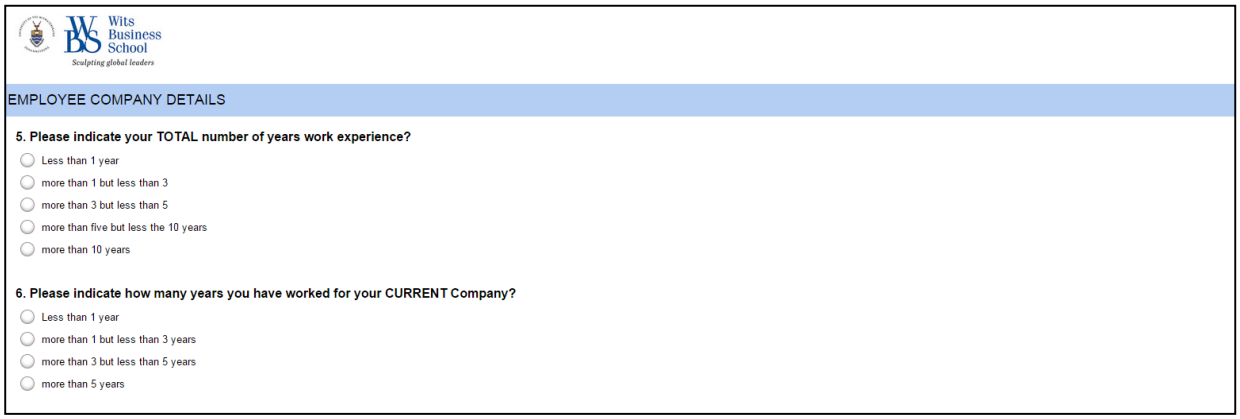
Your time and honesty is most valued and appreciated.

Yours sincerely
Lara Fredericksz
(Wits Business School – Masters Strategic Marketing)

Next

Powered by SurveyMonkey
Check out our sample surveys and create your own now!

Screenshot 2:



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EMPLOYEE COMPANY DETAILS

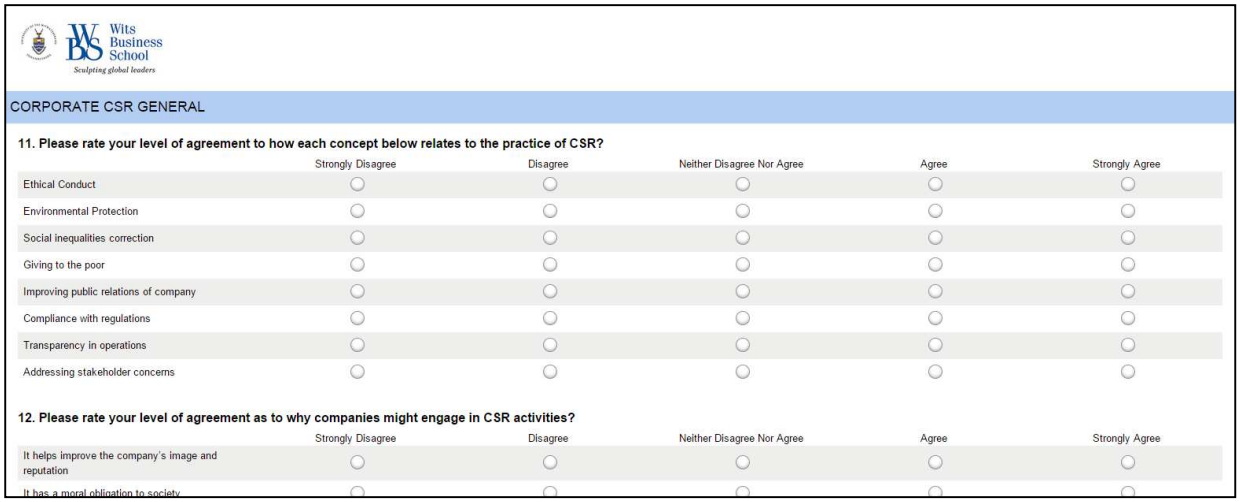
5. Please indicate your TOTAL number of years work experience?

- Less than 1 year
- more than 1 but less than 3
- more than 3 but less than 5
- more than five but less the 10 years
- more than 10 years

6. Please indicate how many years you have worked for your CURRENT Company?

- Less than 1 year
- more than 1 but less than 3 years
- more than 3 but less than 5 years
- more than 5 years

Screen shot 3:



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CORPORATE CSR GENERAL

11. Please rate your level of agreement to how each concept below relates to the practice of CSR?

	Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree
Ethical Conduct					
Environmental Protection					
Social inequalities correction					
Giving to the poor					
Improving public relations of company					
Compliance with regulations					
Transparency in operations					
Addressing stakeholder concerns					

12. Please rate your level of agreement as to why companies might engage in CSR activities?

	Strongly Disagree	Disagree	Neither Disagree Nor Agree	Agree	Strongly Agree
It helps improve the company's image and reputation					
It has a moral obligation to society					

APPENDIX C

Covering note sent to organisations

The following wording was sent to various organisations via email following a phone call made to the designated contact within various organisations. The link to the survey was provided for inspective purposes by the contact.

*Dear **[CONTACT NAME]***

Thank you very much for taking my phonecall earlier.

As mentioned, my name is Lara Fredericksz. I am in my second year doing my masters at Wits Business School in Strategic Marketing. With my course work completed last year, I am now finalising my research element in the field of CSR. Through my studies, CSR stood out as a fundamental business tool which if employed properly can not only assist in uplifting the community around businesses but improve the way that businesses operate.

The main purpose of this research aims to uncover what CSR strategies are currently being used by South African organisations – are they built into companies' overall business strategy or are they disconnected (bolted on) and therefor require more attention and focus going forward.

One aspect of exploring whether it is built in or bolted on is by analysing the perceptions of employees. Not only is this a relatively unexplored dimension of CSR, but employees are one of the most important stakeholders within any organisation and thus clear and consistent communication to them relating to their CSR strategy will contribute towards ensuring that it is aligned and consistent with the overall business direction.

I am not looking to see whether businesses are employing CSR - I am looking to find out how well SA organisations I have chosen are doing it (is it aligned to the rest of the business) and how well they are using employees as part of their CSR strategy.

So in nutshell, I please need to gain access to employees within your organisation.

I have given a brief introduction/background here to my research and the link can be found directly below. I have also attached a copy of the questions for your approval.

https://www.surveymonkey.com/s/CSR_Research

*I will most certainly share the findings with your organisation when it is completed next year. All responses remain confidential. I just get the responses through online (no indication from here). As mentioned above - I am trying to get a diverse representation from various sectors within SA. So it will not traceable back to **[COMPANY NAME]** directly, but you'll be able to assess industry responses.*

My supervisor is Russell Abratt; his email address is russell.abratt@wits.ac.za (should you need to confirm authenticity).

I really cannot thank you enough for your assistance and your employees responses will be invaluable towards assisting myself and understanding the paradigm of CSR better.

By having your industry represented, I really hope this will be incentive to please motivate you/your employees to participate.

Yours sincerely
Lara Fredericksz

APPENDIX D

Bartlett's Test for Sphericity

1) Construct: Corporate CSR

Eigenvalues

Number	Eigenvalue	Percent	Percent	Cum Percent
1	5.1423	21.426		21.426
2	2.2773	9.489		30.915
3	1.9212	8.005		38.920
4	1.8158	7.566		46.485
5	1.4401	6.001		52.486
6	1.0829	4.512		56.998
7	1.0471	4.363		61.361
8	0.9413	3.922		65.283
9	0.8883	3.701		68.984
10	0.8101	3.375		72.359
11	0.7702	3.209		75.569
12	0.7359	3.066		78.635
13	0.7019	2.925		81.559
14	0.6320	2.633		84.193
15	0.5531	2.304		86.497
16	0.4960	2.067		88.564
17	0.4526	1.886		90.450
18	0.4367	1.820		92.269
19	0.3838	1.599		93.868
20	0.3550	1.479		95.348
21	0.3080	1.283		96.631
22	0.2959	1.233		97.864
23	0.2765	1.152		99.016
24	0.2361	0.984		100.000

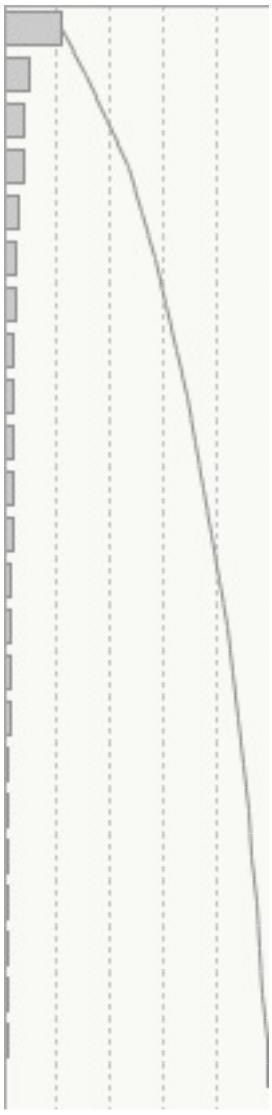


Figure A: Corporate CSR

2) Construct: CSR linked to the organisation

Eigenvalues

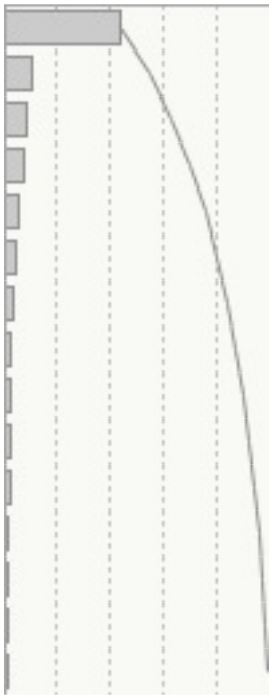
Number	Eigenvalue	Percent	Percent	Cum Percent
1	6.5848	43.899		43.899
2	1.6116	10.744		54.643
3	1.2465	8.310		62.952
4	1.1551	7.700		70.653
5	0.8430	5.620		76.273
6	0.6534	4.356		80.628
7	0.5840	3.893		84.522
8	0.4314	2.876		87.397
9	0.3759	2.506		89.903
10	0.3436	2.290		92.194
11	0.3085	2.057		94.250
12	0.2858	1.906		96.156
13	0.2304	1.536		97.692
14	0.1762	1.174		98.866
15	0.1701	1.134		100.000

Figure B: CSR linked to the organisation

3) Construct: Internal CSR Communication

Eigenvalues

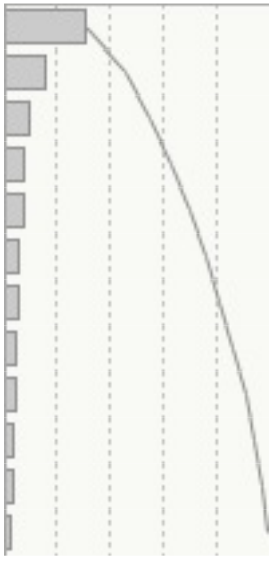
Number	Eigenvalue	Percent	Percent	Cum Percent
1	3.7078	30.898		30.898
2	1.8368	15.306		46.205
3	1.0968	9.140		55.345
4	0.9542	7.952		63.297
5	0.8617	7.181		70.477
6	0.7052	5.876		76.354
7	0.6427	5.356		81.710
8	0.5915	4.929		86.639
9	0.5293	4.411		91.050
10	0.3994	3.328		94.378
11	0.3642	3.035		97.413
12	0.3104	2.587		100.000

Figure C: Internal CSR Communication

4) Construct: CSR Measures

Eigenvalues

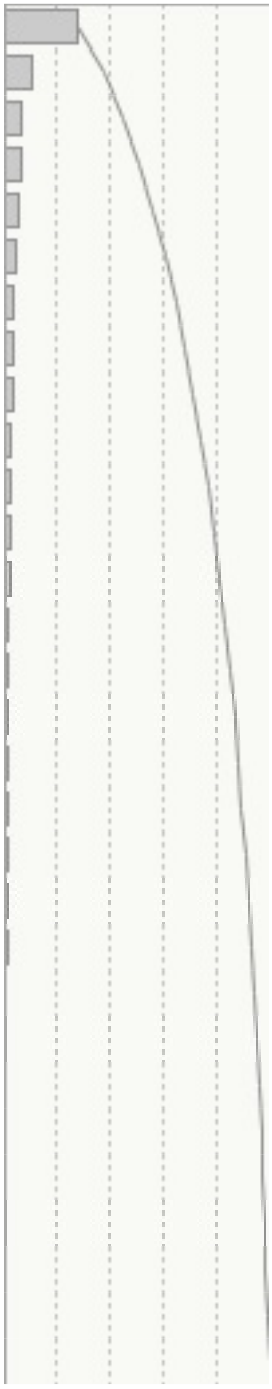
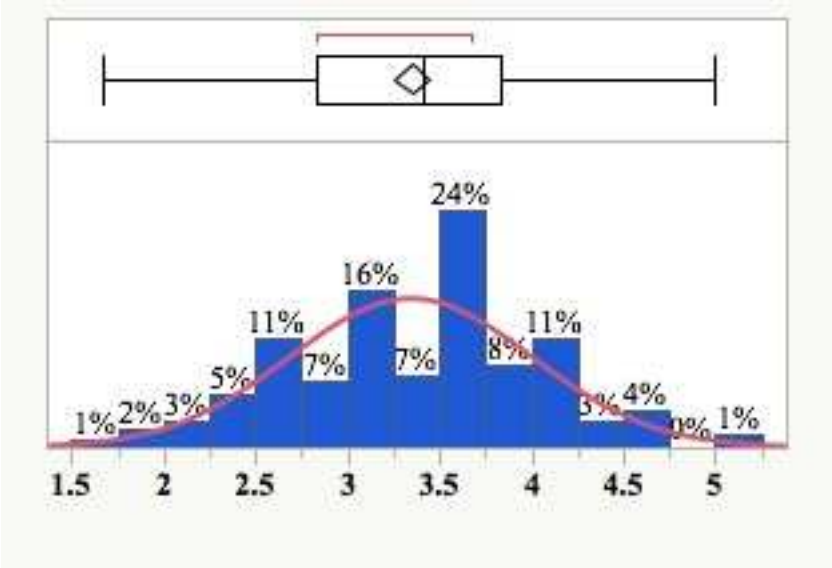
Number	Eigenvalue	Percent	Percent	Cum Percent
1	8.2693	27.564		27.564
2	3.1487	10.496		38.060
3	2.0491	6.830		44.890
4	1.8815	6.272		51.162
5	1.6200	5.400		56.562
6	1.2790	4.263		60.825
7	1.2089	4.030		64.855
8	1.0297	3.432		68.287
9	0.9196	3.065		71.352
10	0.8711	2.904		74.256
11	0.8053	2.684		76.940
12	0.7229	2.410		79.350
13	0.6167	2.056		81.406
14	0.5899	1.966		83.372
15	0.5789	1.930		85.302
16	0.4820	1.607		86.908
17	0.4602	1.534		88.442
18	0.4152	1.384		89.826
19	0.4022	1.341		91.167
20	0.3630	1.210		92.377
21	0.3235	1.078		93.455
22	0.2940	0.980		94.436
23	0.2736	0.912		95.347
24	0.2606	0.869		96.216
25	0.2497	0.832		97.049
26	0.2134	0.711		97.760
27	0.1881	0.627		98.387
28	0.1799	0.600		98.986
29	0.1545	0.515		99.501
30	0.1496	0.499		100.000

Figure D: CSR Measures

APPENDIX E

Distributions

CSR Advantages



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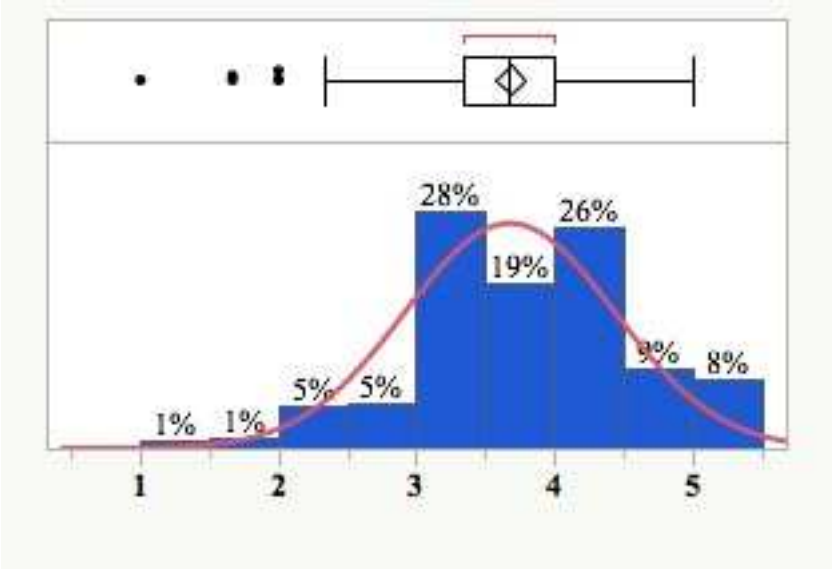
CSR Rating



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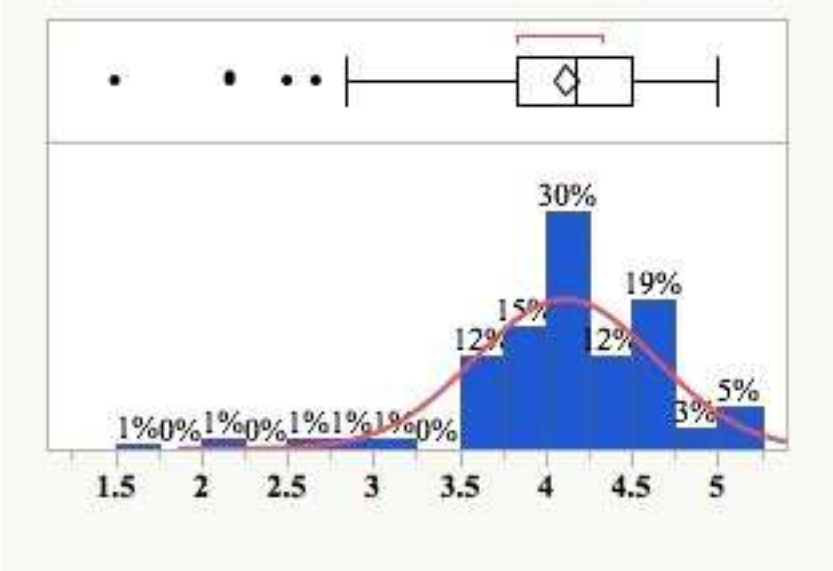
CSR Understanding



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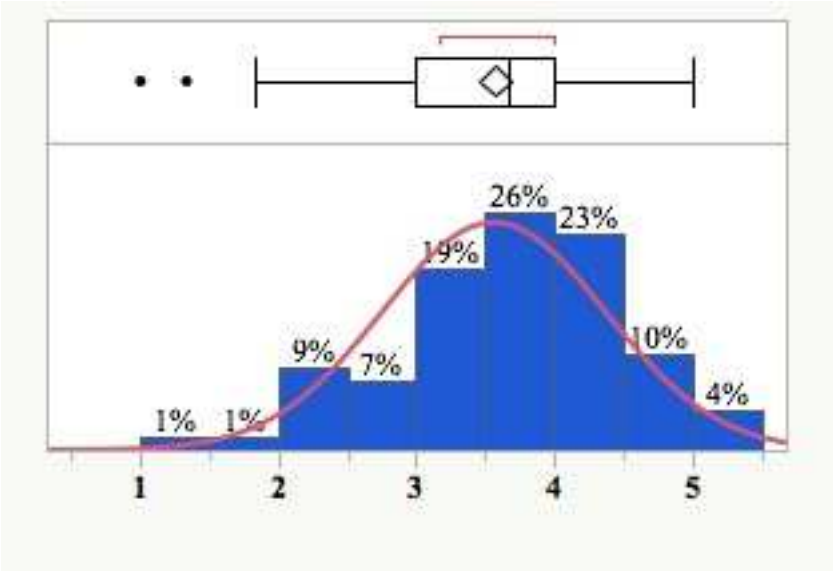
Vision, Mission & Values



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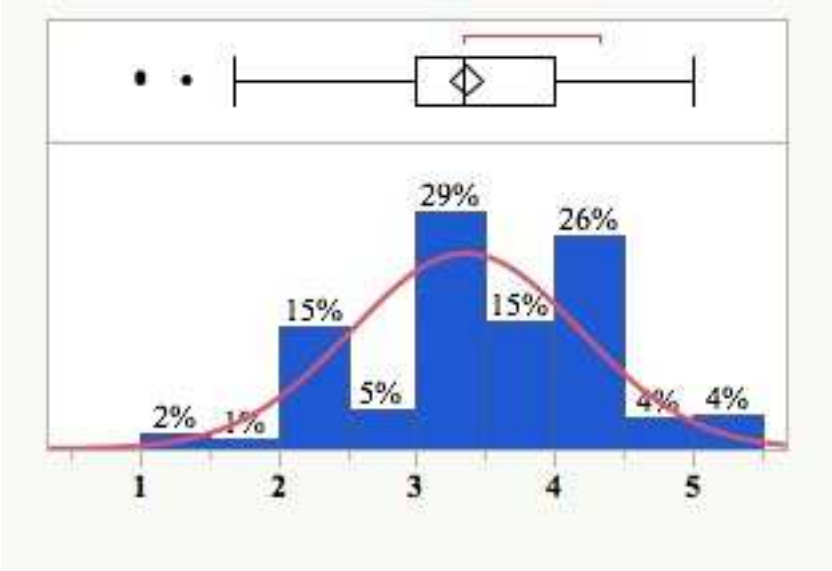
Culture



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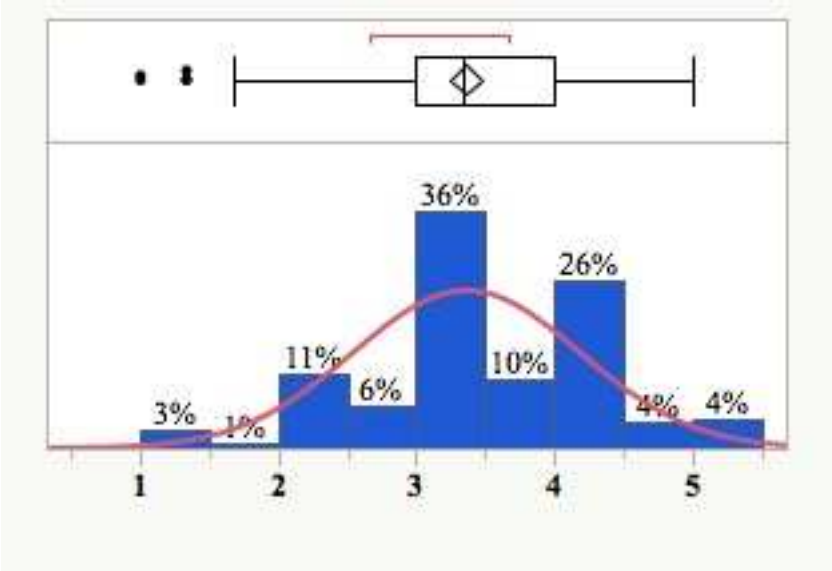
CEO Involvement



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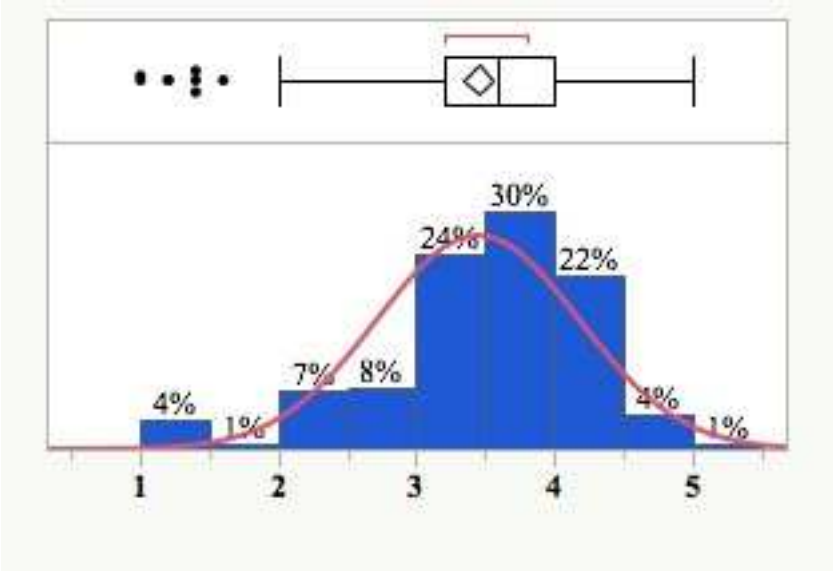
Formal Communication



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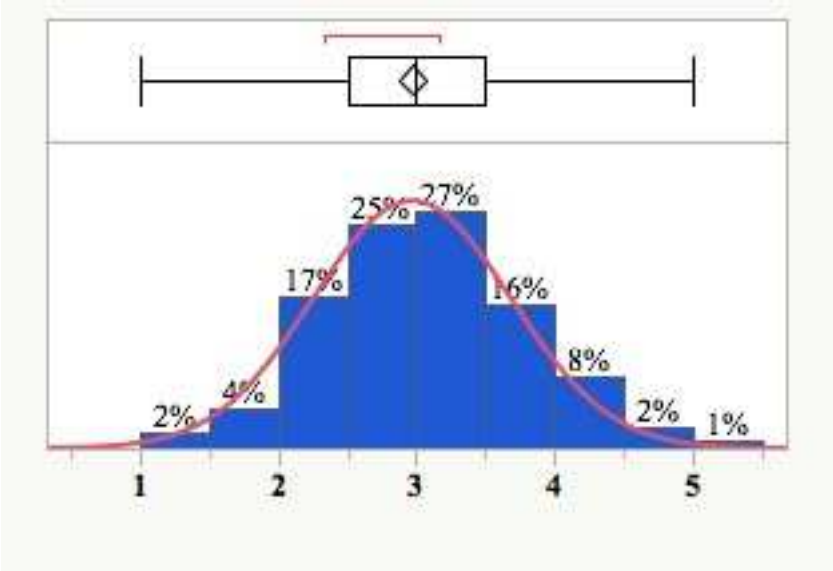
Informal Communication



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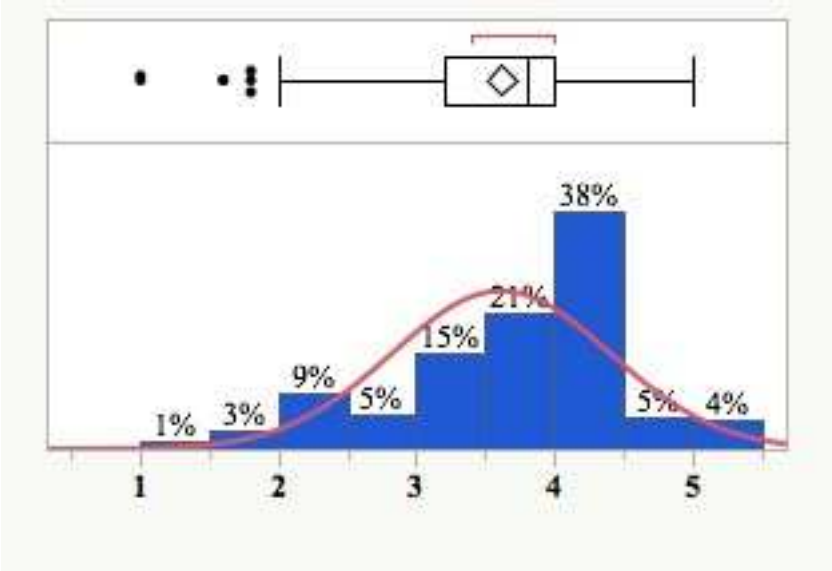
Organisational trust



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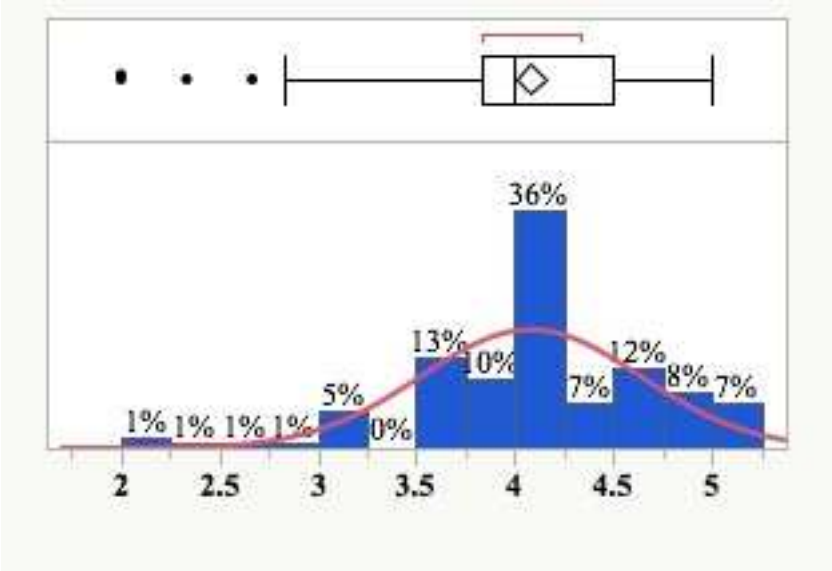
Legal CSR



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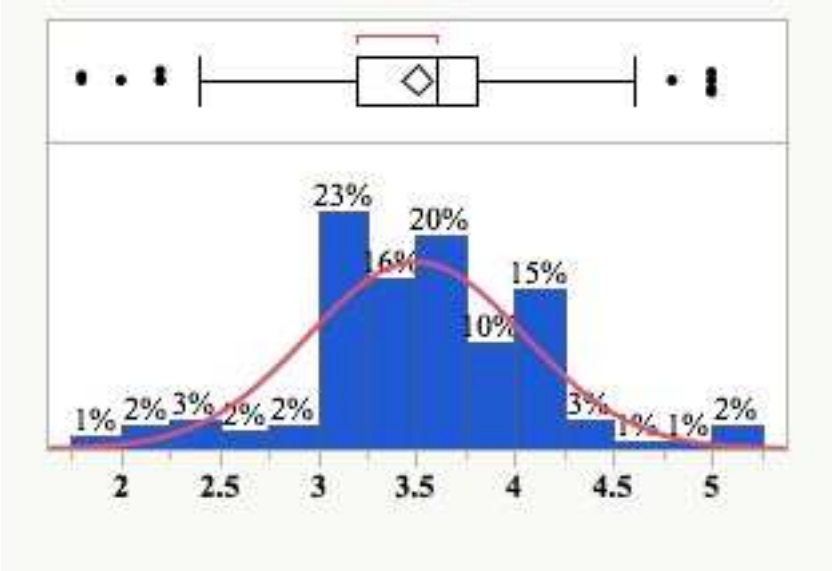
Job satisfaction



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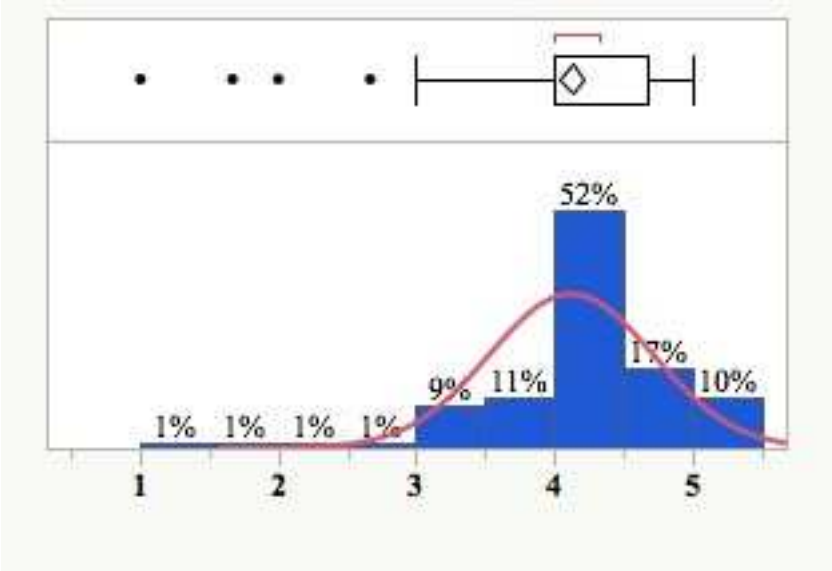
CSR Refinement



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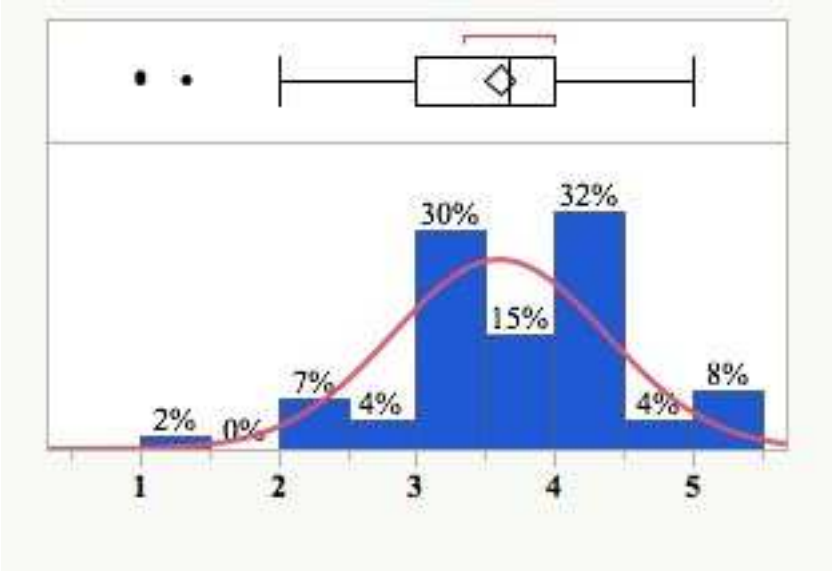
Philanthropic CSR



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