



Perspectives of corporate social responsibility: a comparative analysis of organisational corporate social responsibility in South Africa and the UK

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Abstract

CSR definitions and models originated from North America and Western Europe, (Hoppit, 2011; Crane *et al.*, 2008), however, important CSR initiatives are emerging in the management practices across the globe, (Hamann, 2003; 2004). Given differential institutional contexts and conflicting stakeholder expectations, the key question is how organisations identify and prioritise CSR material issues (Sethi, 1979). A comparative case study approach was used to analyse organisations practising CSR in the United Kingdom (UK) and South Africa (SA) in order to provide deeper insights into the key factors that are most likely to influence organisational decisions towards social responsiveness. Based on institutional and stakeholder theories, this research study investigates the key factors that influence organisational CSR initiatives in the UK and SA. Employing a case study approach, semi-structured questionnaires and content analysis of annual reports were used to analyse and explain the institutional and stakeholder influences on organisational CSR practices in the UK and SA.

Whilst CSR appears to be an umbrella term for social responsiveness, the findings here reveal that terms such as ‘corporate sustainability’ and ‘corporate social investment’ are preferred by the sample organisations in these two countries. CSR perspectives for organisations in the two countries are dominated by cohesive and mimetic isomorphism pressures within the institutional settings and stakeholder perceptions are important to organisations’ choices in prioritising CSR initiatives. Essentially, the thesis shows similarities of explicit and implicit CSR perspectives in both countries, suggesting convergence of CSR perspectives. However divergences in CSR decisions have been revealed in stakeholder groups and specific CSR issues for sample organisations in different industries within the two countries. This doctoral research study has therefore made a significant contribution to the specialist body of knowledge by providing insights into CSR practices in the two countries from an institutional and stakeholder perspectives. The thesis has also developed a conceptual framework for analysing and understanding CSR perspectives in different national contexts. The framework has practical application in CSR strategy development within organisations with cross-national operations. By starting with institutional environmental analysis, organisations can develop appropriate CSR responses to the prevailing pressures within different business and regional contexts.

Key words: Social responsiveness, CSR perspectives, organisational context, stakeholders, institutional analysis, United Kingdom, South Africa.

Declarations

I declare that this thesis is my own work. It is submitted for the degree of Doctor of Philosophy in Business Studies of the Birmingham City University, Birmingham, UK. It has not been submitted before for any other degree or examination in any other university.

Benjamin S Bvepfefe

Date: January 2015

Dedication

To mum, dad
and grandchildren

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Abbreviations

4PLSP	Fourth Party Logistics Service Providers
BBEE	Broad Based Economic Empowerment
BEE	Black Economic Empowerment
BiTC	Business in The Community
CC	Corporate Citizenship
CA	Content Analysis
CEC	Commission of European Communities
CFP	Corporate Financial Performance
CR	Corporate Responsibility
CSI	Corporate Social Investment
CSP	Corporate Social Performance
CSR	Corporate Social Responsibility
DTI	Department of Trade and Industry
ETI	Ethical Trading Initiatives
EU	European Union
FLA	Fair Labour Association
FTSE	Financial Times Stock Exchange
GRI	Global Reporting Initiatives
HIHPS	High Interest High Power Stakeholder
HILPS	High Interest Less Important Stakeholder
IBE	Institute of Business Ethics
ILO	International Labour Organisation
IOD	Institute of Directors
ISO	International Standard Organisation
JSE	Johannesburg Stock Exchange
KPIs	Key Performance Indicators
LIHPS	Low Interest High Power Stakeholder
LILPS	Low Interest Low Power Stakeholder
MNCs	Multi-National Corporations
MSI	Multi-Stakeholder Initiatives
NGO	Non-Governmental Organisation
OECD	Organisation for Economic Cooperation Development
QUAL	Qualitative

QUAN	Quantitative
RSA	Republic of South Africa
SA	South Africa
SME	Small Medium Enterprises
SRI	Social Responsible Investment
UK	United Kingdom
UN	United Nations
UNIDO	United Nations Industrial Development Organisations
USA	United States of America
WBCSD	World Business Council for Sustainable Development
WCED	World Commission on Environment and Development

Chapter one

1 Introduction to Research Inquiry

1.1 Introduction

The purpose of this chapter is to introduce the Corporate Social Responsibility (CSR) phenomenon, its origin, debate and current state as regards perceptions and its applicability in a practical sense. A summary of previous CSR notions will be reviewed against the current and most recent perspectives. The chapter will also present the motivation for the research, the key research questions and methodologies used to answer these key research questions. The chapter will present a summary of the structure of the Thesis, contribution to knowledge and any limitations exposed during the investigation.

1.2 Background to corporate social responsibility

There has been a steady interest amongst business, government, civil society and academic researchers in the debate surrounding the role of business in society (Maignan and Ralson, 2002). The debate, *that is, the role of businesses in society and what constitutes social responsibility*, appears to incline towards support for and criticisms of the CSR notions. There are also problems with the CSR definition and what constitutes CSR performance, (Dahlsrud, 2008; Roberts, 2006; Sethi, 1979; Van Marrewijk, 2003; Wartick and Cockran, 1985). While the economic purpose of business has not changed, that is, to supply the needs and wants of the customer (Drucker, 1994) organisations are now expected to account for their behaviour, including the impact of their operations on the environment and contribution to the well-being of society (Visser, 2010). Over the last decade, a growing number of organisations, for example, FTSE 100 companies and member organisations of BiTC and JSE SRI, have expressed an aspiration to address not only the 'bottom line' of profitability,

but also other issues that are likely to affect society at large (Crane, *et al.*, 2008). CSR has therefore been defined as a ‘voluntary commitment of a firm in responding to social and environmental issues, (Commission of European Communities, 2002), whilst Hamann (2003) noted that CSR is when organisations respond not only to shareholder expectations but also to other stakeholders like employees, communities and customers. Hamann further emphasised that for countries like South Africa, CSR is when corporations respond to government calls for economic inclusion of the poor, civil participation and environmental protection. Hamann’s view is also reflected in the World Business Council for Sustainable Development (WBCSD) (1999, 2002) who defined CSR as a continuing commitment by business to behave ethically and contribute to sustainable development, while improving the quality of the lives of its employees and their families and that of the local communities. The UK Department of Industry and Trade (DTI), (2001) referred to CSR as a means to protect workers and the environment from the undesirable consequences of the otherwise desirable international trade. The foregoing tends to provide a wide menu of what actions really constitute CSR and how it is perceived in differing regional contexts, further implying that the motivations for organisational CSR initiatives are likely to differ.

A number of studies that have investigated the motivations for CSR uptake suggested increasing stakeholder demands and other environmental pressures have resulted in corporations accepting that it makes business sense to be socially and environmentally responsible, (Anderson and Bieniaszewska, 2005; Annandale and Taplin, 2003; Basu and Palazzo, 2009; Bansal and Roth, 2000; Khana and Anton, 2002; Lund-Thomsen, 2004; Tullberg, 2005). CSR has therefore emerged as an umbrella terminology used by businesses, governments and civil societies, to denote those actions or responses by organisations towards social and environmental issues (Benn, *et al.*, 2010). However the interpretation and

application of this concept has been varied, resulting in various terminologies used to denote the CSR phenomenon (Matten and Moon, 2008; Van Marrewijk, 2003), for example, corporate social performance (Sethi, 1979; Carroll, 1977), corporate social responsiveness, (Carroll 1977) and corporate citizenship (Bowman and Haire, 1975).

It is therefore argued that no single definition of CSR can satisfy everyone, due to the nature of the business-society relationships over time, (Carroll, 1999; Dahlsrud, 2008; Matten and Moon, 2008; Snider, *et al.*, 2003). Notwithstanding the variations in definitions, the dominant paradigm appears to link CSR with good business behaviour and practices as a way of managing supply chain risks, or protecting brand reputation (Mackenzie, 2007); safeguarding against litigation by special interest groups, (Blowfield, 2005). There are arguments that the CSR phenomenon has forced organisations to consider wider societal demands, including challenges emanating from media pressure and governmental regulations (Crane, *et al.*, 2008). A proliferation of CSR consultancy, standards and other interest groups, (for example, watch dogs, auditors, certifiers, and dedicated CSR publications), has added other dimensions to the lens through which CSR is now viewed adding more complexities to reporting and communicating this phenomenon, (Oliver, 1991; Reynolds and Yuthas, 2008). It would follow therefore that what CSR issues should be reported, to who and in what methods or medium of communicating this information to respective stakeholders is likely to differ according to the context and nature of CSR perceptions or demands. The voluntary and sometimes mandatory nature of CSR coupled with a lack of a standard reporting framework, adds to the complex dimensions alluded to above, (Perrini, 2006; Reynolds, and Yuthas, 2008).

In spite of the above variations, the notions of CSR have become a board room agenda item for most organisations (Bvepfepfe, *et al.*, 2006), with management now perceiving CSR as a concept that can be blended with corporate missions and objectives, (Visser, 2010). Research work has also linked CSR initiatives with corporate objectives (Halal, 2000; Luken and Stares, 2005; Van de Ven, 2005), including issues like brand reputation, (Kotler and Lee, 2005), market position, (Porter, 1985, 2001; Meehan *et al.*, 2006), legitimacy (Kytte and Ruggie, 2005; Sarbutts, 2003). This is evident in that the traditional practice of reporting corporate performance along with financial results alone is now considered insufficient (Andersson *et al.*, 1989) because consumers and other stakeholders now prefer organisations that report on and embrace social responsibility, (Dawkins and Ngunjiri, 2008; Jones, 1997; Maignan, *et al.*, 1999). Elsewhere Kaplan and Norton, (1992) also criticised the traditional measurement model of financial reporting and suggested a balanced score card that incorporates other operational measures, with Elkington, (1998) suggesting another version of the balanced scored, the triple bottom line reporting representing profit, people and planet measures. However as noted above, reporting and measuring corporate social performance continue to present challenges for executives (Gao and Singy, 2006) in an attempt to break away from the traditional practices of focusing on a specific stakeholder, in this case the shareholder, (Clarkson, 1995). This is mainly because different stakeholders are likely to influence different CSR reporting, (Zainal, 2014).

The emergence of CSR related reporting and standards appear to vary from organisation to organisation and country to country than the traditional financial reporting practices. The argument advanced for the variation is that CSR reporting is voluntary, left to the whims and discretion of organisations, whilst the traditional financial reporting has been regulated for some time now (Dawkins and Ngunjiri, 2008).

The importance of CSR reporting has been elevated by Dawkins and Ngunjiri who appear to agree with Bramer and Pavlin, (2004) that companies use CSR reporting as a public relations tool to demonstrate and highlight their commitment to CSR, (Perrini, 2006). This implies that CSR reporting is one way of extending an organisation's obligation and explicit accountability, (Hooghiemstra, 2000) to a variety of stakeholders, (Clarkson, 1995). This also would imply that organisations are likely to disclose CSR practices for groups of stakeholders according to the legitimacy and urgency attributes of those stakeholders, (Dawkins and Ngunjiri, 2008; Mitchell *et al.*, 1997). According to Mitchell *et al.*, (1997) urgency attributes relate to the stakeholders' claims or demands driving sensitivity of the stake in the organisation, an attribute considered to be outside pressure coming from and influenced by other institutional factors. Numerous attempts have been made to standardise and provide guidance on CSR reporting, for example the Global Reporting Initiative, (GRI) developed in 1997 with a mission to elevate CSR reporting to levels equivalent to financial reporting, (Willis, 2003). These initiatives have underlined the significance of annual reports as dependable data for studies related to this phenomenon through various approaches, like content analysis of annual reports, (Chapple and Moon, 2005; Idowu and Towler, 2004)

There is evidence to suggest that the concept of social responsibility has been practiced in one form or another for a long time, (Blowfield and Frynas 2005), for example, according to Van Liedekerke and Dubbink, (2008), medieval religious organisations' condemnation of certain organisational practices is manifestation of CSR grains, a view also supported by Visser, (2010). On the other hand, Carroll (1979) traces the debate and reference to CSR back to the 1930s, citing early contributors like Berle and Means (1932) and Bowen (1953) as early contributors to CSR debates and literature (Carroll, 1991; Calpadi, 2006, Gariga and

Mele, 2004). Although early debate has focused more on how to define CSR, the actual definitions have remained wide-ranging mainly due to the nature of actions and activities associated with the notions (Van Marrewijk, 2003). This appears to suggest that, although there is a general consensus on the overarching principles for CSR, organisational initiatives are adopted for various purposes (Matten and Moon, (2008).

As there is no single definition likely to suit all environments, (Carroll, 1999; Dahlsrud, 2008; Matten and Moon, 2008; Snider *et al.*, 2003), the modelling of key CSR issues offer organisations opportunities for benchmarking and managing potential risks across supply chains and regions (Van Marrewijk, 2003). This view is supported by Blowfield, (2005) who suggested that in spite of the different CSR issues and interpretations, it would be most appropriate if CSR issues are bound and packaged together for management purposes. This is evident from the focus of the theoretical CSR debate on how organisations can embrace (Carroll, 1979, 1991; Strand, 1983; Sethi, 1975, 1979; Wood, 1991) or are embracing CSR principles, rather than trying to find a common definition, (Dahlsrud, 2008; Matten and Moon,2008). Other contributors like Lee, (2008) and Visser, (2010) have gone further to suggest that CSR analysis should now be more inclined towards implementation and measurement of the success or failure of organisational social responsiveness.

On the global scene, the notions of CSR appear to present opportunities for bridging the gap between rich and poorer nations by addressing such issues as poverty, hunger, HIV/AIDS, development and general living standards, (London and Hart, 2004). There are suggestions that governments have also realised an opportunity to facilitate CSR notions towards addressing socio-economic issues, (Jamali and Mirshak, 2007), that had previously presented challenges due to lack of resources and capacity, (Idemudia, 2011). The United Nations (UN)

through the Global Compact 'Ten Principles' encourages organisations to work together with governments and civil society to meet the socio-economic needs of people around the world. The above appears to justify the emergence of partnerships between government, civil society and private sector in addressing socio-economic gaps that would have been difficult for the state to provide on its own, (Kotze, 2003).

The view that the social responsibility of business is about increasing profit, (Friedman 1962, 1970) is no longer relevant in the 21st century. Organisations themselves appear to accept other obligations to address not only the impact of their operations on societies (Woodside and Wilson 2003), but also general issues like improving the standard of living for communities. This further suggests that organisations are using CSR to build relationships with respective stakeholders (Clarkson, 1995; Donald and Preston, 1995; Idemudia, 2008; Snider *et al.*, 2003), although these relationships may differ to a large extent on the issues of the day (Pinkston and Carroll, 1996). The foregoing brings out the notion that social responsiveness and performance in CSR initiatives is largely influenced by the actions and relationships that an organisation maintains with its stakeholders (Blowfield and Frynas, 2005).

Therefore, for Blowfield and Frynas, there can be no CSR without stakeholder engagement, because stakeholder perceptions are an essential evaluation criterion to test the materiality of CSR issues and therefore social responsiveness, (Carroll, 1979; Sethi, 1979; Wood, 1991). For instance, in Europe, concerns that businesses should integrate social and environmental decisions through interaction with stakeholders have been raised during CSR debates at European and global levels, (Commission of European Communities, 2001; World Summit on Sustainable Development, (WSSD), 2002). In July 2002, the European Commission

suggested the establishment of a “European Multi-stakeholder Forum” and the importance of multi-stakeholder partnerships was advanced at the World Summit on Sustainable Development (WSSD) in Johannesburg, South Africa.

1.3 The problem

Whilst empirical research suggests that organisations leading in CSR related activities tend to be more stakeholder-oriented (Burchell and Cook, 2006; 2008; Ricart, *et al.*, 2005), this approach is likely to result in a diversity of demands and pressures from the multiplicity of expectations from different stakeholder groups. This is likely to present challenges to organisations in deciding and prioritising key CSR issues. Some have argued that the importance of particular stakeholder groups to an organisation will influence the organisation’s responsiveness to expectations by the stakeholder group, (Clarkson, 1995; Freeman, 1984). In addition to the above complexity, it has also been argued that the institutional environment is a significant contributor for the level of CSR uptake by organisations, as these environments set the rules of the game for the players, in this case, the organisation and its stakeholders (Campbell, 2007; Doh and Guay, 2006; North, 1993; Scott 1987). For Oliver, (1991), the factors within the institutional environment that are also dependent to a large extent on the socio-economic, cultural and political settings within the related timings, have presented organisations with a variety of choices in response to these pressures and expectations. The research question for CSR is what institutional factors and which stakeholder groups are likely to influence CSR actions (Kang and Moon, 2012), in a given business environment?

There are views that CSR constitutes voluntary actions by corporations (Carroll, 1999; COM, 2002) to act or pursue initiatives that are beneficial to society and not the corporation itself, (Davis, 1973; Eells and Walton, 1974). These views appear to attract criticisms from

economists and likeminded who argue that corporations cannot use shareholder funds in this manner, unless in pursuit of its overall objectives, (Freidman, 1962; 1970). However the emergence of voluntary CSR initiatives (BITC, CR Index, 2009, 2010, 2011; JSE, SRI Index, 2009, 2010, 2011) appears to reject this criticism, thereby suggesting that corporations have assumed a wider role in society. The precise nature and characteristics of CSR initiatives at organisational level will differ from organisation to organisation, as well as from country to country (Zadek, *et al.*, 2002; Matten and Moon, 2008). The differences result from the varying institutional factors and organisational CSR strategic choices alluded to above (Oliver (1991; Hitt, *et al.*, 2004; Arya, *et al.*, 2008). As noted above, the institutional environment sets the game rules for its actors, implying that organisations' success and performance in CSR initiatives is also influenced by the actions and relationship with the stakeholders, (Ayuso, *et al.*, 2006; Carson, 1991; Clarkson, 1995; Freeman, 1984; Goodpaster, 1991). Organisations are therefore expected to consider the mind-sets not only of their internal but also the external stakeholders, as it is these ones that also shape the reputation of the company (Sarbutts, 2003).

There are accusations that CSR has failed in some cases to address or deliver in the areas of expectations, (Visser, 2010), mainly due to the dynamic nature and challenges surrounding the decisions about who is to be considered a stakeholder for purposes of CSR. If materiality of CSR issues is influenced by the actions and relationships between organisations and their key stakeholders, (Agle, *et al.*, 1999; Frooman, 1999; Jones, 1995), and the institutional environment sets the rules of the game for the actors, CSR is likely to be contextual, (Campbell, 2003; 2007). There is likely to be different key stakeholder groups for different organisations within different countries resulting in a variety of organisational responses (Donaldson and Preston, 1995; Evan and Freeman, 1988; Freeman and Phillips, 2003), in

prioritising the key CSR issues. This is because the institutional environment is also likely to present a different context for organisational CSR, (Oliver, 1991; Meyer and Rowan, 1977).

This thesis investigates the perspectives of organisational CSR in the UK and South Africa. The perspectives set out the nature or character of CSR orientation for organisations as perceived and reported by the organisation. In this inquiry the particular perspectives derive from organisational initiatives and defined in organisations' strategies and policies (Ofori and Hinson, 2007). The perspectives or the character of organisational CSR is shaped by the institutional environment prevailing and stakeholders expectations or demands on organisational CSR (Oliver, 1991; Meyer and Rowan, 1977). The inquiry is on the premise that the notions of CSR appears to have a Western or North American label or concepts, (Antal and Sobczak, 2004; Arora and Puranik, 2004; Chapple and Moon, 2007; Fox, 2004; Spence, 2007) and therefore may be inappropriate in other contexts, (Aguilera and Jackson, 2003; Arya, *et al.*, 2008; Doh and Guay, 2006; Hitt, *et al.*, 2004; Idemudia, 2008). This assumption surmises that as long as this Western or North American label is retained, conceptualisation of the CSR phenomenon is likely to be contestable in regions outside North America and Europe, (Arora and Puranik, 2004). It is further argued that because of this label CSR discourse has been skewed by voluntary business activities of the dominant actors like large corporations from Europe and North America, (Fox, 2004). Furthermore CSR has previously been defined in the context of North America and Europe, (Bowman and Haire, 1975; Maignan and Ralston, 2002). Although traditional CSR models originated from North America and Western Europe, (Crane *et al.*, 2008; Hoppit, 2011), important CSR aspects are emerging in the management practices of organisations operating in developing regions, such as Southern Africa, (Hamann, 2003; 2004), albeit with challenges for organisations and their managers. Managers are confronted with complex CSR contexts in their decision making

processes, within an environment further exacerbated by rapid globalisation of operations (Arthaud-Day, 2005). There is a growing institution for CSR, (Bondy *et al.*, 2012; Kang and Moon, 2012), necessitating further research in order to reveal CSR patterns within particular contexts.

Research purpose

The purpose of the research study is to investigate the CSR perspectives in order to explain the nature of CSR expectations in the UK and SA by critically evaluating the institutional factors and stakeholder issues that have influenced organisational CSR initiatives. In order to achieve the above, the main objectives for the study inquiry are:

1. To investigate the institutional factors that have influenced the nature of corporate social responsibility (CSR) in United Kingdom (UK) and South Africa (SA). *The key research questions are what institutional factors are evident in the UK and SA countries that are likely to influence organisational CSR responses? How do these factors manifest themselves in CSR initiatives of sample organisations in the two countries?*
2. To investigate, using the stakeholder theory, the range and extent of current CSR initiatives in organisations already practicing CSR within the two countries. *The key research questions are which stakeholders receive the greatest attention from sample organisations in the two countries?*
3. To construct a theoretical model for communicating and implementing CSR by organisations and their supply chain partners. *The key research questions for this are what CSR issues are prominent from sample organisations and how are these prioritised? Do the similar issues appear in sample organisations within industry groups and across the two countries? To what extent can the common issues be modelled into a framework for communicating and implementing CSR by organisations and their supply chains?*

The aim of this inquiry is to explain the CSR contexts and organisational perspectives in the two countries, the inquiry will focus mainly on CSR initiatives by organisations that have adopted social responsibility into their operations. The justification of applying the institutional and stakeholder theories is that first, the institutional theory enhances analysis of how organisations respond to forces within their respective external environments (Dacin, *et al.*, 2002; Meyer and Rowan, 1977; Zucker, 1977). Second, it has been argued that there cannot be any CSR without considering stakeholders, (Blowfield and Frynas, 2005); because it is stakeholders who test the materiality of CSR issues implying that social responsiveness is evaluated using the stakeholder lenses, (Carroll, 1979; Sethi, 1979; Wood, 1991). Third, many challenges to achieving corporate social responsiveness, especially for organisations in developing countries, come from the various institutions, standards and system, (Chamber, *et al.*, 2005), although it is contended that these institutions have also given life to CSR in North America and Europe, (Chamber, *et al.*, 2003; Kemp, (2001).

This study is undertaken on the premise that although various comparative studies have been made elsewhere for example, between UK and USA (Aguilera, *et al.*, 2006); Europe and USA (Welford, 2005) little has been done between Europe and Africa, in particular between the United Kingdom (UK) and South Africa (SA). This is in spite of the fact that Africa is a major source of production inputs into European and US markets with supply chain operations for raw materials and finished products across these regions. Particularly SA, one of the strongest developing economies in Southern Africa (Dawkins and Ngunjiri, 2008,) has a political and economic relationship with the UK that dates back a long time, (Ramlall, 2012). Furthermore South Africa, as an emerging market, is one of the five key Partners of the Organisation for Economic Cooperation and Development (OECD) countries of which

UK is a founding member, (OECD, 2012). The two countries with their unique economic, political and socio-cultural settings are therefore ideally positioned for a comparative CSR study. Using case studies from the two countries, the research study gained insights into how organisations go about creating dialogue with particular stakeholder groups in determining, implementing and communicating CSR issues.

Although Williams and Aguilera, (2008) contended that comparative studies in CSR are rare when contrasted against other fields, a good number of comparative studies have been conducted on a variety aspects of CSR. For example, comparative studies on CSR between USA and Europe (Mattern and Moon, 2008; Doy and Guay, 2006), provided deeper insights into perspectives, whilst Albareda *et al.*, (2007) investigated the role of Governments in European countries. Others like Silberhorn and Warren, (2007), compared stakeholder interactions between UK and Germany, whilst Golop and Bartlett, (2007) provided some insights into perspective from countries in other parts of the world. There are fewer studies that have analysed the CSR activities by organisations on a European and African -country level (Authaud-Day, 2005). This is in spite of the fact that the two regions have a long political and economic history dating back to the industrial revolution where Africa was a major source of raw materials for the major industries in Europe, (Gilpin and Gilpin, 1987; Mama, 1997; Rodney, 1972). The colonisation of Africa, mainly by European countries created another dimension to political influences of the legal and economic institutional environments of Africa, (Mama, 1997). Given the country specific nature of CSR, it becomes imperative to broaden the understanding and knowledge of CSR perspectives under different economic, social and cultural settings.

In order to avoid exacerbating the CSR definitional debate and, in light of the above arguments for purposes of this research, the working definition for CSR is:

‘CSR is a management concept of organisational social responsiveness that considers key stakeholder expectations in the development and implementation of organisational business strategies within specified economic, socio-political and cultural settings’

The definition derives from the foundations of Bowen, (1953) who referred to social responsibility as obligations of businessmen to pursue policies and make those decisions and follow those lines of actions, (Davis, 1960; 1973). CSR is defined as a ‘management concept’ in the same vein as concepts like ‘total quality management’ or ‘supply chain management’ because in this approach managers, it is management who drive corporate strategies and therefore will ensure that the values and mission of CSR are embedded into the mainstream structures.

1.4 Research methodology

The purpose of this inquiry is to develop new knowledge by exploring the institutional and stakeholder factors that influence perspectives of organisational CSR. The dominant philosophical foundation for this research is based on the ontological assumption, where truth is considered subjective to the interactions and interpretations of CSR by organisations and societies in the two countries. As CSR is a spreading phenomenon, it is contended that the different institutional settings will influence the CSR perceptions, how it is defined, developed and implemented. The epistemological perspective is interpretivism where knowledge is constructed through a phenomenological insight (Burrell and Morgan, 1979; Morgan and Smircich, 1980), into organisations practising CSR in order to understand their CSR meanings and initiatives. This means predominantly, the research takes an inductive process using mainly qualitative research methodology, although there were situations where

quantitative data analysis was used in the research. This research inquiry therefore adopted both inductive and deductive approaches due to the nature of the study. For example inductive reasoning enabled the analysis to derive meanings from themes and patterns of CSR developed from analysis of data collected. This is supported by Lewis *et al.*, (2009) and Sekaran, (2003) who posited that although researchers may choose from the two approaches, both approaches can be used within the same inquiry according to the specific nature of the study. This mixed method approach will be adopted to enable a better and more complete picture of the research goals (Johnson and Onwuegbuzie, 2003; Morse, 2003). Previous similar research by Silverhorn and Warren, (2007) based on comparative exploration of large organisations in Germany and UK applied a qualitative content analysis of organisations' websites, with a series of interviews with respective managers in the organisations. Semi-structured questionnaires and content analysis of annual reports were the primary data collection methods for this inquiry.

1.4.1 Research design

The approach taken for this research is the embedded multiple units, case study design (Yin 2003). As the aim of the research is to investigate the CSR perspectives (the contemporary phenomenon) in UK and SA organisations (natural settings), this case study method enabled a thorough investigation in order to gain a deeper understanding (Woodside and Wilson, 2003) into what are the CSR practices in the two countries and how some organisations prioritise CSR issues. The main advantage derived from this case study approach is that it illuminated the key CSR issues and organisations' key stakeholders, which influence associated decisions taken in implementing CSR initiatives. The challenge for this case study method is its acceptability as reliable, objective and legitimate for generalisation of results (Yin, 1994). On the other hand the time taken to gather the large volume of data has been another criticism for case studies. These

challenges were addressed in the design of the research wherein the stages of systemically collecting and analysing data during the inquiry are clearly defined as indicated below.

The sample units are drawn from two groups of organisations that the researcher considered to be leading in CSR practices in the two countries. For this reason, data bases of the Johannesburg Stock Exchange (JSE), Social Responsibility Investment (SRI) (SA) and Business in The Community (BiTC), (UK) were chosen to select sample organisations because the two voluntary organisations appear to use CSR related criteria to rank member organisations considered CSR compliant. The sample organisations were therefore purposely selected (Carter and Little, 2007; Lopez *et al.*, 2007; Mohr *et al.*, 2001) to provide insights into a variety of factors with challenging socio-political setups. As the purpose of this analysis relates to the CSR phenomenon, its concepts and initiatives by organisations already practising social responsibility, this sampling approach will serve this investigative purpose (Ritchie, *et al.*, 2003; Charmaz, 2006). It also allowed the researcher to view things from the perspective of those involved in CSR (Gillham 2000) for example, the different stakeholders (Freeman, 1984, 1994) or the different constituents,(Post, *et al.*, 2002).

Stage one of the inquiry was descriptive research to identify the institutional factors that influenced organisational CSR perspectives in the two countries. In the second and third stages, an analytical approach was adopted to establish and explain the organisational perceptions of stakeholders and categorisation of the CSR issues, in sample organisations of the two countries. This enabled replication of findings (Gray, 2004) across different units, in this case twelve units, (that is, six from each country). The key institutional factors, CSR issues and their related stakeholders were identified and modelled into a framework.

1.5 Contribution to field

This work makes a number of contributions to the CSR literature. First, it empirically informs the debate surrounding business practices and the wider society. The contribution to the debate is a deeper understanding of the notion, rationale and influences of CSR in the two countries. This research provides further insights into prioritisation of CSR issues by organisations in the UK and SA, given the prevailing institutional settings. The study also provides both science and practice with a solid foundation for discussion and implementation of CSR. By drawing insights into context of CSR practices and concepts, gaps inherent in CSR theories can be overcome, providing more groundwork for understanding the dynamics of CSR from a global perspective.

Second, the research fills a gap in the literature in that there is little in-depth examination of CSR dimensions across Europe and Africa, particularly between South Africa and United Kingdom. Although previous studies have explored sectors or cross-sectorial country and regional CSR perspectives, (Egri *et al.*, 2004; Idowu and Towler, 2004; Jones, *et al.*, 2005; Lund-Thomsen, 2004; Lynes and Andrachuk, 2008; Quazi and O'Brien, 2000; Robertson and Nicholson, 1996) few have explored South Africa and the United Kingdom recently. Evidence from this study suggests implicit and explicit CSR perspectives, (Matten and Moon, 2008) for organisations in the two countries dominated by cohesive and mimetic isomorphic pressures (DiMaggio and Powell, 1983) from respective institutional environmental settings. This study therefore enhances the understanding of the phenomenon by describing similarities and dissimilarities of CSR motivations and initiatives within particular organisational contexts.

Third, the thesis applied stakeholder and institutional theories to broaden understanding of how the contextual factors influence organisational CSR initiatives in the two countries. By

adopting content analysis method in the application of institutional and stakeholder theories, this method has potential as a diagnostic tool for future CSR analysis within different national contexts. The comparative analysis between the two countries places CSR in country specific context distinguishing the key stakeholder expectations and institutional factors that have influenced decisions and choices those organisations made in responding to these pressures and factors as argued by Bramer and Millington, (2003).

Fourth, a conceptual framework for analysing and understanding CSR perspectives in different national contexts was developed. The framework can be modified so that it can also be applied for formulating CSR strategies for organisations operating in localised and international contexts.

Finally, the research study findings also provide impetus of application of CSR concepts across organisation, by integrating institutional settings and stakeholder views into organisational CSR objectives, between and across respective regions or countries.

1.6 Structure of the thesis

The research delivers a structured building block to the theory and context of CSR. This is illustrated through a document map (Figure 1.1.1) connecting the key concepts with the research findings and conclusions made. First, this chapter gives the background to the research. Second, the key questions on what constitute CSR are explored mainly from literature review. Third, the aims and objectives are clearly set out with a summary of how these objectives will be achieved empirically. Lastly, a summary of the research methods and contribution to knowledge are also outlined. Chapters Two and Three look at the body of knowledge that has informed the research, beginning with the concepts of CSR and its views from a stakeholder and institutional perspectives. What comes out clearly is the varied nature

of the phenomenon, in terms of terminologies and initiatives. The institutional and stakeholder models were selected for further analysis of the phenomenon in order to gain insights of the perspectives in the two countries and respective sample organisations.

Chapter four critically reviews research related to CSR practices and factors likely to influence organisational CSR in different countries. More specifically the chapter reviews the extant literature on factors likely to influence organisational CSR practices in different countries, especially the UK and South Africa, in order to identify the key to inform the research methodology for this inquiry.

Chapter Five focuses on research methodologies, where a mixed research method has been employed to investigate the perspective and initiatives in the two countries. As the objective of this research is to conduct a critical comparative analysis of firms in UK and RSA, leading the social responsibility, this entailed a subjectivist approach into this phenomenon in order to understand and gain insights of the phenomenon, (Burrell and Morgan, 1997; Denzin and Lincoln, 1994; Morgan and Smircich, 1980). A case study design was chosen for this inquiry to meet the objectives of an in-depth and rich research into the phenomenon. This would also imply that the sample had to be minimised due to the amount of time required and possible pluralistic nature of data collected.

Chapter six provides an analysis of the results from the inquiry. These have been set out in sections covering the following:

- Section 1: The key institutional factors that have influenced the perspectives for CSR in the two countries. Using the main constituents of government policy, incentives, awareness and promotion, industry standards, education and training, international

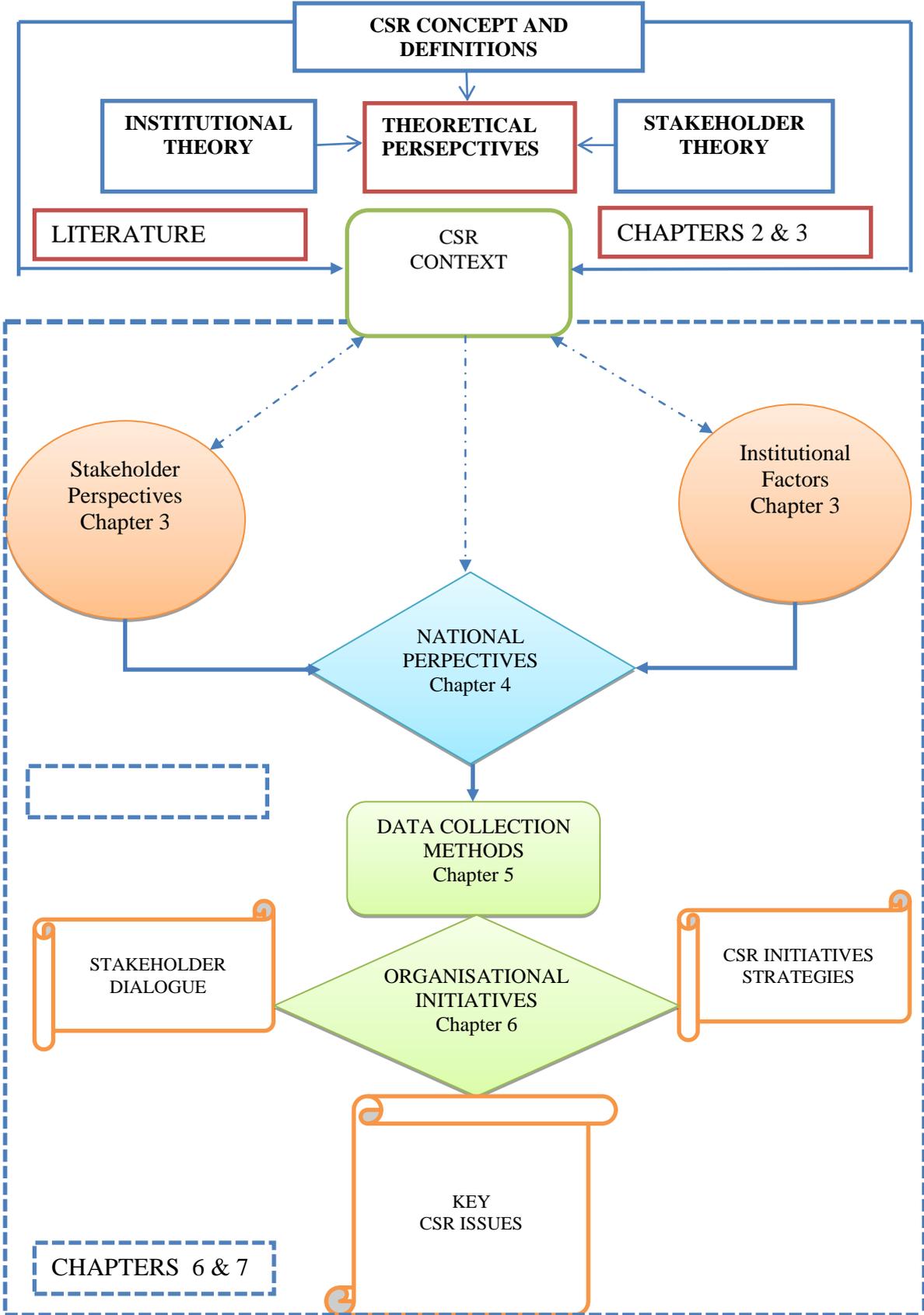
influences and other voluntary schemes, the section explains the factors that have been identified in the two countries.

- Section 2: The stakeholder influences for sample organisations have been explored and a comparative analysis made from the research findings. The key stakeholders that have been identified by sample organisations are compared across the industry groups of the two countries. The dialogue methods are also identified with key differences explored and explained.
- Section 3: The key CSR issues are explored in this section. The CSR definitions and materiality of the issues in the sample organisations were investigated and analysed. A comparative analysis was made between and across the organisations, industries and countries.
- Section 4: The Key CSR initiatives in two organisations (one from each of the two countries) were explored and in order to gain a deeper understanding of CSR, the intricacies of the organisational initiatives and practices are further explored.

Chapter Seven: Discussion: In this chapter the findings of this research study are discussed and grounded within the relevant theoretical context, with converging and diverging connotations explored accordingly. The linkages between findings and existing literature are discussed and areas of agreement or disagreement have been exposed.

Chapter Eight: Conclusions - This chapter puts the whole thesis into perspective, summarising the body of knowledge and research challenges. The limitations of this research are also outlined in this chapter.

Figure 1.1.1: Research Map



Chapter two

2 CSR Evolution and Definitional Constructs

2.1 Introduction

The previous chapter provided an introduction of the research that is, to investigate in order to make a comparative analysis of CSR perspectives in the UK and SA. The main purpose of this chapter is to explore the evolution and conceptualisation of the CSR phenomenon. The models and business case of CSR will be investigated and the focus of previous research on CSR will highlight any gaps for future research. Specifically, the objectives of this chapter are to:

Explore the evolution and definitions for corporate social responsibility

Investigate the various models that have been used to explain CSR

Explore previous research in CSR related to the study area in order to identify any gaps

2.2 Background to CSR

There has been a steady interest amongst business, government, civil society and academic researchers in the debate surrounding the role of business in society (Maignan and Ralson, 2002). Academic researchers like Carroll (1991) trace this debate back to the 1930s with suggestions that early contributors to the corporate social responsibility (CSR) debate included Berle and Means (1932); Bowen (1953); and Dodd (1932). For example, Bowen's early discussion of business ethics and the social responsibility of businessmen have become to be considered a key factor for strategic planning and decision making. Blowfield and Murray, (2008) presented insights to the CSR debate raising some important distinctions. The first view is that the CSR debate has been driven more from an academic point of view, where focus is more on the academic rigour of inquiry in addressing a central theme, for example, the relationship between business and society. In an attempt to establish a framework for CSR uptake, the academic debate on the definition of CSR has not achieved a universally acceptable definition, (Dahlsrud, 2006; Van Marrewijk, 2003). According to

Dalsrud, this lack of consensus is likely to be problematic in that CSR may be defined differently with conflicting biases. Although the CSR concept has been widely debated within the academia, there is still a lack of a universally acceptable theoretical framework, (Russo and Perrini, 2010). This further results in different approaches that appear to exhibit overlaps, (Habish, 2004; Moon, 2004).

The other view is the practitioners' approach where the focus has been more on the application of CSR ideas in response to the pressures from the business environment. For example, supply chain managers have adopted CSR notions to manage downstream and upstream partners, whilst in other industries, organisations have applied environmental impact assessment tools as evidence for best practice when communicating with stakeholders. Here CSR is viewed as an image or brand protector and legitimacy tool for organisations and their stakeholders, (Handelman and Anorld, 1999; Maignan and Ralson, 2002). This could link with the notion that stakeholders have been a key influence on CSR perspectives and practices over the last century, (Campbell, 2006; Jackson and Apostolakou, 2010; Matten and Moon, 2008). However, there is criticism by others like Brammer, *et al.*, (2012), who argued that the CSR debate appears to have completely ignored the role of institutions in understanding the perspectives, due to a greater focus on stakeholder theory, (Russo and Perrini, 2010). In advancing the argument Brammer *et al.*, surmises that literature and empirical research on CSR appear to have focused more on the instrumental and business case for CSR, (Gariga and Mele, 2004; Margolis and Walsh, 2003) and institutional theory has become a core factor for understanding CSR perspectives.

The above two views are intertwined to investigate the phenomenon in order to gain a deeper understanding of the perspectives of CSR (Carter and Little, 2008) because as Scherer and

Palazzo, (2007) suggested any CSR investigation should begin with theoretical perceptions, (Edmondson and McManus, 2007) before delving into application that is, implementation of CSR initiatives by the organisations. The importance of conceptualisation has also been highlighted by Wood, (1991) suggesting therefore, that the phenomenon of CSR must be conceptualised in order to develop a framework that will facilitate inquiry in assessing or evaluating the CSR processes and initiatives. This review is against the backdrop that although most organisations have acknowledged their obligations from a social responsibility perspective, much publicised business scandals and corporate behaviour continue to provide more ammunition against corporations and their operations (Basu and Palazzo, 2008).

There are arguments that CSR essentially is considered to be a North American idea such that the language and practices have originated from there (Crane *et al.*, 2008). Others argue that the DNA of the CSR concept have roots in Europe, for example, Van Liedekerke and Dubbink, (2008) posited that since the rise of the free market in Europe in the late Middle Ages, Mediaeval Monks often criticised the imperfectness and injustices of the market systems during their times, (Visser, 2010). There are also suggestions that the notions of CSR can be traced back to the industrial revolution period, (Idowu, 2011), with roots in Great Britain, spreading to Europe and North America, (Hoppit, 2011). It is further suggested that Great Britain, as a colonial power, fostered an enabling environment through its political, legal and cultural setting for this economic behaviour of organisations in respective countries under its empire, (Lucas, 2002). Other examples cited include the abolition of the slave trade in the UK in the nineteenth century, through a pressure group the Abolitionists, led by Sir William Wilberforce. It has also been suggested that previously individuals like Richard Arkwright, (Crowther, 2002) and George Cadbury, (Idowu, 2011) introduced and acted for the betterment of their organisations' employees and general public, in the nineteenth

century. For Idowu, these actions would constitute the foundations of what CSR stands for today.

The advancement of market systems during and after the industrial periods, for example in Europe and other emerging markets, gave rise to further issues of moral intuition, for example, corporate giving, with a growing perception that good ethics has a positive influence on corporate performance, (Joyner and Payne, 2002). However criticisms were often directed towards abuse of the market systems by business people or those in a leadership positions, with suggestions that in given contexts these individuals make choices whether or not to act morally, (Van Liedekerke and Dubbink, 2008). This would imply that theoretically, a manager faces moral choices around or in pursuit of business objectives; hence the suggestion by Blowfield and Frynas (2005) that the ethical dimension of CSR could have been around for centuries. This is based on the premise that Medieval Christian churches publicly condemned certain business practices, for example usury, (Van Liedekerke and Dubbink, 2008). This perceived early CSR manifestation is also advanced by the argument that the nineteenth century boycotts of foodstuffs produced by slave labour were perceived irresponsible behaviour in those days. For Mostovicz, *et al.*, (2009) *'it is difficult to find other reasons for the increased recent interest in CSR apart from the realisation that past practices have led to unethical behaviour, corporate meltdowns, frauds and corruption'* (pp. 449). For Blowfield and Frynas (2005), CSR is therefore a recent manifestation of earlier debate and criticisms on the role of business in society settings (Crane *et al.*, 2008). These manifestations appear to expand current debate, interlinking CSR initiatives with other institutional issues, such as sustainable development, environment and human rights on a more global outlook, (Fabig and Boele 1999).

Blowfield and Murray, (2008) appear to suggest that CSR began with a focus on the role of individuals, that is, business leaders, looking at how they manage their organisations in relation to societal expectations and also whether or not they gave back to communities. Examples cited here are individuals like Carnegie, Cadbury and Lever, whose organisations used their assets to improve the living conditions of their staff and communities. This philanthropic role that arose due to increased industrialisation and resultant increase in urbanisation (Moon, 2004) put pressure on corporations to assume this social responsibility role. This is an important highlight for the label of CSR that appears to link it with voluntary activities by businessmen, hence the North-led CSR label, (Fox, 2004). However for the UK, by the 20th century the government had assumed these various roles in the provision of CSR related philanthropic activities like public health, free education, national insurance to mention just a few, (Moon, 2004).

2.3 Conceptualisation of CSR

What constitutes a socially responsible action or business? Roberts, (2006) suggests that current problems with CSR phenomenon arise from the lack of clarity on the contours or definitions of the term (Wartick and Cochran, 1985). This problem is further compounded by an abundance of competing definitions for CSR (Sethi, 1979; Meehan *et al.*, 2006; Dahlsrud, 2008), with suggestions that CSR definitions in some cases appear to be biased (Crane, *et al.*, 2008; Van Marrewijk, 2003) towards specific issues. This signifies a lack of consensus on the actual meaning of CSR (Gariga and Mele, 2004).

Whilst tracing what Carroll, (1999) called the footprint of CSR back from the 1930s, the modern era of CSR is attributed to Bowen, who defined social responsibility as '*the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of actions that are desirable in terms of the objectives and values of our society*'

(Bowen, 1953 pp. 6). For Bowen, CSR is not to be viewed as a means to solution for societal ills, but more as a concept that must be developed and encouraged, (Gariga and Mele, 2004), This view is also supported by Davis (1960) who argued for the concept of CSR to be taken within a management context of giving back to communities according to the long run benefit derived from doing business within that community (Frederick 1960). It would appear the key emphasis during this early debate as Carroll noted, is reference to ‘businessmen’ as the focus of social behaviour, as opposed to the corporations or firms, (Walton, 1967).

It would appear according to Carroll, (1999) that the earliest reference to corporation’s relationship with society was made by Walton (1967) whose definition of social responsibility included ‘...*the intimacy relationship between corporations and society...*’ (pp. 18). The emphasis here was that voluntarism is an essential ingredient rather than coercion, bearing in mind that these CSR views were being challenged, (Friedman 1962). This voluntary nature of CSR appears to be later endorsed by the European Union, (EU) in their CSR definition as ‘...*a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a **voluntary** basis*’, (Commission of the European Communities, 2002). During the period of 1970 - 80s which Wood, (1991) referred to as ‘*consciousness-raising*’ (pp. 694), a proliferation of definitions for CSR is evident, (Carroll, 1991). However, it appears the CSR discussion focuses more on the motives for responsible behaviour (Manne and Wallich, 1972), and the extent to which CSR was being implemented (Carroll, 1979; Eilbert and Parket, 1973; Wood, 1991; Sethi, 1975). For Eilbert and Parket, (1973), CSR is when an organisation refrains from ‘*doing things that spoil the neighbourhood*’, for example, eliminating the negative impacts of operations on the environment, whilst at the same time having ‘*the obligation to help solve neighbourhood problems*’ (pp. 7), for example, providing

social services like health and education to communities. Although this view would appear to be inconsistent with Friedman (1962), who objected to the use of shareholder funds to fund social responsibility issues, Davis (1973) equated CSR with good citizenship that is, going beyond economic objectives, (Eells and Walton, 1974). Later Van Marrewijk, (2003), would argue that CSR can also be viewed as a solution to bridging the global poverty gap, social exclusion and environmental degradation.

When Johnson, (1971) included in the definition of CSR, ‘...to balance a multiplicity of interests, employees, suppliers, dealers, local communities and the nation’ (pp. 50), this brought a new dimension to the CSR debate, the stakeholder perspective. Leading this changed focus, Johnson presented four views of CSR that are seen more complementary than contradictory to each other. Firstly if a firm balances the ‘multiplicity of interests, instead of striving only for larger profits for its stockholders...’ (pp. 50), so that secondly, by carrying ‘out social programs’ (p. 54), this is likely to, thirdly, contribute to long –run profit maximisation. This in turn will, fourthly, maximise the utility of the business because in Johnson’s view, all multiple goals have been satisfied. This appears to highlight stakeholder perspective of CSR since there are others considered to have interests, claims and expectations of corporations, (Fransen, 2012)

Although considered voluntary in nature, the CSR field has also been characterised by external social movements and government regulations that have put pressure on organisations to take account of environment, worker safety, consumers’ rights, (Carroll, 1999). A landmark development to this pressure came from the Committee for Economic Development (CED) in the USA, when in response to a 1970 public opinion survey, it was concluded that businesses function by public consent and therefore their purpose is to satisfy

the interests of society, (CED, 1971). In this survey, two thirds of respondents expressed that businesses had a moral obligation towards society even at the expense of profitability, a clear signal towards social responsiveness as Sethi, (1975) later called this approach anticipatory and preventative approach to CSR. In this regard CED, a non-profit public policy organisation in the USA, came up with three circle definitions for CSR, (see Fig. 2.3.1). Here the inner circle represents the organisation's function towards economic growth through the production of products and services, but within a changing social environment that includes cultural values and expectations, the intermediate and outer circles. The proposition, in this view, is that business success depends on a functioning society that includes confidence of the society, (Habish *et al.*, 2005)

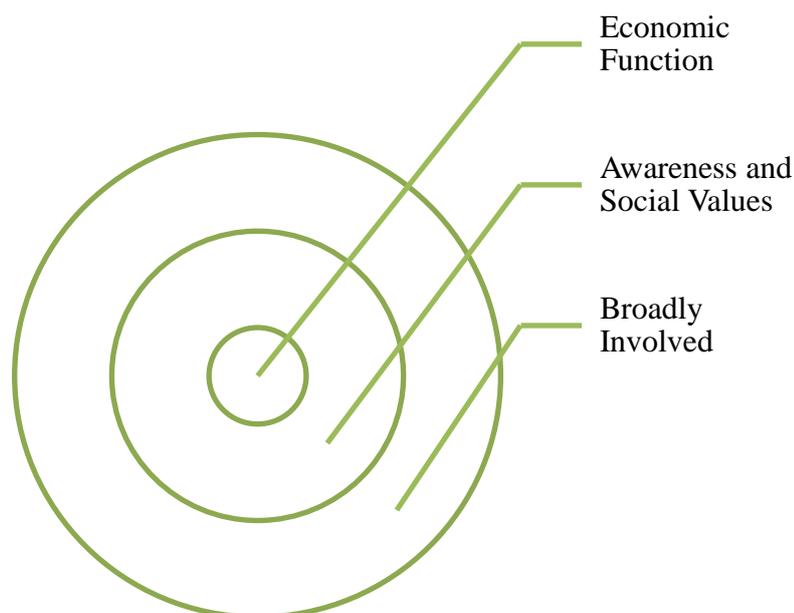


Figure 2.3.1: Three Circle Definition for CSR (CED, 1970)

The context and nature of CSR debate included criticisms of CSR (Friedman, 1962, 1970; Haas, 1979; Chamberlain, 1973), with arguments that the use of organisation resources for provision of public goods, for example, donations to charity causes, may actually increase the cost of operations thereby reducing profitability, (Pinkston and Carroll, 1996). There are suggestions that the criticisms have enabled the CSR concept to be thoroughly analysed and

examined (Wartick and Cockran, 1985) with resultant frameworks more on how corporations can respond to social responsibility and stakeholder expectations, (Carroll, 1979; Preston and Post, 1975; Sethi, 1979). This focus resulted in new terminologies, including corporate social performance (Sethi, 1979; Carroll, 1977), corporate social responsiveness, (Carroll 1977), social obligation (Sethi, 1979), public responsibility (Bowman and Haire, 1975) and corporate citizenship (Bowman and Haire, 1975).

2.4 What then is CSR?

From the exploration of the evolution, themes and concepts of CSR it would reveal that there is a wide array of what CSR constitutes, (Van Marrewijk, 2003). The notions for CSR appear to reflect voluntarism, (EU, 2001), public responsibility; (Preston and Post, 1975); good citizenship, (Davis, 1973). Although the conceptualisation of CSR remains controversial and ambiguous (Wood, 2010), there is a set of descriptive categories of business activities towards social responsibility and these are reflected in the definitions used to describe CSR. For example, the World Business Council for Sustainable Development (WBCSD) (1999) defined CSR as a continuing commitment by business to behave ethically and contribute to economic development, while improving the quality lives of its employees and their families and that of the community. What is interesting to note is that WBCSD later refined their original definition in 2002 to ‘the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life’. This appears to suggest that CSR definitions have also evolved over time emphasising that the key factors for CSR contextualisation are also time bound (Campbell, 2007). The UK Department for International Development (1997) referred to CSR as a means to protect workers and the environment from the undesirable consequences of the otherwise desirable international trade. Again this appears to reinforce the above notion of time as a key determinant for what constitutes CSR.

Others like Van Marrewijk (2003) have questioned whether CSR should be viewed as a solution for global poverty gaps and social inclusion initiatives as expected by some local and civil societies. In his analysis of CSR definitions Dahlsrud, (2008), discovered that of the five dimensions used for CSR analysis namely environmental, societal, and economic, stakeholder and voluntarism, 40% of the definitions analysed included all five dimensions in their CSR definitions, whilst 97% included 3 or more of the five dimensions. Another important highlight from his analysis was that CSR has a European and American origin and that these definitions are all dependent on stakeholders' opinion.

Although there is concern for the role of business in society, the concept remains an elusive one (ORiordan and Fairbrass, (2006) with suggestions that the contrasting definitions have resulted in a variety of form and organisational CSR initiatives (Crane and Mattern, 2004, Welford, 2004; Fairbrass *et al*, 2005). The varying degrees of interpretations and the absence of a conceptual definition for CSR, would suggest that any significant analysis of CSR would essentially start with some broad definition of the phenomenon (Idemudia, 2008). Although sources of CSR definitions have been constructed and developed mainly from the review of academic literature (Carroll, 1999; Dahlsrud, 2008; Carter and Jennings, 2004 and Moir, 2001), other definitions have been shaped from interviews with practitioners and managers (Dalsrud, 2008; O'Dwyer, 2003), including business representatives (Azer, 2001). There is yet another source for constructing CSR definition, that is, theoretical reasoning (Dahlsrud, 2008) that aims to combine literature review with philosophical reasoning (Crane and Matten, 2005; Van Marrewijk, 2003). It is essential that a basic definition for CSR is developed so that organisations can adequately engage in successful corporate social performance and to adequately enumerate the key CSR issues, (Carroll, 1979).

The European Commission defines CSR as 'a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis'. This would imply that organisations are expected to go beyond legal compliance and invest in other areas that may arise from stakeholder dialogue. (Commission of the European Communities, 2001). This notion is supported by Henderson (2002) who argued that CSR involves the voluntary adoption by businesses of broader and more complex processes, with others like Zadek *et al.*, (2002) suggesting that organisations go through various levels of CSR perceptions and initiatives. For example Zadek *et al.*, depicted four levels (Table 2.4.1) starting with legal compliance as the lower level, up to fourth generation of CSR being adopted as a competitive tool.

Table 2.4.1: Generation Levels of CSR

	Tools and Processes
4th Generation Remoulding competitive advantage	Multi-stakeholder standards and partnerships, institution building, CR-oriented advocacy and public policy
3rd Generation Strategic corporate responsibility	Product and process innovation, new business and corporate governance models, long term sustainability
2nd Generation Low-level business case	Philanthropy, short-term risk management, industry standards.
1st Generation Legal compliance	Regulation covering tax, health and safety, workers' rights, consumer rights, environmental regulation.

Adapted from Zadek *et al.*, (2002)

According to Van Marrewijk, (2003) current CSR debate is problematic in that the numerous definitions and related concepts have put business executives in difficult positions in deciding how to respond to societal pressures. It is further suggested that historical perspectives, changing societal contexts, the changing geographical situations and organisational practice, would imply that a 'one fit for all' definition is not achievable and should therefore be abandoned, (Van Marrewijk, 2003). As with Zadek *et al* above, the fourth generation level is

a new perspective to CSR, requiring organisations to strategically reorganise and respond to corporate challenges in complex societal environments.

Notwithstanding the above, an analysis of some of the definitions then reveals some transformation in the conceptualisation of CSR (Lee, 2008). Most notably, whilst early definitions of CSR focused on decisions and actions taken by businessmen (Davis, 1960), more recent definitions now include business's responses through the strategic decisions made by managers. Cannon (1992) states that social responsibility implies that organisations have certain obligations towards society in which they operate and are expected to deal with the social problems of local communities. Others have argued that CSR should not be viewed as an invitation for corporations to take over charitable activities (Sparkes 2003), but that businesses are expected to operate in a socially responsible manner. Sparkes argument is that the CSR definition is made in the erroneous assumption that it is equivalent to corporate philanthropy, a view also espoused by Calpadi, (2005). However, Kotler and Lee, (2005) still contend that CSR is all about organisations taking steps to improve community well-being through discretionary business practices and resource contributions, (Yuo, 2007).

Others like, Blowfield and Frynas, (2005) went further to suggest that the different interpretations of CSR are likely to frustrate efforts by managers trying to embed the concepts into their management practices. There are suggestions that probably there is a gap between academic and management practices that needs closing (Waddock, 2004) by incorporating CSR themes into corporate citizenship. For Waddock, the internal responsibility of management systems must be able to identify and acknowledge the stakeholders and thereafter, the external responsibility management must assure social responsibility by applying globally accepted systems and instruments that measure and monitor performance,

for example, AA1000; ISO 14000; Global Reporting Initiatives (GRI). Meehan, *et al.*, (2006) suggest that the adoption of CSR has been limited due to over emphasis on the definitions.

Roberts, (2006) went on to argue that CSR is ‘a willingness and capacity for responsiveness’ that is defined, limited and managed within the boundaries of the firm. He went on to state that CSR begins with the desire to be seen to be good and the assertion of this good intention at best is the real work of social responsibility, reinforcing the corporate citizenships agenda for CSR, (Rondinelli and Berry (2000). The link between CSR and corporate citizenship is also considered as an approach where an organisation arranges its strategies and operating practices, whilst considering the effects on stakeholders and the environment (Waddock 2004; 2006) or alternatively as the rights, duties and responsibilities of organisations to societies they operate in (MacIntosh, *et al.*, 1998; Marsden, 2000; Marsden and Andriof, 1998).

2.5 Theoretical modelling of CSR

Although what constitutes CSR appears to vary, the notions of CSR appear to be universally accepted, (Garriga and Mele, 2004). With the endorsement of international institutions like UN, WB, OECD and ILO, all establishing guidelines that support or promote CSR, (Gariga and Mele, 2004), the landscape for theory development is emerging. This acceptability transformed the apparently fragmented idea of CSR into a concept within academia and the business world, (Lee, 2008), that now focus on linking social responsibility with social responsiveness. The main theme of academic and managerial study is more about corporate social performance (Ackerman and Bauer, 1976; Carroll, 1979; Davis, 1973; Frederick, 1978; Preston and Post, 1975). Although Wartick and Cochran, (1985) argued that corporate social performance (CSP) has not been defined clearly in some cases, it has been used as a synonym

for corporate social responsibility, (McWilliams *et al*, 2006). CSP is a measure through which the social responsibility of businesses can be adequately assessed, (; Freeman, 1984; Miles, 1987; Wartick and Cockran, 1985; Wood, 1991; Wood and Jones, 1995).

Some criticisms for CSR discourse has been the lack of a specific framework for ensuring social responsiveness by organisations, (Ackerman and Bauer, 1976) and the lack of institutional structures that might facilitate uptake of CSR practices by organisations (Jones, 1980). In order to operationalize CSR concept, the debate appears to have focused more on corporate social performance as a management issue of social responsiveness, (Ackerman and Bauer, 1976). If this notion is acceptable then it would infer that businesses decide the level of CSR responsiveness, thereby implying that economic issues are likely to take precedence over social issues, (Sethi, 1975, 1979). This view is therefore likely to present managerial challenges and societal conflicts, as businesses attempt to find ways of managing the challenges and minimising these conflicts or societal concerns, (Preston and Post, 1975)

2.5.1 Corporate social performance (CSP)

As CSR is an umbrella term for the role of businesses in society and their relationship with stakeholders, (Hillman and Keim, 2001), CSP is multi-facet as a means through which businesses respond to the CSR demands and expectations (Carroll, 1979; Sethi, 1979). In response to Ackerman and Bauer's criticisms, a plethora of models attempting to link CSR thinking to business-society relationship emerged, (Pedersen, 2006). For example, Sethi (1975) and Carroll (1979) developed conceptual frameworks to analyse and evaluate business responses in different socio-cultural settings from three dimensions of corporate behaviour. In Sethi's opinion, the context of CSR as defined and the issues to be analysed are so complex, because they involve human interactions in different contexts. Sethi then argued

that corporate social performance in any social institution must be viewed in the context of cultural and socio-political environments of the corporations. The argument is that, although the categories for classifying corporate activities may be stable, the nature and expectations are likely to vary or change according to time frames and location. In this view, Sethi proposed a CSP model as a three dimensional process, (Fig 2.5.1), in that organisations should not only meet social obligations, but anticipate and promote desirable changes with the business- society relationship, a view also held by Meehan *et al.*, 2006). For Hillman and Keim, (2001) CSP should be viewed from a stakeholder management and a social issues view, wherein stakeholder management focuses more on the relationship between the organisation and its primary stakeholders, whilst social issues relates to secondary stakeholders.

Sethi's model depicting corporate behaviour would therefore comprise the following:

- Social obligation, in response to the market and legal force criteria seeking to satisfy legitimacy, providing the corporation with ability to access the resources on the marketplace for its operations. This notion is deemed a social contract between businesses and society, (Wartick and Cockran, 1985)
- Social responsibility mostly emanating from conflicts between large corporations and social institutions. In this case, it is assumed that corporations must elevate their 'behaviour to a level congruent with the prevailing social norm, values and performance expectations' (Sethi, 1979, pp 66)
- Social responsiveness in Sethi's view is adaptation to social needs, such that corporations should devise dynamic mechanisms to anticipate social problems and take actions to prevent or mitigate them. Elsewhere Frederick (1978) viewed social responsiveness as the capacity of an organisation to respond to social pressures (Wartick and Cochran, 1985)

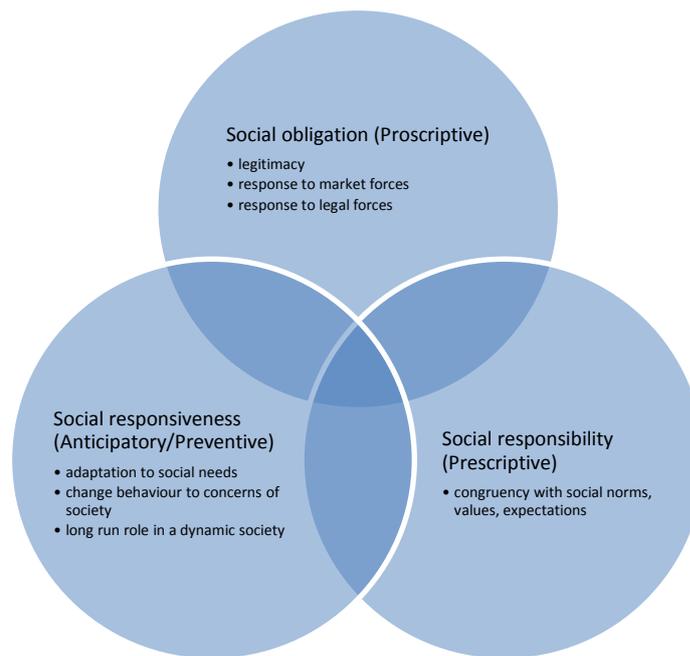


Figure 2.5.1: Corporate Social Performance by Sethi, (1979)

So in Sethi's framework, 'social obligation' is viewed a proscriptive response, whilst 'social responsibility' is regarded prescriptive in nature and finally 'social responsiveness' is an anticipatory and preventative response, in that an organisation incorporates and adapts to the social needs of its environment. Sethi would contend that any actions or initiatives that are obligatory, or those expected as a norm by society, constitute a narrow minded view of CSR. Social responsiveness only results from a process of anticipating the expectations in different social contexts, political settings and timescales, in order to take appropriate actions as CSR responses to various forces within the environment. Sethi went further to suggest an analytical framework to facilitate comparison of corporate social performance over time, across firms, industries and nations. In addition to the foregoing, Clarkson (1995) posited that the CSP framework can only be analysed and evaluated using a stakeholder framework because organisations manage relationships with stakeholder groups rather than society at large so that social issues become stakeholder issues. This aspect will be reviewed further in the next chapter.

Carroll, (1977, 1979) suggested that CSP is the actual organisational response to CSR demands. The question of social responsiveness can take different forms for example, proaction, reaction, accommodate or defensive, (Carroll, 1979), (see Figure 2.5.2). Whilst acknowledging that the CSP debate has been shrouded with ambiguity and a lack of consensus on what the concept really means, (Carroll, 1979), these representations advanced the explanations of CSR perspectives, (Perdersen, 2006). For example, probably in an attempt to address the phenomenon, Carroll’s conceptual model of CSP provided a sequence of steps necessary if an organisation is to be considered socially responsive. Carroll argued that for any organisation to engage in CSP they need a basic understanding (definition) of CSR; then they need to identify key issues of responsibility (enumerate) that exist in terms of the key stakeholders and then select an approach towards responsiveness (philosophy).



Figure 2.5.2: Three CSP Dimension by Carroll, 1979

Depicting three CSR dimensions (Figure 2.5.2) of ‘social responsibility’, ‘social responsiveness’ and ‘social issues’, an organisation’s CSR performance is dependent and can be measured from the actions taken to address the social issues as identified from the

stakeholders. He further classified these levels of responsibility as economic, legal, ethical and discretionary, adding that economic responsibility is the first and foremost responsibility of every organisation. These key principles or levels of social responsibilities are endorsed by Aupperle, *et al.*, (1985) and Wartick and Cockran, (1985) later depicted into a hierarchy of CSR domains, (Carroll, 1991), as shown in Figure 2.5.3, (pp.46) below. Although the essence of the model is to emphasise social responsiveness (Meehan *et al.*, 2006), this CSP framework is later criticised for its lack of an important aspect of implementation and the capacity to measure the responsiveness (Lee, 2008)

Although Wartick and Cochran (1985) agreed with the three dimensional integration of CSR in Carroll's CSP framework, they appear to question the process that Carroll used to capture the evolution of the model. Here they argued that Carroll's background literature failed to capture adequately the analysis, debate and other modifications that took place during the formulation of the CSP model. In their view, the CSP model grew out of confrontational debates that occurred over the period. They also reject Sethi's assertion that social responsiveness could be seen as a replacement for social responsibility, a position also adopted by Branco and Rodrigues, (2007). According to Wartick and Cockrain, the key challenges to CSR arose from the economic responsibility assumptions as argued by Haas, (1979); Heyne, (1968); Friedman, (1962, 1970) that the economic responsibility of the corporation is profit maximisation. The public responsibility notion that there is need to separate social responsibility from public responsibility (Buchholz, 1977, 1982; Preston and Post, 1975; 1981) and the issue of social responsiveness where it is argued that social responsibility does not provide guidance as to the expected corporate actions (Carroll, 1979; Sethi, 1979).

In an attempt to differentiate between social responsibility and social responsiveness, Wartick and Cockran, then argued that social responsibility is focused on the end rather than the means. The main dimension of social responsibility, in their view, is ethics, whilst responsiveness is considered pragmatic in nature, because they posited that the unit of analysis for social responsibility is the society at large, whilst for social responsiveness it is the organisation. They still acknowledged that Carroll's CSP model is a valuable starting point for analysing business and society relationships because it gives a basis for a paradigm framework. Other themes contributing to the debate during this period are the stakeholder theory (Jones, 1980; Freeman, 1984) and business ethics theory (Epstein, 1987). These will be explored further in this review under the stakeholder section.

The concept of social responsibility, as Wartick and Cochran (1985) noted, rests on two key fundamentals of social contract where first, business is assumed to exist at the pleasure of societies, that is, the social obligation dimension in Sethi's CSP model. The second fundamental is that the behaviour and actions must fall within the guidelines as set by the society within which the organisation operates. The second fundamental aligns with Bowen's moral dimension that expects businesses to reflect the values and norms of the society within which they are operating. This would appear to be an early manifestation of the institutional influences on CSR perspectives as later suggested by other contributors to the debate, (Doh and Guay, 2006; North, 1990). This aspect is reviewed in more detail in the next chapters.

Although the above ideas have provided the basic premises for social responsibilities, they have raised some of the major challenges that have been raised against social responsibility (Wartick and Cockran, 1985) that is, aligning these values and norms to corporate objectives and action plans. Strand, (1983) suggested that successful implementation of organisational

objectives is constrained by the social and cultural environments implying that strategic management concepts should consider the impact and influences of the external environmental factors on corporate objectives, (Freeman and McVea, 2001; Johnson, *et al.*, 2008). The adoption of analytical tools such as PESTLE¹ during strategy formulation (Peng, and Nunes, 2007) and institutional factors demanding the need for a social licence to operate, (Nelson and Scoble, 2006) highlight the increasing importance of external factors in the social responsibility of businesses.

In the same vein, organisations require resources in order to release their outputs within an economic and social environment. These resources are provided by groups of stakeholders who can withdraw them to the detriment of the organisation's performance, again raising the debate towards stakeholder theory of the firm and CSR, (Freeman, 1984). Whilst there is inconsistency in definitions, there is also lack of agreement on acceptable paradigms and frameworks, (Strand, 1983) although other sister and alternative themes have emerged that included CSP, (Carroll, 1979; Sethi, 1975, 1979), corporate social responsiveness (Strand, 1983), stakeholder theory (Freeman, 1984; Jones, 1980), and business ethics theory (Epstein, 1987). In Strand's view, investigation and analysis of social responsiveness of corporations should adopt some generic research questions as discussed below: -

Organisational social responsibility – this field focuses on the development of social demands and expectations ‘the perceived social responsibilities of an organisation’ (pp 90). The key questions are: how do (should) social demands on organisations emerge? What are or (should be) the social demands, what groups (should) press demands on organisations? According to Strand these demands are characterised by issues like environmental and equal

¹The use of such tools like PESTLE enables organisations to collect and analyse data for decision making within the region of a potential operation so as to highlight key attributes in order for the company to make an informed decisions, (Nelson and Scoble, 2006).

opportunities (Carroll, 1979); the conceptual domains of economic, legal, ethical and discretionary, (Carroll, 1979; Committee for Economic Development, 1971) or other organisational- societal context issues (Preston and Post, 1975). Again there appears to be a combination of institutional (Doh and Guay, 2006; North, 1990) and stakeholder factors, (Clarkson, 1995; Freeman, 1984).

Organisational social responsiveness - according to Strand, this is about the processes that an organisation has in place to receive, interpret and process the demands coming from the social environment. The key questions are by what processes do (should) organisations gather and disseminate information on social demands? By what processes do (should) organisations make decision on social demands? By what processes do (should) organisations implement their decisions? At the core of social responsiveness are the social policies, programmes, initiatives that are a critical function of management in defining organisational values and goals (Bowman and Haire, 1975). The mechanisms include all committees, departments and resources that are channelled towards adaption to the social demands. For Ackerman and Bauer, (1976), these questions appear to emphasise how organisations operationalise CSR concepts, in itself, a key management issue.

Organisational social responses – this third area focuses on the specific response of an organisation to the demands and the results of these responses. The key questions will be what are (should be) the types of actions organisations take in response to social demands? What are (should be) the effects of the organisational social responses? What are (should be) the determinants of organisational social responses? Several responses have been suggested to include changing the environmental texture, manipulating constituent demands and expectations and effecting stated expectations of the constituents. Strand appears to agree

with Carroll (1979) in that corporate social involvement is fundamentally the linkage between the dimensions of, what he termed, responsibility, responsiveness and responses. Oliver, (1991) suggested that organisations have a number of choices for CSR responses that are likely to reflect the institutional pressures, (Pfeffer and Salancik, 1978). Again this aspect is explored further in the next chapter on institutional theory.

The perceptions for CSR have become universally acceptable (Lee, 2008), suggesting that CSR definitional literature became the foundation for further alternative views, (Carroll 1999). The modification of Carroll's original 1979 CSP model (Carroll, 1991) appears to be a key development with several contributors making reference to the later model in the debate. The model depicted four CSR domains or components (Figure 2.5.3) with the assumption that an organisation is required to be economically responsible that is, being profitable, moving up to a desirable position of exercise discretion towards the community, that is, being a good corporate citizen. According to Carroll, this would imply that organisations have firstly, economic, then legal, ethical and discretionary obligations as far as CSR is concerned. It is not evident that Carroll intended that the model is depicted as hierarchical, although implicitly the visual representation presents this notion, (Meehan *et al.*, 2006). Although the framework is later depicted as a Venn diagram excluding the discretionary element, (Schwarz and Carroll, 2003), with other models of CSR holding that social aspects are more important than those above the economic and legal obligations (Meehan *et al.*, 2006)

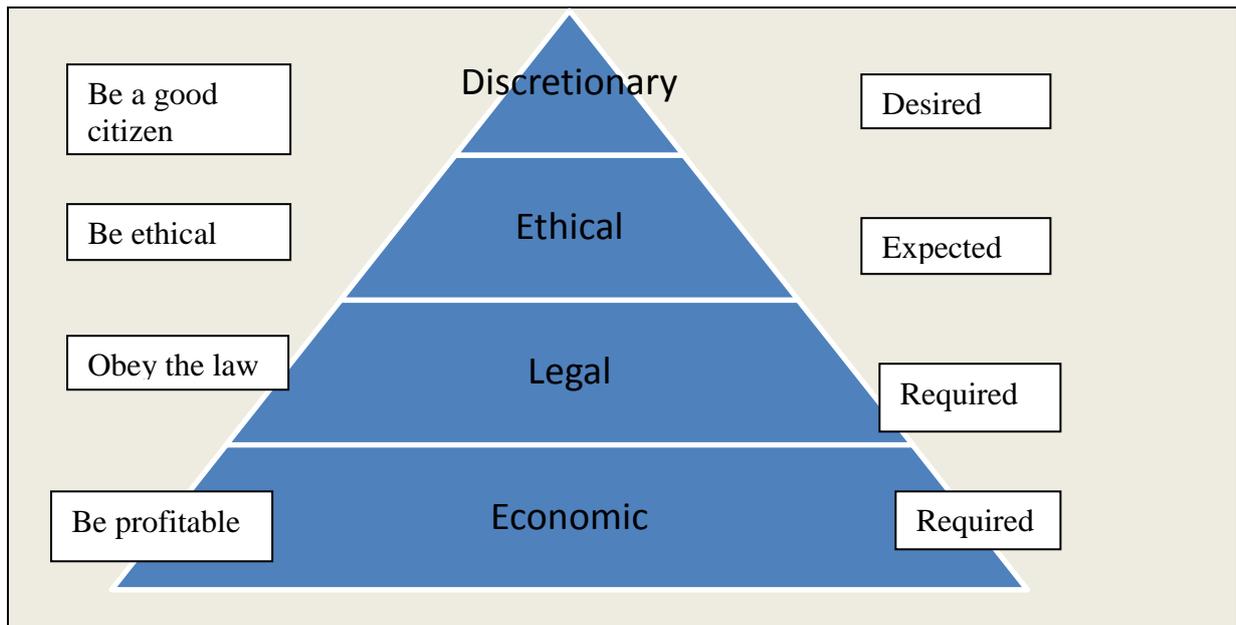


Figure: 2.5.3: CSR Hierarchical Approaches (Carroll, 1979, 1991)

Carroll's four categories or domains of CSR have been utilised by numerous theorists (Swanson 1995, 1999) and empirical researchers (Burton and Hegarty 1999; Clarkson 1995; Ibrahim and Angelidis 1993, 1994, 1995; Mallott 1993; O'Neill, Pinkston and Carroll 1996; Smith, *et al.*, 2001; Strong and Meyer 1992). Several business and society, including business ethics, texts have incorporated Carroll's CSR domains (Boatright 1993; Buchholz 1995; Weiss 1994) or have depicted the CSR Pyramid (Carroll and Buchholtz 2000, 2003; Jackson, *et al.*, 1997; Schwartz and Carroll, 2003; Sexty 1995; Trevino and Nelson 1995). However, Visser (2006) argued that the pyramid, as depicted by Carroll, would not be relevant in its current hierarchy in the context of developing countries, especially Africa.

Another major contribution on CSR debate was made by Wood (1991) who argued that, although some milestones have been made on the theory of CSP, there was still no mature theory yet. She argued that the original CSP models described managers as responding to society as if organisations are closed systems, (Wood, 2010), without taking into consideration the socio-political settings. In her view, organisations are organic open systems

that interact with society and stakeholders, because their operations and actions can have consequences to societies. The suggestion from her work is that there is need to integrate the seemingly competing stand-alone CSP definitions, moving beyond Wartick and Cockrain (1985) segments of principles, processes and policies. Wartick and Cockran had advocated for differentiation between social responsibility and social responsiveness. Wood then went on to propose a framework (Figure 2.5.4), which incorporated the original CPS model (Carroll, 1979), with an emphasis on performance outcomes. (Please note that the ‘Missing Link’ is author’s addition to the model)



Figure 2.5.4: CSP Model, Wood, (1991)

For Wood, the framework offers a broader perspective for understanding CSR and is meant to reformulate the original models by offering the following conceptual parameters:-

Principles of CSR

- Articulation of the principles of CSR is better understood from three main levels of institutional, organisational and individual levels. This would imply that the original assertion by Preston and Post (1975) on the implied social contract are reflected within these level of analysis, what Carroll, (1979) referred to as social responsibility in his CSP

model. These principles are derived from the domains of legal, ethics, including discretionary and what Wartick and Cockran, (1985) referred to as the business social contract.

Processes of CSR

- The classification of the specific responses into channels or systems which management can act on is considered important, for example, environmental assessment, stakeholder management and issues management. In this case, an organisation would necessarily and systematically engage with stakeholders to establish the key issues in order to develop appropriate responses. For Carroll, these are depicted under social responsiveness as reactive, defensive, accommodative or proactive organisational actions, (Carroll, 1979)

Outcomes

- Earlier on we noted the criticism of the original CPS model by Ackerman and Bauer, (1979), that CSR should focus more on the outcomes. By incorporating collective outputs into social impacts, policies and programmes, Wood attempts to respond to this criticism, although Carroll would argue these outcomes are derived from the social responsiveness of his social performance model. For Wood, (2010), the processes for which outcomes are monitored, evaluated, compensated or rectified, are defined by the processes of CSR policies and, in her view, these policies are critical in identifying the issues in order to develop responses to avoid surprises from the environment.

She argued that the framework provides a process of systematically analysing and assessing the initiative, thus providing a template for organising future research. Later her model was adapted by McAdam and Leonard (2003) by incorporating the corporate social responsibility aspects within the business excellence model (BEM-EFQM, 2002). Within these models McAdam and Leonard argued that CSR would be more acceptable when it is anchored within

established quality management systems. Meehan *et al.*, (2006) will later criticise Wood's model for lack of specific strategic guidelines and measurement systems required for practising managers, a view also expressed by Waddock, (2004).

CSR Accountability standards

Another contribution to the CSR debate during this period, involved attempts to provide frameworks to measure, monitor and control social responsibility. According to Gobbels and Jonker (2003), some of the standards were an effort to address the criticisms surrounding the CSR theory and conceptualisation (Hopkins, 1991; Beesley and Evans, 1978). Initiatives like AA1000, (ISEA, 1999), and SA 8000, (CEPPA, 1997) were introduced and developed as instruments for the measurement of social accountability. The two standards claim to increase and improve the performance of corporations although they focus on different aspects for example, SA8000 is focused more on employment and working conditions, whilst AA1000 lets an organisation choose the scope for their system (Gobbels and Jonker, 2003). The criticism of these standards is that organisations have defined CSR concepts in their own economic risk based terminologies, (Power, 1991; Owen *et al.*, 2000; O'Dwyer, 2003). This reflects the previous conflicts from the notions of social responsiveness, where businesses determine what responsiveness issues are guided by economic motives (Ackerman and Bauer, 1976; Sethi, 1975, 1979).

2.6 The business Case for CSR

The advent of the business case for CSR (Moon and Sochacki, 1996; Williams and Siegel, 2006) suggests that corporations now consider CSR from a positive perspective. More recently, environmental organisations, corporate sector and consultancies have used the business case to seek justification of corporate sustainability strategies, (Salzmann, *et al.*, 2004). For Carroll and Shabana, (2010), the business case for CSR is '*concerned with the*

primary question: What do the business community and organizations get out of CSR? That is, how do they benefit tangibly from engaging in CSR policies, activities and practices?’ pp. (85). This business case view has also been referred to as ‘the notion of enlightened self-interest’, (Branco and Rodrigues, 2007, pp. 112), on the assumption that an organisation pursues a social responsibility agenda in order to further its economic success. It has been revealed that the debate is no more on whether to, but on how companies are embracing socially responsible initiatives, (Du *et al.*, 2007). This growing sense of acceptability that CSR initiatives enhance an organisation’s position within the market, make the business case for CSR the main driver for the behaviour change by organisations in relation to social responsibility, (Hamann, 2003).

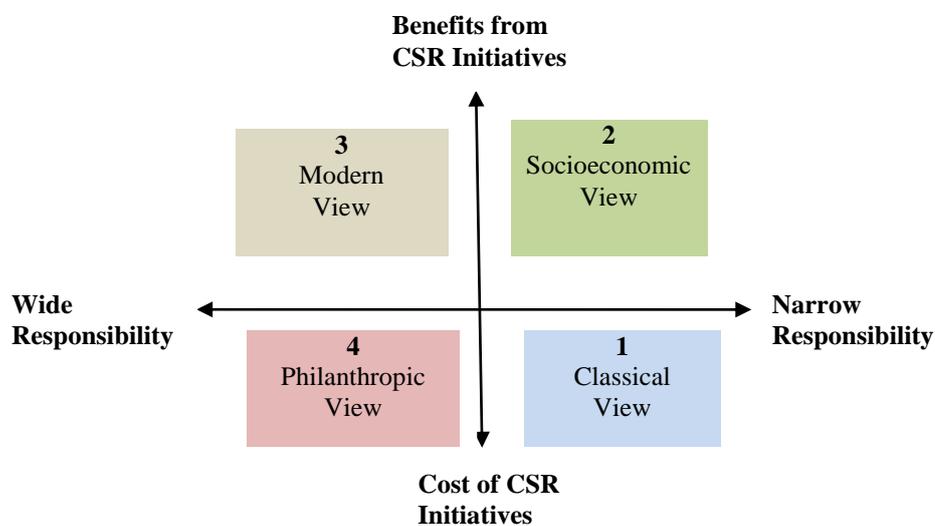
Others see the millennium period shifting from basic research about CSR definitions and concepts to more applied attempts at explaining the relationship between CSR and corporate performance, (Barnett, 2007; Gray, 2002; Kotler and Lee, 2005; Muirhead *et al.*, 2002; Paine, 2003; Porter and Kramer, 2002; Rochlin *et al.*, 2004; Vogel, 2005; Schuler and Cording, 2006). This work appears to expand the narrow focus of businesses to generate profit towards a broader focus of the relational theory (Morgan and Hunt, 1994), that is, establishing the relationships between CSR initiatives with corporate performance on a long term basis (Bhat and Bhat, 1997; Burke and Longsdon, 1996; Menon and Menon, 1997). Basing on Quazi and O’Brien (2002) a business tackling a societal problem for example, developing environmentally friendly products, is likely to improve its ratings within a market thereby contributing to long-term profitability of the organisation (Carlson, *et al.*, 1993). Further to this Utting, (2000) argues that effective environmental management is likely to increase operational efficiencies, for example, from reduced energy consumptions and material costs thereby increasing profits. Lund- Thomsen, (2005) criticised CSR debate that is based

primarily on the benefits accruing to corporations engaging in socially responsible activities, without considering what happens if there are no benefits accruing to the organisation in the same manner. Lund- Thomsen further argued that even without organisational benefits accruing from CSR initiatives, organisations are accountable to various stakeholders, for the social and environmental impacts of their operations. There are arguments that the decline in social and environmental conditions in emerging markets have been driven by multinational corporations, (Visser, 2005). The criticisms and arguments enunciated above, appear to be reflected in other CSR discourse or themes that include corporate citizenship, corporate accountability, corporate sustainability, corporate governance, sustainable development and human rights (Blowfield and Frynas, 2005; Waddock, 2004).

Research has also shown that consumers and potential investors are likely to be influenced in their buying and investment behaviour by whether or not businesses display good corporate citizenship and care for the environment (Humpfrey 2000; Gildia, 1995; Zaman *et al.*, 1996). There is also evidence to suggest that organisations use CSR as a risk management tool aimed at preventing and mitigating company-community conflicts, (Kemp *et al.*, 2010a). For example, community opposition may lead to protests that may disrupt, sabotage or delay projects with costly repercussions to the organisation, (Ruggie, 2010). On the other hand the CSR 'brand' for example, Stonyfield Farm, Body Shop, and Ben and Jerry's, have created competitive advantage in market positioning for these organisations, Sen, *et al.*, (2006). However, Meehan *et al.*, (2006) observed that the limited uptake of CSR appears to be because the debate for CSR has been presented as opposing the business objectives as espoused by Friedman, (1962, 1970). Their view is that CSR can be framed as a competitive strategy so that it can '*become a means rather than a drain on business success...*' (pp. 391).

Previous studies have been used to demonstrate that consumers are more likely to purchase from companies that engage in CSR activities. For example, Brown and Dacin, (1997); Sen and Bhattacharya, (2001) and Sen *et al.*, (2006) have argued that consumer awareness of philanthropic activities of an organisation are likely to create positive brand image thereby influencing their perception of the product or service. In the same vein, as Quazi and O'Brien noted, other researchers took the long term strategic view of CSR contributing towards corporate image in the market place (Menon and Menon, 1997; Waddock and Graves, 1997); cost reduction and differentiation advantages (Morris, 1997; Russo and Fauts, 1997). There are yet others like Moir,(2001) who countered that the original CSP models are more of a normative nature than practitioner oriented, a view supported by Lee (2008), who argued that the main shortcoming of the models is that they lacked a critical component for implementation and measurement, (the Missing link in our Fig : 2.5.4 above). In an attempt to demonstrate the benefits that accrue from CSR initiatives, Quazi and O'Brien, (2000) proposed a two dimensional model with four quadrants as depicted below (Figure. 2.6.1) to understand the social responsibilities of a cross-cultural setting:-

Figure 2.6.1: CSR two dimensional model (Quazi and O'Brien, 2000)



From the above model, Quazi and O'Brien (2000) proposed four distinct quadrants for viewing CSR. The quadrants (Figure 2.6.1) are depicted by two axes, where the horizontal axis represents the view of social responsibilities, which can either be narrow focused or wide focused. The vertical axis represents the organisational perceptions of CSR initiatives either as cost or benefit.

The narrow view of social responsibility

Quadrant 1 - the classical perspective is where CSR is viewed with a narrow responsibility and also considered as a cost to the organisation. This view is sometimes attributed to Friedman, (1962) in that it implies businesses should only engage in social responsibilities provided this contributes to the aims of the business. When it is beneficial to the organisation's stakeholders in the long-term, it then moves towards quadrant 3, also represented by the stakeholder management approach (Freeman, 1984; Donaldson and Preston, 1995)

Quadrant 2 - is the socioeconomic view in that some degree of social responsibility by an organisation will lead to a net benefit to the organisation. In their opinion, Quazi and O'Brien suggest net benefits of good customer relations, avoidance of costly and other embarrassing regulation, arising from failure to implement certain CSR initiatives. This is considered a narrow view of CSR.

The wide view of social responsibility

This is represented by two quadrants, one representing CSR as a cost and the other representing another view that CSR initiatives could benefit the organisation as shown below:

Quadrant 3 – the modern view which is based on the premise that organisations will maintain dialogue with all stakeholders with benefits arising both in the long run and short term basis.

For example, this view of social responsibility extends beyond organisational short term profit maximisation, by including initiatives towards improving the community or social welfare and the wellbeing of specific constituent groups, (Jamili and Sidani, 2008). This modern view also represents the stakeholder view, (Donaldson and Preston, 1995; Freeman, 1984)

Quadrant 4 - the philanthropic view depicts the other broad view where corporations participate in charitable actions, even if this is perceived as a cost to the business.

Notwithstanding the above, it has been revealed that lack of descriptive research in the logic of adopting business corporate sustainability is due to lack of understanding of the actual CSR perspectives and actual organisational CSR practices, (Salzmann, *et al.*, 2005).

2.7 Key CSR issues

CSR issues or organisational responses are likely to be numerous and varied. Earlier in this review it was noted that critics of CSR like Friedman, (1962; 1970) argued that CSR is likely to distort markets if pursued by businesses and that governments should fulfil the role of social responsibility. The responses to the arguments by Friedman above have in return provided more justification for organisations to embed social responsible behaviour in their operations. For example, Phillips, (2003) argued that businesses have become powerful institutions capable of influencing political and economic environments in locations of operations. In fact, through globalisation, organisations have continued to increase their power, (Dias, 2011) and influence, especially in developing countries, thereby rendering market forces and local legislative systems incapable of maintaining a balanced business environment. The fact that markets have failed from the above imbalances of power between corporations and states, makes Friedman's arguments outdated.

Phillips, (2003) therefore contends that organisations are expected to carry the burdens that once were the domain of government and churches because, in his view, these organisations now control vast amounts of resources and have been able to cross national boundaries with resultant operations affecting every facet of human life. Evidence is also awash with international voices on sustainability agenda (WCED, 1987; WBSCD, 1999; UN, 1999) demanding that corporations integrate awareness and management of socio-ecological issues for the impacts from their operations, (Idemudia, 2008; Blowfield and Frynas, 2005; Pedersen, 2005). It would appear as if businesses have also rejected the notion of Friedman as out of fashion (Hamann, 2003), as evidenced by the numerous corporate sponsored initiatives for CSR.

2.8 Materiality of CSR issues

It appears that the institutional and stakeholder theories present a wide menu of CSR issues and challenges for businesses in responding to the multiplicity of stakeholder interests and expectations, (Matlay, 2009; Sternberg, 2004). In the absence of a standard framework for developing CSR, what constitutes material CSR issues would be a matter for managers in organisations. Zadek and Merme, (2003) argued that materiality of CSR issues is essential for effective implementation of CSR programmes. They also posited that businesses will face pressure for defining materiality as they face pressure to respond to CSR demands and expectations.

A number of issues stand out to drive organisational CSR initiatives, although these are likely to differ in importance and urgency. Toyne (2003) outlines that reputation, trust, environmental, consumer power and human rights are among the key driving forces for CSR initiatives. The CSR key drivers and related assumptions reveal why some organisations may adopt CSR initiatives and, according to Hemingway and Maclagan, (2004), this is mainly

because commercial imperatives are not the only driver for CSR decisions by all organisations.

Brand reputation and trust

Brei and Bohm, (2011) argue that CSR is now recognised as a key marketing tool for both regional and global brands. For example, by appealing to so called 'ethical' consumers, businesses have associated their products/services with ethical actions with the intention of enhancing and stimulating consumption, (Kotler and Lee 2005). On the other hand, the evaluation of a firm by its stakeholders is considered important (Deephouse, 2000) such that the firm's success in fulfilling the expectations of all its stakeholders (Fombrun and Shamley, (1993) is expected to give it a good image and brand, (Kotler and Lee, 2005; Yoon, 2003). Associated with this notion are reputational risks, especially involving multi-national corporations (MNCs) operating in developing countries which continue to face increasing pressure for social and environmental concerns stemming from their operations (Joyce and Thomson, 1999; Kytte and Ruggie, 2005). In their survey, Sarbutts (2003) reported that FTSE company directors placed reputation as the most significant risk facing businesses, ahead of operational and strategic risks. This suggests that CSR could be used to insure businesses against reputational risks. In related studies Lewis (2003) also attributes the rise of CSR to stakeholders, using it to judge companies' brands and reputation, so that Schultz, *et al.*, (2001), surmised that if reputation is important for organisations, then organisations should not only understand who their key stakeholders are, but also to have some form of dialogue with them. As Rowe, (2006) noted there is a growing increase in activism against organisations perceived to be in disharmony with socially responsible behaviour. For example, high profile supply chain failures have become common with businesses incurring substantial costs in attempts to rectify reputational damages and market concerns, (Oxland

and Kettle, 2013). In the UK, the horse meat scandal forced organisations like TESCO to restructure their supply chains, (<http://tescofoodnews.com>) and the CSR debate continues to put pressure on companies to rethink their responsibilities within given supply chains (Blowfield and Frynas, 2005; Pedersen, 2006).

Corporate governance

Corporate governance² has been attracting public interest more recently mainly because of its importance towards corporate economic health (Luo, 2007). Corporate governance may thus be perceived as the set of interlocking rules and procedures by which corporations, shareholders and management govern their behaviour (Luo, 2007, Aguilera and Jackson, 2003). There is now a school of thought arguing that CSR complements corporate governance systems, (Kang and Moon, 2012), with suggestions that good corporate governance could be the missing link between CSR and broad institutional settings. This is supported by Luo, (2007) who stated that good corporate governance depends to a large extent on the institutional environment, especially those that promote it, for example, audit firms, laws, legal and regulatory bodies. This corroborates the view by Aguilera and Jackson, (2003) who also suggested that the legal institutions play a key role for corporate governance, in addition to other factors, such as politics, cultural and historical roots. Public mistrust of businesses has been growing over some period now due to corporate governance failures and the increasing size and power of corporations (Waddock, 2006).

Although benchmarks on corporate governance models have focused more on developed countries, there is evidence of a growing importance of the issue in emerging markets (Aguilera and Jackson, 2003; Cornelius, 2005; Mangena and Chamisa, 2008). The argument

² Corporate governance is defined as the stewardship responsibility of corporate directors to provide oversight for the goals and strategies of a company and to foster their implementation, (Cornelius, 2005).

is that weak corporate governance structure and practices, especially in emerging markets, tend to scare away investors. Several emerging markets appear to make significant progress in developing and adopting best practices, such that the corporate governance gap between developed and emerging markets is set to narrow further (Rossouw and Sison, 2006). In their analysis of corporate governance reforms in Africa, Rossouw and Sison, found the emergence of inclusive models of corporate governance, whereby corporate boards are now expected to be accountable not only to shareholders but also other stakeholders for example, the Second King Report on Corporate Governance in South Africa (IoD 2002). They went further to suggest that from an African context, good corporate governance can be a vehicle for advancing corporate social responsibility because, as Rossouw (2005) noted, there is a link between these corporate governance models with CSR through stakeholder dialogue.. This would support Egri and Ralston (2008) who suggested that corporate governance is an essential component that should form part of any CSR analysis.

Value revolution and corporate performance

Porter (1985, 2001) sees the opportunities for organisations to differentiate themselves on the basis of value creation. In his view CSR can be a source of innovativeness, competitiveness and value creation, suggesting that it pays to engage in CSR activities, (Burke and Logsdon, 1996). The challenges raised by Husted and Allen (2007) is how managers can convert what appear to be non-market social activities to value creating marketing activities. For Husted and Allen, this can be achieved when managers take an instrumental approach to CSR (Garriga and Mele, 2004) by satisfying legitimate stakeholder claims, whilst creating competitive advantage in order to maximise shareholder value. Value is also assumed to be enhanced when internal social responsibilities strengthen employee commitment and customer brand loyalty, (OECD, 2006)

Halal (2000) stated that the wealth creating role of the business arises directly out of the business's integration with its main stakeholders. This is supported by trends indicating a rise in stakeholder partnership models where, all of a sudden, there is collaboration and cooperation even amongst competitions (Halal 2000). Orlitzky *et al.*, (2003) argued that there is a positive link between corporate social responsibility activities with the financial performance of the business, (Berman *et al.*, 1999; Hillman and Keim, 2001; Halal, 2000; Johnson and Greening, 1999; Kotler and Lee, 2005; OECD, 2006; Swift and Zadek, 2002).

There are arguments that CSR initiatives increased sales (Kotler and Lee, 2005), with suggestion that investing in stakeholder relations leads to customer or supplier loyalty (Hillman and Keim, 2001). Another contribution is the notion that there has been a sales increase in Fair Trade products in main stream marketing channels with more large retailers now carrying more stocks of such products on their shelves, (Low and Davenport, 2005). The OECD reported that the arrival of fair trade products in France coincided with a notable increase in Fair Trade food sales, suggesting that well targeted CSR efforts can make a positive contribution towards organisations' competitiveness (Luken and Stares, (2005).

Environment issues

There is evidence to suggest that more corporations are now disclosing on environmental issues, albeit for varying reasons, that include the need to share valuable information with key stakeholders, marketing purposes, competitiveness and the desire to be more sustainable in doing things (MacDonald and Peters 2001). It has also been argued that environmental reporting can be a valuable tool for establishing competitive advantage and improving financial performance (Bullough and Johnson, 1995; Dechant and Altman, 1994; Al-

Tuwaijri, *et al.*, 2004). Like health and safety issues, environmental issues have taken centre stage in most organisations' corporate agendas (Fiksel, *et al.*, 2004; Fairbrass and Beddewela, 2006) as evidenced by Welford and Frost, (2006) who found that companies cannot afford to be seen or even perceived as doing or causing harm to people or the environment arguing that this is why there has been a global interest and proliferation of codes of conducts, (WCED, 1987; WBSCD, 1999; UN, 1999).

It has also been argued that stakeholder pressure and industry specific factors have influenced the degree of environmental and sustainability disclosures, Stanwick and Stanwick, (2000, 2006). Although Alstine and Neumayer, (2008) and Hoffman, (1999) noted that corporate environmentalism has been an issue in developed countries, it is argued that comparatively, little research has focused on developing country contexts, (Christmann, (2004; Garcia-Johnson, 2000; Gray *et al.*, 1995; Utting, 2005).

Philanthropic and charity acts

Based on early models of CSR that referred to social responsibility initiatives directly above economic and legal obligations (Carroll, 1979; Matten and Crane, 2005; Waddock, 2004), CSR is still considered to be synonymous with voluntary and philanthropic acts (Zadek, *et al.*, 2002). In this perception, business organisations are expected to design programmes aimed at alleviating social ills or benefit disadvantaged groups chosen by the corporation's managers (Meehan, *et al.*, 2006). Such acts include health and well-being of communities within which operations are taking place. In some parts of the world, especially emerging markets or developing countries, the main expectations are assumed to be tackling disease, malnutrition, in order to improve the quality of life, (Brown and Dacin, 1997; Sen and Bhattacharya, 2001; Sen *et al.*, 2006). Earlier Lantos and Cooke, (2003) posited that some of

these acts arise out of altruism, whilst in some cases it could be strategic because the organisation sees a benefit from these acts in the long run.

Labour standards and working conditions

Lau and Duthie in Allouche (2006) noted that concern for employees is one of the most important forms of CSR today and that CSR issues undertaken by companies relate to human resources. This assertion is derived by Guthrie and Parker, (1990) and Trotman, (1979) who went further to suggest that fair working environment tops the list under this area, including staff development, health and safety and other work place reforms. Greenberg, (1988, 1990) also supports this notion, arguing that fairness in the workplace helps managers enhance their power base, whilst Joy and Witt, (1992) acknowledge that it is the responsibility of managers to ensure that fairness at workplace is maintained.

Suppliers, like Nike and Levi found themselves on the receiving end of human rights activists as a result of exploitative labour practices in Asia and Latin America, (Hartman, *et al.*, 2003). What constitutes fairness at workplaces is debatable and varies according to context and situation. For example, Lind and Tyler (1998) argued that the weighting attached to the different form of employee welfare varies according to situation and context. Whilst Lewis (2003) highlighted that treatment of staff was a powerful influence on organisations' image, others went further to suggest that CSR practices have enabled organisations to attract and retain skilled staff (Kotler and Lee, 2005). According to Welford and Frost, (2006) employment practices, working conditions, diversity initiatives can increase morale and loyalty of workers, reduce absenteeism, and therefore enhance productivity of the organisations.

Human rights

Human rights have also featured as a key issue, with corporate giants accused of gross violations against impoverished countries and communities, (Shamir, 2004a). High profile cases brought against corporations like the Royal Dutch Shell company accused of conspiring with the Nigerian government against the Ogoni people, Texaco for cultural genocide arising from disposal of waste from their oil exploration in Ecuadorian Amazon and Coca-Cola accused of complicity with the activities of paramilitary units guarding their operations in Columbia, (Shamir, 2005). Often such cases have ended up with long protracted legal battles in host country and head office country courts. Although Kristensen (2005) argued that corporations have no legal obligations on human rights under international law, as this is directed towards government (Ewing, 2004), it is considered possible, as can be seen from above, to modify the human rights obligations of governments to a business context. These views appear to be in line with other guidelines provided by organisations like Amnesty International, OECD and The UN who expect organisations to take reasonable steps to ensure no negative impact on the enjoyment of human rights (Amnesty, 2002; OECD, 2000; UN Global Compact, 1999)

The ethical dimension

Spearheaded by Friedman, (1970) the argument is that organisations have a social responsibility to abide by the rules of the game in pursuit of their business goals. With an increase in high profile exposure of financial and ethical scandals (for example, experiences of WorldCom, Enron and the Brent Spar Oil disaster), a growing number of consumers are taking part in boycotts, for example, according to a 2000 study by Mason, 44 percent of the British public had boycotted a product for ethical reasons in the last 12 months, (Van de Ven, 2005). There seems no doubt therefore that, as companies develop their strategies,

sociocultural norms appear to play an important part in the assessment of the key factors of an organisation's external environment (Hill and Jones, 2004; Hitt *et. al.*, 2005). The new millennium has also witnessed some sweeping reforms from many other fronts, (for example, the Sarbanes-Oxley Act of 2002. Managers inside firms are expected to act ethically (Hemingway and Maclagan, 2004) because if their actions do not align with society's broader view of ethical behaviour, the entire organisation is at risk (Gallagher, 2005).

National and international actions

In addition to regulatory fines and growing government interest and action, (Alstine and Neumayer, 2008) noted that the limited capacities of governments have created new roles for other non-state regulators. These comprise actors such as NGOs, market and civic regulators, including industry self-regulation (Levy and Newell, 2005; Rosenau, 1995; Sonnenfeld and Mol, 2002; World Bank, 2000). Other contributors to CSR debate like, Scherer and Palazzo, (2002) suggested that national states appear to be losing some of the regulatory power because many social and economic interactions have expanded beyond territorial and national boundaries. For example, in some cases offshoring of certain production or supply chain activities has raised high profile protests due to the weak regulatory environments. Market liberalisation with resultant globalisation of operations has broadened the perspectives on CSR, such that there is now growing pressure from a number of groups on national and international levels calling on organisations to be accountable for their operational impact on society and local communities, (Waddock, 2006). For example, by the early seventies, a number of organisations in Europe, including churches in England adopted to put pressure on organisations like Royal Dutch Shell and IBM for supplying and supporting repressive regimes in Rhodesia and Apartheid South Africa (Van de Ven, 2005). Governments are also facing increasing pressure from external problems occasioned by transnational causes like

global warming, depression, AIDS pandemic and displacements, (Scherer and Palazzo, 2011).

Increased national and international stakeholder activism abound as evidence that consumers and other stakeholders prefer companies that embrace CSR initiatives (Jones, 1997; Maignan, *et al.*, 1999). International organisations continue to move into emerging markets and put pressure on local businesses to adopt global standards in order to win contracts with them, (Martindale, 2013). According to Dawkins and Ngunjiri (2005) this would suggest why social and environmental reporting has become routine practice along with financial result reporting (Pearce and Doh, 2005), for most corporations, (Luo, 2007), an attempt to fill a global reputational gap, (Scherer and Palazzo, 2011). In the UK the government has since come up with ambitious CSR policies for organisations, (Mackenzie, 2007). Whilst the UN has also developed some guidelines on how organisations should behave themselves when conducting their business operations, (GRI, 2000, 2006).

Socially Responsible investment (SRI)

According to Van de Ven, (2005), CSR has also caught the eye of the asset management universe, with suggestions that in the last decade, socially responsible investment (SRI) has sharply risen as an investment philosophy. There is growing evidence to suggest that there is a strong connection between SRI and CSR, (Sparkes and Cowton, 2004; Sparkes and Cowton, 2004). Since 2000, responsible social investment has increasingly demanded that organisations need to be proactive, as they are subjected to some screening process by investment institutions in terms of human rights, environmental policies and accounting transparency, (Friedman and Miles, 2001; Fukukawa, 2010). The most widely publicised indices like the Calvert Social Balanced Fund, the Domini Social Equity Fund in the United

States, the FTSE4Good Index in the United Kingdom, and Johannesburg Stock Exchange (JSE) in South Africa have developed a Socially Responsibility Investment (SRI) indexes that require corporations to take into account social, environmental and economic issues.

Supply chain factors

Others have argued that CSR as traditionally defined may not be relevant in the context of supply chain (Spence and Bourlakis, 2009), but that rather than corporate social responsibility, the debate should be looking at supply chain responsibility. This is based on the notion that supply chain responsibility looks at the whole supply chain-wide response to the issues. The challenge that Welford and Frost (2006) acknowledged is that the sources and end of most supply chains are in developing countries where by nature, some of these locations may not be touched by CSR initiatives. They went further to suggest that although it may be difficult to deal with more than the first level partners of the supply chain these end of supply chain areas are where organisations have high brand vulnerability in terms of CSR. Others have argued that supply chain responsibility is not achievable because demands made by several buying organisations may be impracticable, (Roberts, 2003) as CSR demands are likely to be multiples and incommensurate with the supplier's operating processes, (Hamann, *et al.*, 2005). Others still posit that CSR in supply chains can be a disincentive, especially for smaller firms for example, small to medium (SME), who may not be able to comply with certain expectation from these SMEs to engage with larger firms in supply chains towards good practice and social responsiveness, (Hamann, *et al.*, 2005; Murillo and Lozano, 2006).

Sustainability and development debate

Although early contributors had suggested that the future lies in building sustainable enterprises (Hart, 1997; Elkington, 1997) the millennium witnessed the maturation of CSR to

include concepts of sustainable development (Idemudia, 2008; Vives, 2006; Senge,2008). This means that whilst organisations are expected to mitigate the impacts of their operations on communities, they are also expected to adopt CSR to contribute towards sustainable development, defined earlier as meeting the needs of today without compromising the ability and capacity for future generations, (WCED, 1987). According to Rondinelli and Berry (2000) this sustainable concept assumes that organisations consider concurrently the economic growth with long run environmental protection and social equity in business planning and decision making.

The CSR debate has expanded in form to include concepts like human development and sustainability development (Idemudia, (2008), with a growing number of international organisations and NGOs, including financial institutions incorporating CSR initiatives to promote social provision and economic development, (Pedersen, 2005). Others still argue that organisations will choose profitability rather than development, which does not compensate for the costs incurred, (Idemudea, 2008; Welford, 2005; Utting, 2002a; Blowfield and Frynas, 2005; Frynas, 2005). Discourse on corporate citizenship is seen by others as developmental (Vives, 2006), as the developmental issue is increasingly being integrated into corporate citizenship literature (Fox, 2004; Pedersen, 2005).

Earlier in this review it has been noted that CSR has been defined in terms of sustainable development (WBSCD, 1999). For example development thinking is considered to be essential in the effort to achieve the Millennium Development Goals, a key issue at the last World Summit on Sustainable Development held in Johannesburg, (UN, 1999). The World Bank view CSR as the commitment of businesses to contribute to sustainable economic development, (www.worldbank.org), working with employees, their families, the local

communities and society at large to improve their quality of life, in ways that are both good for business and good for development (www.worldbank.org).

2.9 Monitoring and control for CSR

Earlier in the review, critics of CSR argued that managers should be accountable only to shareholders, (Friedman, 1970), however, businesses have now assumed more responsibilities that demand corporate accountability, (Fairbrass and Beddewela, 2006; Crane and Matten, 2004). The key questions that arise are who are businesses accountable to and how can accountability be achieved? It has been argued from above discussion on CSR drivers that failure to manage CSR demands and expectations is likely to increase the risk of damage to reputation of organisations, (Pedersen and Andersen, 2006). Although there is no agreement on the universality of CSR initiatives or norms, a number of standards and codes of practices now exist. Many organisations appear to adopt the concept of CSR through codes of conduct to ensure socially responsible business practises throughout the supply chain, (Pedersen, 2006). For example, suppliers are expected to comply with a growing set of standards and codes either voluntary or legislated, like food safety and child labour (Hines, 2004). There are arguments that the management and control of these codes of conduct in supply chains appears to focus more on upstream linkages, (Muller, 2006), although as Gourley (1998), argued the involvement of downstream partners like distribution centres and retailers, is also a critical success factor for supply chain responsibility.

Organisations, especially transnational corporations are increasingly embracing CSR notions, (Craven, 2003; Morhardt, *et al.*, 2002; Pedersen and Andersen, 2006; Stanwick and Stanwick, 2006) with a number of these having introduced management standards, labelling schemes and reporting systems, on social and environmental aspects from their operations (Morhardt *et.al.*, 2002). Other organisations, like Waitrose in the UK, have applied ethical

audits for potential suppliers, (Spence and Bourlakis, 2009). There is also evidence to suggest that organisations are now providing information on CSR in order to manage the perceptions of their key stakeholders, (Dawkins and Ngunjiri, 2008) This is supported by the notion that social and environmental reporting has become a routine practice alongside the highly regulated financial annual reporting, (Pearce and Doh, 2005). This increased CSR reporting (Werther and Chandler, 2005), has created some visibility into the nature of organisational CSR and therefore can be considered a reasonable surrogate for real CSR activities, (Bowman and Haire, 1975).

2.10 Reporting and communicating CSR

There are various reasons that have been cited for the emergence of CSR related reporting and standards (Waddock *et al.*, 2002) and according to Morhardt, *et al.*, (2002) the degree to which these standards and guidelines have been adopted also varies from organisation to organisation. Evidence suggests that consumers and other stakeholders prefer organisations that embrace social responsibility, (Jone, 1997; Maignan, *et al.*, 1999), so that reporting CSR along with financial results provides an opportunity for organisations to be favourably viewed in the eyes of these stakeholders, (Pearce and Doh, 2005). So for Snider *et al.*, (2003) CSR reporting can be a vital tool for presenting an image to ensure that various stakeholders are satisfied with the behaviour of the organisation, (Pattern, 2002). Corporate social reporting has therefore increased as a mechanism through which organisations demonstrate their accountability to groups of stakeholders, Unerman, 2000; Gray *et al.*, 1995). However, as Snider *et al.*, observed, countries differ in the importance they attach to reporting on CSR, as well as on the issues that are being reported on. It has been observed earlier that the research in this aspect has tended to focus more on USA and Europe although emerging economies are also becoming hot spots for CSR reporting and research, (Bartlett, 2007; Jamali and Minshak, 2007; Thompson and Zakaria, 2004).

There is also a sense that without active CSR reporting, the organisation's competitive advantage, (Bansal and Roth, 2000; Hart, 1995; Reinhardt, 1999; Shrivastava, 1995) and legitimacy, (Bansal and Roth, 2000; Sharma, 2000) is in question, thereby implying that reporting social responsibility demonstrate the organisation's responses to these stakeholders, (Bowen, 2000; Cordano and Frieze, 2000; Flannery and May, 2000; Hussain, 1999; Waddock *et al.*, 2002). It has been noted above that although CSR reporting has become a standard routine, the nature and format is left to organisation's discretion. Stanwick and Stanwick, (2006) argue that corporate social disclosures are not consistent amongst companies within and across countries (Cormier *et al.*, 2004; Gray *et al.*, 1995). There are institutional factors for these inconsistencies, (Idemudia, 2008) for example, the voluntary nature of disclosure, (Gray *et al.*, 1995), the different legal and regulatory environments (Holland and Foo (2003) and differing stakeholder demands (Stanwick and Stanwick, 2006).

Carter and Jennings (2004) observed that although CSR itself has been operationalised in some respects, little recognition has been made of the need to create some common framework, a weakness also observed by Blowfield and Frynas, (2005). This lack of uniformity across firms and industries, suggests that there is scope for reform in this regard, (Hall and Lobina, 2001). Earlier it has been observed that CSR offers wider scope for organisations in terms of initiatives and opportunities but also in terms of stakeholder expectations. As Antal and Sobczak (2004) noted, one of the key challenges from the dimension of CSR is the differing aspects of social responsibilities and performance. The challenge from a global perspective is to find a common CSR framework that can be applied across an organisation's network to ascertain expectations and responsiveness, (Cooper, 2004). The developments of measurable indicators in traditional financial, marketing and

production operations have assisted organisations to monitor performance. However implementation of policy and actual performance against CSR targets is yet to be fully achieved due to lack of universal measures of social performance, (Jones *et al.*, 2005; Whooley 2004).

The increased variation of CSR reports, (Chaarlas and Noorunnisha 2012) calls for a unified reporting format for uniformity and transparency, so that stakeholders can measure and make comparisons or informed judgements. For Chaarlas and Noorunnisha, good CSR reporting ensures that relevant information is easily accessible to all stakeholders, easy to understand and useful, otherwise reporting loses its credibility and becomes a waste of time and resources. In an attempt to unify CSR reporting and harmonise organisational CSR operations, some localised and global initiatives have been established, with frameworks, indices and initiatives developed, for example, GRI or social Accountability International, ISO14000; ISO26000, UN Global Compact, OECD Guidelines. The GRI are considered to be the most prominent in current reporting guidelines (Morhardt *et al.*, 2002), as they provide a hierarchical framework that focuses on three main categories of social, economic and environmental. This reporting criterion distinguishes it from the other guidelines as it is considered more sustainable reporting than mere environmental (Hussey, *et al.*, 2002). However Labuschagne, *et al.*, (2005) argue that the guidelines are not easy to implement and evaluate as they have not been considered at operational or project levels within organisations. Another major concern is that premier US companies have not signed up to this initiative (Williams, 2004) and the limited experience from some developing countries to apply some of the tools, especially the SMEs, (Luken and Stares, 2005). Notwithstanding the above and in an effort to add value and credence to CSR reporting, some organisations are also moving towards external verification of CSR reports before they are published for

stakeholders, (Idowu and Towler, 2004). Recently there have also been some initiatives aimed at supporting organisations, including SMEs, in industrialised countries to adopt some reporting standards for social and environmental initiatives, (Grayson, 2005).

2.11 Conclusion

Notwithstanding the diversity in CSR definitions, (Carroll, 1999; Dahlsrud, 2008; Van Marrewijk, 2003) the significant disagreements about terms, how social responsiveness can be measured, (Carroll, 1979, 1991; Sethi, 1975, 1979; Wood, 1991 and implemented (O’Riordan, 2006; Stigson, 2002; Welford, 2005), existing definitions are to a large extent congruent. This makes CSR an umbrella term (Blowfield and Frynas, 2005) for all initiatives that attempt to balance economic, social and environmental issues. The difference is not so much about the definitions, but more how CSR is socially constructed in the different national and organisational contexts (Dahlsrud, 2008). There are still others like Van Marrewijk (2003) who argues that the definitions provided so far could be viewed as competing against each other, thereby likely to prevent constructive engagements due to perceived biases towards specific interests. The demands for social responsibility appear to extend beyond country boundaries, (Scherer and Palazzo, 2007; 2011), with suggestions that different key drivers have led to the adoption of this CSR phenomenon by many organisations, (Jenkins, 2005), therefore raising an important question for this research, that is, why organisations behave in a socially responsible way? This may also entail that the key CSR issues or organisational CSR responses and priorities are likely to reflect the different perspectives within the global setting, (Visser, 2006). However, in order to gain deeper insights into these CSR perspectives, it is essential to have some understanding of what CSR constitutes within these different settings in order for some standardised CSR model that can be flexible within the different global settings. A comparative approach adopted for this

inquiry enhances further the understanding of CSR, especially the existence or non-existence of any variations in the perspectives. (Brammer *et al.*, (2012)

There is also evidence of unresolved theoretical and empirical CSR issues from above, suggesting that the phenomenon is fertile ground for further research (McWilliams, *et al.*, (2006). This is also against the backdrop that CSR comparative studies are rare, compared to other fields like corporate governance and law, (Williams and Aguilera, 2008). Although there is evidence of some comparative studies for CSR, for example, between organisations and industries within a country, (Idowu and Towler, 2004; Moon, 2004) and comparative studies between and across countries and regions, (Albareda *et al.*, 2007; Bond *et al.*, 2004; Chapple and Moon, 2005; Golob and Bartlett, 2007; Lindgreen *et al.*, 2009; Mattern and Moon, 2008; Silberhorn and Warren, 2007), there is no evidence of comparative studies between countries in Africa and Europe or North America, (Visser 2006).

Although the field of CSR has grown significantly in terms of theories, approaches and terminologies (Garriga and Mele, 2004), this review provides significant insights for further research, for example, if CSR originated from North America and Europe, are the notions and tenets thereof transferrable to SA? One can assume that CSR arose from demand made by other groups external to organisations, so that corporations are in turn responding to these demands (Roberts, 2006). This raises another question, are these demand the same for countries in Europe and Africa especially the UK and SA or do they reflect a particular period and timeframe? The conceptualisation of CSR and ensuing debate has focused more on business responses to societal concerns and expectations, that is, corporate social responsiveness, (Carroll, 1979; Wood, 1991, Fairbrass and Beddewela, 2006) and this aspect will be reviewed in more detail in the next chapter. In order to avoid exacerbating the CSR

definitional debate and, in light of the above argument for purposes of this research, the working definition for CSR has been decided to be:

‘CSR is a management concept for organisation’s social responsiveness that considers key stakeholder issues in the development and implementation of organisational business strategies within specified economic, socio-political and cultural settings’

The definition derives from the foundations of Bowen, (1953) who referred to social responsibility as obligations of businessmen to pursue policies and make those decisions and follow those lines of actions, (Davis, 1960; 1973). We define CSR as a ‘management concept’ in the same vein as concepts like ‘total quality management’ or ‘supply chain management’. In this approach managers, who drive corporate strategies, will ensure that the values and mission of CSR are embedded into the mainstream structures and systems of the organisation. In the proposed definition, the importance of stakeholder issues is emphasised in the development of CSR policies, in line with Clarkson’s view that corporate social performance can only be analysed and evaluated effectively using a stakeholder relationship framework, (Clarkson, 1995). This view is based on the premise that corporations understand social responsibility more in the context of the traditional functions of production, finance, accounting, marketing and human resources (Clarkson, 1995). The next chapter will explore further the perspectives and nature of CSR in relation to the key drivers and issues considered material. This will inform the later stages of the empirical investigation on the factors that have influenced the CSR perspectives and organisational practices in the selected sample units of study.

Chapter three

3 Theoretical Perspectives of CSR

3.1 Introduction

The previous chapter explored the conceptualisation of the notions of CSR, early models, themes and definitions. The models that have been used to explain and define CSR have been investigated. Although CSR has been a multifaceted issue, there is now an overwhelming acceptance that balancing the notions of CSR with corporate operations can result in corporate benefits such as social actions that enhance brand reputation thereby stimulating consumption, (Kotler and Lee 2005). In this chapter, we progress from definitions and concepts towards CSR perspectives and how organisations and practitioners are likely to perceive the CSR influences in their planning and practices. The perspectives set out the CSR orientation for organisations, the perceptions from a group or groups of stakeholders. Perception has been defined as ‘the state of being, or a process of becoming aware or conscious of the intuition or direct recognition of a moral’ (Oxford English Dictionary, pp. 2156; 1993), ‘an impression, idea or conception, an understanding, insight or discernment’ (Chambers, New Addition, pp. 462; 2005). In particular these perspectives are defined as organisations’ strategic direction (Ofori and Hinson, 2007).

Therefore, the key objectives of this chapter are:

- To investigate the key characteristics of CSR in general and across different countries.
- To explore how the notions of CSR have been linked to institutional and stakeholder theories
- To explore the key material issues that have featured in previous research studies

3.2 The context and nature of CSR

Chapter two presented the notion that the precise nature and characteristics of CSR, or the CSR perspective, is likely to differ from country to country and from organisation to organisation, (Zadek, *et al.*, 2002; Matten and Moon, 2008). The specific CSR actions should be considered within a time framework, institutional environment and the nature of the parties involved, (Sethi, 1979). The suggestion is that, over time periods, cultural, economic and socio-political environments cannot be ignored when evaluating corporate social performance, (Gjølborg, 2009). Therefore, CSR structures are likely to reflect attributes from the national contextual environments, (Doh and Guay, 2006; North, 1993). This implies that the definitions and initiatives emerge out of the perceptions held by individuals and societies within timeframes.).

According to Quazi and O'Brien (1996), two perspectives emerge from previous CSR studies and are modelled around two main groups. The first group with a negative view of CSR is what they called classical CSR category. In this group contributors argued that corporations are instruments for shareholders and have only one responsibility of making a profit, (Bhiodo and Stevenson, 1990; Chamberlain, 1973; Friedman, 1962, 1970, 1989; Gaski, 1985). Other contributors refer to this classical category as a narrow economic perspective (Mostovicz, *et al.*, 2009) because it focused on the intrinsic value of the organisation. For this perspective, CSR initiatives must reflect the interests and expectation of stockholders as long as they do so legally without harm to society. The assumption is based on the notion that businesses can be trusted to address the impacts of their operations without enforcement of laws or legislation, (Branco and Rodrigues, 2007).

The other group or category identified by Quazi and O'Brien is the social matrix category which they posit to be the modern paradigm of CSR. In this perspective, businesses are part

of a wider community, as depicted by Abratt and Sack, (1988); Buchholz, (1990); Chrisman and Carroll, (1984); Carroll, (1979, 1999); Matten and Moon, (2004, 2008); Quazi, (1993, 1997); Quazi and Cook, (1996); Samli, (1992); Steiner and Steiner, (1997). The central theme for this category is that businesses are expected to go beyond the sole responsibility of profit maximisation by considering the demands and expectations of a variety of stakeholder groupings, (Boatright, 1994; Brenkert, 1992; and Freeman, 1984, 1994). This wider view to corporate social responsibility, Mostovicz, (2009) argued, has also widened the intrinsic organisational view towards a wider societal obligation, (Jackson and Nelson, 2004).

In the previous chapter (Chapter Two), it emerged that CSR is now considered a key stakeholder lens for assessing and evaluating operations of organisations, especially MNCs that operate in developing countries, (Matten and Moon, 2004; 2008). The deregulation and privatisation of industries, liberalisation and globalisation of economies have driven the CSR debate and dimension, with more pressure coming from the wider publics, especially in regard to issues relating to human rights, environmental pollution and labour matters, (Mostovicz, 2009). As businesses have assumed increased size, power and influence, (Utting, 2000; Levy and Newell, 2005), there are suggestions that some countries, especially those with weak enforcement capacity, may fail to enforce legal compliance (Honke *et al.*, 2008). CSR concept is expected to be the instrument in such operating contexts, of encouraging organisations to adopt principles of social responsiveness and performance. On the same note, the impact of reputation on brands for large corporations operating globally, has become a major issue for managers, (Kotler and Lee, 2005; Yoon, 2003). The argument advanced here is that stockholders no longer possess a monopoly of evaluating corporate performance, but other stakeholders have become important thereby forcing some radical changes in the role of business in society, (Welford and Frost, 2006). There is also evidence

to suggest that relationships are evolving away from philanthropic actions to more negotiated roles, rights and responsibilities between businesses and their respective stakeholders, (Matten, *et al.*, 2003). This trend is also taking shape in developing countries under different labels and initiatives, a definitional issue already alluded to earlier, (Hamann, 2003; 2004; 2006).

Whilst there is a now considerable interest about CSR amongst business and political leaders, Campbell (2007) suggested that little research has been done to understand why some organisations have not behaved in a socially responsible way (Rowley and Berman, 2000; Ullman, 1985). Earlier it has been argued that to date, CSR has not delivered as expected in providing the solutions to the main issues that it was supposed to address, (Visser, 2011). This would imply that CSR actions may be directed towards specific issues dependent or independent of socio-cultural settings, (Blowfield and Frynas, 2005). This perspective, as noted by Blowfield and Frynas, is likely to render CSR meaning different things from society to society and country to country. In advancing their argument, they posit that CSR appears to be perceived as an alternative form of government by regulating business operations even through its voluntary nature of initiatives. This perception seems to be gaining much favour from the business communities, especially in Europe (EC, 2001).

CSR is therefore an umbrella term for everything associated with business-society relationships, thereby rendering itself to different interpretations and adoption, (Hamann, 2004; 2006). This may result in negative perceptions from various stakeholder groups, different initiatives and implementation that may pose managerial difficulties across organisations and their supply chains, (Millington, 2012). For Millington, the management of international supply chains poses problems, especially since certain supply chain partners in

different countries may be subjected to different environmental and institutional settings for CSR. On the other hand CSR could have positive effects by allowing different perspectives to be tailored to suit the specific environment, (Pedersen 2005). A significant contribution to the debate on CSR perspectives was made by Garriga and Mele, (2004) who proposed four main categories of viewing CSR. These groups are summarised below and comprise of:-

Instrumental perspective of CSR – this view sees CSR as a means of strategy for achieving corporate objectives through some form of social actions. For example, CSR actions are directed towards competitive advantage strategies, (Hart, 1995; Hart and Christensen. 2002; Litz, 1996; Porter and Kramer, 2002), for shareholder value maximisation, (Friedman, 1970; Jones, 2000) and for cause-related marketing strategies, (Kotler and Lee, 2005). Garriga and Mele suggested that instrumental CSR is viewed as a strategic management tool, that is, ‘...*a means to the end of profit...*’ (pp. 52). The argument posited here is that philanthropic actions or social investment are seen as powerful ways of improving the competitive advantage of the organisation, (Porter, 1980). According to Lee, (2008), this perspective is enlightened self-interest, (Branco and Rodrigues, 2007) because the actions are believed to be in the best interest of the organisation, an alignment towards the classical category expounded by Quazi and O’Brien, 1996). Later in her review, Wood, (2010) aligns this perspective with the business case as the key driver for CSR, an argument also supported by Donaldson and Preston, (1995).

Interestingly Wood also pointed out that this perspective is considered a means to profit (Gariga and Mele, 2004) and is also used by supporters of CSR through linkage of CSP with the bottom line, (Menon and Menon, 1997; Porter and Kramer, 2002) whilst on the other hand detractors will use this perspective to show how costly and illegitimate CSR is in terms

of profit maximisation, (Henderson, 2001; Friedman, 1962; 1970). This perspective appears to fit with the economic approach to CSR, (Carroll, 1979, 1991; Margolis and Walsh, 2003; Scherer and Palazzo, 2007; Vogel, 2005), although from a stakeholder perspective, it is argued that instrumental CSR may not satisfy the interest of all stakeholders. It is therefore suggested that this perspective would suit environments with sufficient institutions that regulate economic rules, (Scherer and Palazzo, 2011). Businesses have also assumed greater power to influence decisions and to negotiate away from any rules and regulations considered to be against their interests, (Eisenberg, 1992; Greathead, 2006; Parker and Braithwaite, 2003). For example, by relocation to regions and countries with more favourable legislations, organisations can use this important lever to create the seeming inconsistencies in CSR initiatives (Holland and Foo (2003). This leads to the next perspective - business ethics.

Ethical perspective – in this perspective Garriga and Mele suggest that focus is more on the ethical dimensions as a basis for CSR, a view supported by the normative stakeholder theory that includes the fiduciary duties of corporations and theories of social justice (Donaldson and Preston, 1995; Freeman, 1984, 1994; Evan and Freeman, 1988; Freeman and Phillips, 2002; Phillips, *et al.*, 2003). This perspective appears to align with early manifestation of CSR as suggested by Crowther, (2002), Idowu, (2011) and Visser, 2010), that individuals in organisations are the moral actors whose behaviour impacts on the corporations' ethical behaviour. The ethical perspective embraces perceptions of human rights, (The Global Sullivan Principles 1999; UN Global Compact, 1999); sustainable development (Alford and Naughton, 2002; Brutland Report 1987; Gladwin, *et al.*, 1995), labour standards and the concept of the common good to society (Mele 2002; Kaku (1997). Recent global scandals have shaken the corporate world (Browning, 2002) for example the destruction of documents at Enron, fraud at WorldCom including questionable remunerations to chief executive

officers, (Paul, 2002). The wide calls through the media, academics, political leaders and NGOs highlighting that ethical behaviour of organisations has become a key CSR issue for businesses today, (see also Carroll's CSR framework). Criticisms against this perspective arise from its emphasis and fixation on the individual, rather than the organisation. For Van Liedekerke and Dubbink, (2008), the view is that the focus should be on the structural factors or processes that are likely to cause crises rather than on the individual, with suggestions that human actions and decisions are structured by institutional forces. These notions therefore, appear to support Kang and Moon, (2012) who posited that CSR scope would normally reflect broad institutional settings. However, according to Scherer and Palazzo, (2011), the growing pluralism of values, norms and lifestyles across cultural settings render universality of business ethics a futile notion, (Donaldson and Dunfee, 1999). This is mainly because of the absence of universal criteria for ethical behaviour that can be used to assess the legitimacy of CSR activities. Instead of the instrumental and ethical perspective, Scherer and Palazzo, suggested an alternative perspective of political institutional embedding what Gariga and Mele called, the political perspective.

Political perspective –For Gariga and Mele, businesses are social institutions with power to influence within the community of their operations. Davis, (1960; 1967) formulated two basic principles that firstly, the social responsibility of a business arises from power the business has in a given society (the social power equation). Secondly, firms that do not exercise their power responsibly, will tend to lose it, as other players will emerge to assume the responsibility (the iron law of responsibility). For Scherer and Palazzo, (2011), organisations' CSR actions should reflect the political institutions within their operational national contexts, implying that businesses will use this power responsibly (Davis, 1960), even in cases where they may assume economic power that is greater than the communities or nations where they operate. According to Davis, (1967), society protects those organisations using power

responsibly from competing organisations, with the assumption that organisations that do not use the power vested by society in a responsible way, will tend to lose it to other competing organisations in the same markets.

The political perspective, also referred to as community development perspective, tends to link with Carroll's fourth CSR domain of discretionary responsibilities, (Carroll, 1991). Under this perspective, Garriga and Mele includes the notion that businesses enter into some implicit social contract with their societies (Donaldson and Dunfee, 1994; 1999) because, in their view, firms belong to a particular community and have business-society responsibilities, the concept of corporate citizenships, (Andriof and McIntosh, 2001; Matten *et al.*, 2003). By acknowledging the new political responsibilities, it is argued that businesses' roles go beyond mere compliance to regulation and moral rules, (Scherer and Palazzo, 2011), thus assuming other indirect obligations based on the socio-cultural context that sets acceptable ground rules for the business operations, (North, 1993). This perspective appears to be strengthened by the proliferation of global organisations that now use the term Corporate Citizenship (CC) in their corporate rhetoric to refer to their CSR efforts, although with various connotations, Crane, *et al.*, (2010).

Integrative perspective - The fourth and final perspective for Garriga and Mele is the notion that organisations' survival depend to a large extent on their interaction with society at any given time and situation. This implies that organisations continuously respond to the demands and expectations from the prevailing social environment (Ackerman, 1973; Jones, 1980; Sethi 1975; Vogel, 1986; Wartick and Mahon, 1994). Although similar to the political perspective, this perspective appears to proffer some degree of social legitimacy, acceptance and prestige (Carroll 1979; Garriga and Mele, 2004; Wartick and Cockran, 1985; Wood, 1991; Swanson, 1995), through the interactions between society and businesses. The

assumption is that, through this integration, organisations can scan for CSR issues or receive some signals to specific social demands that can then be prioritised into organisational CSR initiatives. According to Wood, (2010), this perspective is the wider view that CSP supports because, in her view, the costs associated with bad CSP could cause unjustifiable harm and unacceptable risks to organisations. . The argument posited here is that organisational responsiveness to social issues must be viewed from a wider public policy perspective (Preston and Post 1975, 1981) rather than the limited scope of CSR. The CSR issues are therefore assumed to be determined by or through a wider public process, rather than through a narrow view of defining the social issues, (Preston and Post, 1981). In this respect, the integrative perspective is aligned with the stakeholder theory of CSR, in that organisations attempt to balance the interests and expectations of a number of its stakeholders for the organisation's operations (Agle, *et al.*, 1999; Mitchell *et al.*, 1997; Rowley, 1997).

Sustainable development perspective: -Although early contributors had suggested that the future lies in building sustainable enterprises (Elkington, 1997; Hart, 1997) it was the millennium that witnessed the maturation of CSR debate to include concepts of sustainable development (Idemudia, 2008; Vives, 2004). The notion here is that organisations are not only expected to mitigate the impacts of their operations on communities, but also to engage in deliberate activities that contribute towards sustainable development, defined earlier as meeting the current needs without compromising the capacity for future generations, (WCED, 1987). According to Rondinelli and Berry (2000) this sustainable concept assumes that organisations consider concurrently, the economic growth with long run environmental protection and social equity in their operational objectives.

In more recent years the CSR debate has expanded in form to include concepts like human development and sustainability development (Idemudia, (2008), although others are still not convinced that organisations will choose development rather than profitability, which does not compensate for the costs incurred, (Blowfield and Frynas, 2005; Frynas, 2005; Idemudia, 2008; Utting, 2002; Welford, 2005). With a growing number of international organisations and NGOs, including financial institutions using CSR initiatives to promote social provision and economic development, (Pedersen, 2005), it is only recently that developmental CSR is being integrated into discourse on corporate citizenship (Pedersen, 2005; Vives, 2004; Fox, 2004).

Earlier in this review it has been noted that CSR has been defined in terms of sustainable development (WBSCD, 1999). For example, development thinking is considered to be essential in line with the Millennium Development Goals, (UN, 2008). On the other hand, the World Bank views CSR as the commitment of businesses to contribute to sustainable economic development, in ways that are both good for business and for development (www.worldbank.org).

Lantos and Cooke, (2003) came up with three perspectives for CSR, ethical CSR, altruistic (or philanthropic) CSR and strategic CSR. Using Carroll's four dimensions of social responsibility, they include the first three, that is, economic, legal and ethical responsibility into the Ethical CSR category. In Ethical CSR they argue that whilst organisations aim to be profitable, they are expected to do so at the same time paying a fair wage to employees and also providing quality products to consumers at fair prices. The other perspective they called the altruistic CSR, is based on Carroll's fourth level of responsibility, the philanthropic view, and (Carroll, 1979, 1991). Here they argued that organisations engage in voluntary acts of

giving to communities, even at the expense of the profitability of the business, a view that has been criticised and contested by early contributors, (Chamberlain, 1973; Friedman, 1962, 1970).

Their third perspective, the Strategic CSR, consists of charitable initiatives towards communities. In this view, organisations accomplish strategic business goals through CSR activities, for example, considering the interests of stakeholders whom the firm considers to have a stake in the firm. In Lantos and Cooke's view, the Strategic CSR perspective is socially acceptable because it benefits shareholders and other stakeholders of the firm. However, Strategic CSR can be mired by the cross-country and socio-cultural differences that are present within the institutional settings, (McWilliams *et al.*, 2006). The foregoing appears to suggest that organisations will engage in CSR from a variety of perspectives because stakeholders and institutional settings play a key role in facilitating the different CSR perspectives (Freeman, 1984). There is suggestion that little attention has been given to understand why organisations act or behave in responsible ways or not, (Campbell, 2006; Margolis and Walsh, 2003), implying that institutional conditions have been neglected in analysis of corporate social performance, a view also noted by Jackson and Apostolakau, (2010).

3.3 Drivers for CSR perspectives

This section will review the institutional and stakeholder factors as key drivers of CSR perspectives, in order to develop appropriate research questions and research design. The term 'drivers' here denotes the forces that create perceptions on the roles and responsibilities of businesses. Whilst traditional organisational and management theories are still relevant, management styles must adapt to complex operating environments and are expected to reflect the changes in perceptions and understanding of these environments, (Miles, *et al.*, 1978).

For Lockett, *et al.*, (2006), the field of CSR has been driven by events in the business environment. Although there are likely to be several theoretical drivers for CSR, this literature review focuses on institutional, stakeholder theories and other alternative theoretical influences.

3.3.1 Institutional environment

Institutions are defined broadly by North (1990) as the rules of the game regulating the public and private actors in societies and are therefore likely to exert important influences on decisions and actions within societies. Business environment typically relate to internal and external environments (Worthington and Britton, 2007). Organisations usually have capacity to control internal environment but are expected to respond to the external environmental factors that can either provide opportunities or threats to successful organisational performance, (Werther and Chandler, 2005, 2011). The presence or absence of an enabling environment (Idemudia, 2008), is considered to influence the level and uptake of organisational CSR initiatives. Institutional environment has become a key environmental factor for analysing CSR perspectives. In essence, disregarding the institutional environment in analysing CSR perspectives and initiatives may lead to failure to fully appreciate how organisations through their respective managers make critical decisions (Hoffman and Bazerman, 2007). Manifestation of CSR into government policy, corporate behaviour and civil society awareness is dependent to a large extent on the institutional setting (Doh and Guay, 2006).

The above viewpoint was also advanced by Aguilera and Jackson, (2003) who reasoned that cross-national difference in CSR perspectives was attributable to the different institutional contexts. The institutional rules of the game include regulatory for example, government agencies, laws, courts, professions, and also interest groups and public opinions, (Scott, 1987).

For example, it has been argued that well-functioning legal systems provide and enforce rights by ensuring protection against economic exploitation, (Bjornskov, *et al.*, 2010). There is also suggestion that these institutions could have given life to CSR perspectives in North America and Europe, a view also shared by Kemp, (2001).

3.3.1.1 Institutional theory

The institutional theory³ has enhanced a deeper analysis of how organisations respond to forces within their respective external environments (Dacin *et al.*, 2002; Meyer and Rowan, 1977; Zucker, 1977). The institutional theory illustrates that organisations in same or similar social frameworks often behave in similar ways in order to gain societal approval, (Meyer and Rowan, 1977). Using the institutional theory lens, organisations and individuals (Dacin, *et al.*, 2002), seek to legitimize their operations and actions within an institutional setting and context (Doh and Guay, 2006) through a process referred to as isomorphism (DiMaggio and Powell, 1983; Tolbert and Zucker, 1996). Isomorphism is defined as the change process through which constraining factors force an organisation to resemble other organisations within certain environmental conditions, (Hawley, 1968).

According to DiMaggio and Powell, (1983), organisations structure themselves around fields defined by the extent of their institutions. Institutional isomorphism therefore reflects organisational behaviours (Aldrich, 1979) in response to the forces outside the organisation, (Kanter, 1994). So the institutional actors (North, 1990) like regulators, markets and society (Hoffman, 2001) can impose cohesive, mimetic and normative pressures on organisations, (DiMaggio and Powell, 1983), in the following manner:

³ Institutional theory focuses on the interaction between organisations and their respective institutions (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). Here institutions are either formal (e.g. legal systems) or informal (e.g. customs and social networks)

- Coercive pressure stems mainly from political influences and legitimacy factors. The pressures can be exerted from other organisations within the same field, cultural expectations and leading players in a given society. Other influences include governmental intervention through legislation for example, environmental laws. Meyer and Rowan, (1977) suggested that fear of legal sanctions has been another key driver for organisations to proactively come up with environmental policies, although such proactiveness may actually create competitive advantages to some organisations. By proactiveness, organisations have also been able to develop measures that reduce mandatory requirements with stricter regulations.
- Mimetic: - this is when organisations respond to uncertainties within the environment by modelling themselves on standard practices of other organisations. This approach is considered viable as it minimises costs (Cyert and March, 1963) that may be required in developing new structures to respond to the environmental forces. Numerous industry standards have emerged on a national and international level, for example in the UK the BiTC has developed a constituent standard ranking member organisations into categories of ‘platinum’, ‘gold’, ‘silver’ and ‘bronze’ as evidence of commitment to CSR initiatives, (www.bitc.org.uk). In South Africa the JSE has developed a framework requiring listed companies to demonstrate compliance with CSR principles, (www.jse.co.za)
- Normative: - this institutional isomorphism arises when organisations collectively attempt to define the conditions and methods of their systems to control the institutional forces. These normative aspects include education and training, professional networking and trade association initiatives.

According to DiMaggio, (1982) the above pressure mechanisms are defined according to the extent of interaction amongst the organisations in the field; the emergence of well-defined inter-organisational structures of patterns for domination, the information flows which the organisations must contend with and development of mutual awareness amongst these organisations. Modern economics and political science have assigned institutions a key role in society, for example, in terms of economic growth, market stabilisation and democracy, (Bjornskov *et al.*, 2010), further suggesting that these institutions are likely to differ in terms of impact and influence.

The institutional environment provides the rules of the game for organisations, including their stakeholders, (North 1993), so their strategies are influenced by the factors within the institutional environments that they are operating (Doh and Guay, 2006). Institutional environment has been divided into three broad categories (North, 1990, 1994). In an attempt to provide clarity to institutional theory, North, (1990) split institutional environment into three main categories of formal, informal and organisations themselves, (Fig 3.3.1). What then constitutes formal or informal institutions has been a subject for debate, with some suggesting a government-societal distinction, that is, government agencies and state-enforced rules are considered as formal, whilst the rules and organisations within society are considered informal, (Pejovich, 1999). Other contributors like Calvert, (1995) and Knight, (1992) suggested that informal institutions are self-enforcing, whilst formal ones are enforced by a third party, often the government.

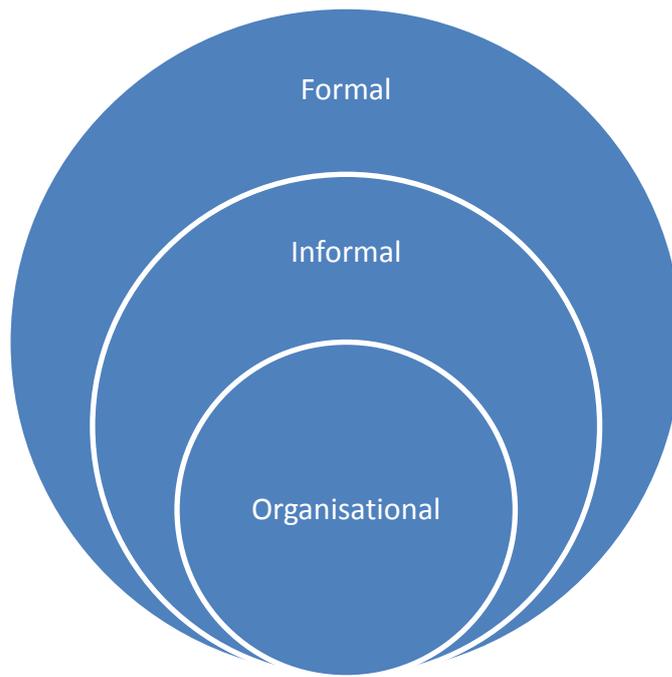


Figure 3.3.1: Institutional Environment (North, 1990)

For Doh and Guay, (2006), the **formal institutions**, consist of formal rules, constitutions, laws, policies and other formal agreements that have been formalised by society, whilst Helmke and Levitsky, (2003) view formal institutions as *'rules and procedures that are created, communicated and enforced through channels widely accepted as official'* (pp. 727), These macro level rules of the game, for example, key political, social and legal settings would influence the behaviour and outcomes such as economic performance, efficiencies, economic growth and development, (Kherallah and Kirsten, 2002). Usually changes in the formal institutional environment come about as a result of legislative changes, such as, new statute, court decisions and constitutional changes. However, Helmke and Levitsky, (2003) went further to suggest that formal institutions also includes other organisational rules that govern organisations like corporations and other interest groups.

Historically, state regulation has imposed sanctions against irresponsible corporation behaviour (Campbell, 2007), for example, various acts of parliament have regulated how

corporations should behave as regards employment, health and safety at work. On the other hand, certain regulations have advanced irresponsible behaviour, as in the case of the apartheid laws in South Africa and racial discrimination in the then Rhodesia, now Zimbabwe, (Campbell, 2003; Van de Ven, 2005). Still others have argued that lack of appropriate mechanisms for enforcing some of the laws have negatively contributed to irresponsible behaviour, (Honke *et al.*, 2008). As noted by Campbell (2007), observers have attributed the Enron scandal to deregulation of the financial industry in the 1990s (Stiglitz, 2003). Citing Mckenzie and Lee, (1991) and Ohmae, (1990, 1995), Campbell raised the notion that as nations compete for scarce foreign direct investments, they are likely to relax their laws and other regulations in order to attract investments to their countries, thereby compromising the quality of the legal institutions. There are also arguments that regulation is only but one of many other external factors, for example, consumerism, environmentalists and trade unionism have assumed certain power to exert some institutional influences (Troast, *et al.*, 2002).

The second category, the **informal institutions**, would comprise the behavioural norms of a given society for example, societal constraints (norms of behaviour, conventions, and self-imposed codes of conduct) and the enforcement characteristics of both. Pejovich (1999) defines informal institutions as *'traditions, customs, moral values, religious beliefs.....that are part of a community heritage often called culture'*, (pp. 166). These unwritten rules, social norms and codes of conduct have been recognised as important and key influences in business-societies-state relationships, (Helmke and Levitsky, 2003). Bjornskov *et al.*, (2010) stated that informal institutions generally influence the well-being of a country's citizens and perception of business-society relationships. These informal institutions can influence or be influenced by key actors in a given society, for example, culture, media arts and rituals.

Helmke and Levitsky, (2003) posited that many of these rules of the game that have structured socio-political systems in Eurasia, Asia and Africa are informal, such that the same *'informal institutions have therefore also shaped formal institutional outcomes'* (pp. 726). In order for institutional analysis to provide useful analysis tools, Helmke and Levitsky suggested that informal institutions must be defined in terms of shared expectations rather than shared values, that is, in their view ,shared expectations allows for an analysis of casual relationships that may or may not be rooted in shared values or culture.

The third category is **the organisations** themselves forming to advance a collection of interests (North, 1991, 1994; Doh and Guay, 2006), as they engage in particular purposive activities. As Campbell, (2007) noted, members in a particular industry may establish own regulation as a set of socially responsible behavioural standards or self-imposed codes of conduct (North, 1993), in order to protect own industry interests or to avoid state controlled regulations (Kolko, 1963; Schneiberg, 1989; Streeck and Schmitter, 1985a). However the relationship between self-regulating industry and the state is important, otherwise self-regulation is likely to fail if inconsistent with state regulations (Campbell, 2007; Karkkainen, *et al.*, 2000). Therefore the constraints imposed by the institutional framework (together with the other constraints) define the opportunities or threats and therefore the kind of organisations that will ultimately come into existence.

The formal and informal institutional settings are likely to be different by region and timescales, suggesting that CSR perspectives across regions and countries will be wide-ranging, (Oliver (1991). This would imply that as CSR perspectives are influenced by institutional settings, the precise nature and characteristics of CSR is likely to be different from organisation to organisation and from country to country (Matten and Moon, 2008). This is based on the

notion that these institutional variations, caused by socio-political and economic factors, will influence the choices of organisational CSR strategies (Arya, *et al.*, 2008; Hitt, *et al.*, 2004; Hoskisson and Busenitz, 2002; Oliver (1991). It has also been suggested that organisations that respond to external demands and expectations are likely to come up with sustainable strategic responses that can guarantee survival from pressures in institutional environment, (Meyer and Rowan, 1977).

The degree to which there are institutional constraints and the choices organisations make in that institutional setting, also depends on the effectiveness of enforcement (North, 2003). The presence of regulation in itself is considered insufficient to ensure an institutional environment conducive for responsible social behaviour. The argument is that institutional environment must possess the capacity to effectively monitor and enforce what is considered socially responsible behaviour (Campbell, 2007). For example, well-functioning institutions tend to provide democratic opportunities for positive influences in business-society processes, relationships and vice versa, (Bjornskov, *et al.*, 2008b). This has been considered as a major concern for CSR in developing countries, especially the issue of avoidance by some organisations to comply with legal requirements due to prevailing weak enforcement capacity or, in some cases, the quality of the institutions themselves, (Bjornskov, 2010). There are arguments suggesting that in such environments, where coercive enforcement by the state is not effective, the legal compliance of CSR is best enforced through self-imposed codes of conduct, (Campbell, 2007).

It is also argued that the capacity within the institutional environment to monitor and enforce socially responsible behaviour is influenced by actors within the institutional environment, in this case, market players, civil society including the state, (Bjornskov *et al.*, 2010; Aguilera and Jackson, 2003; Driver and Thompson, 2002). Therefore for Stutzer and Frey, (2003), this

suggests that institutional quality cannot be transferred or copied from other countries, as these environments may change from time to time as a result of historical or political processes, (Bjornskov, *et al.*,2010)

3.3.1.2 Organisational responses to institutional factors

Oliver, (1991) highlighted that organisational choices are likely to be limited by the variety of the external pressures from the institutional environment, (Friedland and Alford, 1991; Meyer and Rowan, 1983; Pfeffer and Salancik, 1978). This implies that the attributes of CSR responses are likely to depend on the quality of institutional settings. Oliver (1991) proposed different strategic options (Table 3.4.1) that are available to organisations in response to institutional pressures, mainly because institutional theorists have placed more emphasis on the survival tactics of conformance to the demands of the environment and adherence to external rules and norms of the environment, rather than adaptation to external environment as an alternative, (DiMaggio and Powell, 1983; Meyer and Rowan; 1977; Pfeffer and Salancik, 1978).

Table 3.4.1: Strategic responses (Oliver, 1991)

Strategies	Tactics	Examples
Acquiesce	Habit	Following invisible, taken for granted norms
	Imitate	Mimicking instructional models
	Comply	Obeying rules and accepting norms
Compromise	Balance	Balancing the expectations of multiple constituents
	Pacify	Placating and accommodating institutional elements
	Bargain	Negotiating with institutional stakeholders
Manipulate	Co-opt	Importing influential constituents
	Influence	Shaping values and criteria
	Control	Dominating institutional constituents and processes
Defy	Dismiss	Ignoring explicit norms and values
	Challenge	Contesting rules and requirements
	Attack	Assaulting the sources of institutional pressure
Avoid	Conceal	Disguising non conformity
	Buffer	Loosening institutional attachments
	Escape	Changing goals, activities, or domains

Five strategic responses, as in the above Table 3.4.1, have been suggested as possible responses that organisations may take depending on the institutional pressures prevailing.

From a CSR perspective these strategies can be grouped into two main categories of socially responsive and socially irresponsible strategies. According to Oliver, (1991) three of these strategies are considered to be positively responsive, whilst the 'avoid' and 'defy' strategies may be considered negatively responsive. There are suggestions that these strategies are based on a number of factors including resource capabilities (both skills and financial), management commitment and whether or not an organisation is operating in foreign markets, (Carroll and Buchholtz, 2011).

Positive CSR responsive strategies:-

Acquiesce: - in this strategy the organisation accepts the pressures from the environment but in addition to compliance and obedience to institutional requirements, norms and practices, the organisation can also imitate successful organisations or obtain specialist advices (DiMaggio and Powell, 1983). This strategy enhances an organisation's legitimacy and social support (Oliver, 1991)

Compromise: - when confronted with conflicting interests within the institutional environment, organisations can attempt to balance the conflicting demands. Here, balancing is an attempt to accommodate a multiplicity of conflicting demands from various institutional constituents, who are in a way, key stakeholders for organisational CSR. (Oliver, 1991).

Manipulate: - this is considered the most active institutional response (Oliver, 1991) as it is intended to actively change or exert power over the institutional constituents so as to co-opt them, influence and control their expectations.

Negative CSR responsive strategies:-

Avoid: - avoidance is another strategic response to institutional demands (Meyer and Rowan, 1977, 1983; Meyer and Rowan, 1983; Oliver, 1991; Pfeffer and Salancik, 1978; Powell,

1988; Scott, 1987; Thompson, 1967). Here Oliver defines avoidance as ‘the organisational attempt to preclude the necessity of conformity... and this can be achieved by concealing or disguising nonconformity, buffering against institutional pressures and escaping from the institutional expectations’ (pp154). Buffering includes attempts to minimise the incidence of external inspections (Meyer and Rowan, 1977; Oliver, 1997; Scott, 1987; Thompson, 1967) or decoupling work activities from internal and external assessments (Meyer and Rowan, 1977; Meyer and Rowan, 1983).

Defy: - Oliver, (1991) considers defiance as an active form of institutional response that organisations are more likely to use in the form of dismissing, challenging and attacking the demands or sources wherefrom. Different regions and organisations appear to have differing views and expectations as far as CSR issues are concerned, (Maignan and Ralston, 2002; Habish *et al.*, 2005; Zadek *et al.*, 2002). The reasons advanced for these differences include institutional differences (Matten and Moon, 2008; Moon, 2004 and Moon, 2002). Zadek *et al.*, (2002), modelled these differences into levels of CSR perspectives across different organisations.

Campbell, (2007) summarised a set of institutional conditions that would influence organisations’ socially responsibility, to include economic conditions, competition, enforcement institutions, stakeholder dialogue and nature of communication systems. For Campbell, organisations are likely to act in a socially responsible manner in an environment where normative calls for such actions are institutionalised for example, by business publications, business schools’ curriculum and other training institutions. Matten and Moon (2005) went further to classify institutional CSR responses into two main approaches, the explicit and implicit approaches. Explicitly, organisations can adopt positive (that is,

acquiesce, compromise or manipulate) and negative with strategies by defying or avoiding (Oliver, 1991) to act as expected by institutional stakeholders. Positive strategies would describe those initiatives directed towards the interest of society. *'This consists of voluntary corporate policies, programmes and strategies. Incentives and opportunities are motivated by the perceived expectations of different organisation's stakeholders'* (Matten and Moon, 2005, pp.410). On the other hand, for 'implicit CSR' organisations describe their CSR role within a wider formal and informal institutional setting, so that organisational CSR motivation arises from society's legitimate expectations of the role of business organisations. Matten and Moon further posited that explicit CSR is gaining momentum across Europe and the rest of the world.

These institutional environmental responses can be summed up and represented as shown in the diagram below (Figure 3.3.2). Through institutional isomorphism, organisations' behaviour responds to coercive pressure from legislations and self-regulating voluntary schemes, mimicking best practice from industry. Mattern and Moon, (2005) categorised organisational behaviour responding to coercive, mimetic and normative pressure as implicit CSR, as such responses arises from codified rules and norm that are mandatory. However, Mattern and Moon, (2005) surmise that organisations that develop voluntary CSR policies, practices and initiatives of a self-interest nature, are adopting explicit CSR. Explicit CSR comprises of positive and negative organisational responses to institutional pressures, (Jamil and Sidani 2008; Powell, 1983). It can therefore be argued that in order to understand the context and drives of organisational CSR, the analysis should include national, socio-political institutional environments. As Jamali and Sidani, (2008) posited, in order to understand the CSR initiatives, a broadened level of CSR analysis is necessary to provide a deeper and mature understanding of the intricacies of the phenomenon that include interactions between

business organisations, governments, non-governmental organisations, investors and educational institutions, which in turn are modelled through historical evolution and processes. As institutional environments comprise various actors above, these actors are essentially organisational stakeholders that have emerged to establish and monitor social responsible behaviour by corporations, especially global corporations (Campbell, 2007).

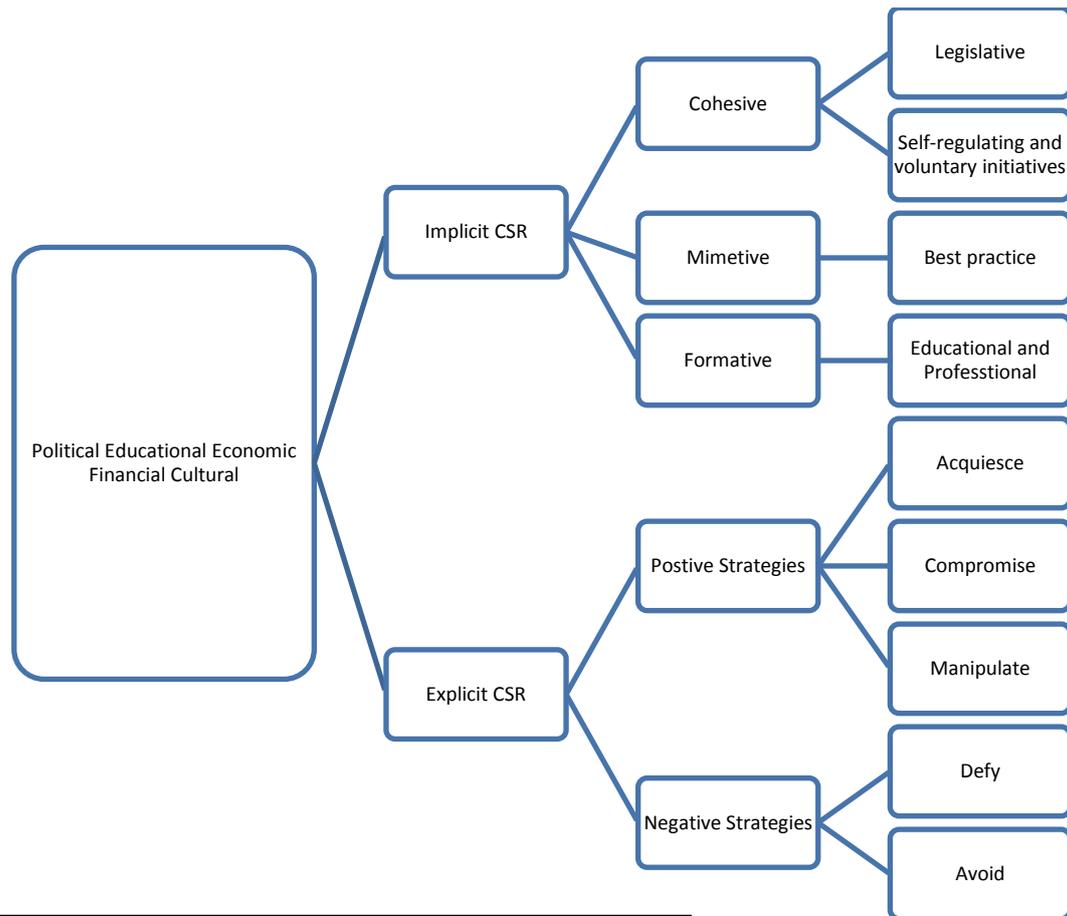


Figure 3.3.2: Institutional Factors and Organisational Responses (Matten and Moon, 2005; Jamil and Sidani 2008; Powell, 1983).

This would imply that institutional theory is only one of the many alternatives that can be used to analyse the influences of interest groups and it is suggested that the stakeholder theory is one such alternative, (Doh and Guay 2006). This is also linked with suggestions that institutional variations have resulted in differences in CSR perceptions by an organisations’ stakeholders, (Welter and Smallbone, 2011).

In spite of the numerous studies on CSR and its links with economic and social performance, it has been argued that there have been fewer studies that have investigated the key influences of institutions on CSR, (Campbell, 2006, 2007; Jackson and Apostolakau, 2010). Other scholars like Margolis and Walsh, (2003) have complained about little theoretical attention as to why corporations behave in a particular socially responsible way, especially what institutional factors influence them to behave or act in that manner. As the institutional environment is considered fundamental to organisational CSR determinants, (Brammer *et al.*, (2012), the presence or absence of an institutional enabling environment determines the level and perception of organisational CSR, (Idemudia, 2008; Doh and Guay, 2006). In this inquiry, the key institutional issues will highlight why organisations adopted particular CSR approaches.

As the institutional theory revealed that institutions provide the rules of the game for the actors within the environment, the next section will explore the stakeholder theory as a major source for these key actors and their influences on CSR perspectives. Earlier CSR definitions appear to imply that organisations are expected to contribute to a better society by integrating social and environmental concerns through interaction with stakeholders, (CEC, 2001; 2002). There is also evidence from research, that organisations in the UK and USA often report CSR in terms of specific stakeholders (Robertson and Nicholson, 1996) such that the stakeholder theory has become a useful framework for evaluating CSR initiatives. Phillips, (2003) stated that organisations have constituent groups that are referred to as stakeholders, although there are disagreements on who these stakeholders are.

3.3.2 Stakeholder

The preceding section has underlined the importance of institutional environment to organisational CSR, but it is further argued that the survival of corporations is affected not only by shareholders, but also by the actions of and the relationship with other stakeholders (Blowfield and Frynas, 2005; Lee, 2008; Russo and Perrini, 2010). The history of stakeholder theory is attributed to Ansof, (1976) who attempted to integrate into a strategic framework, organisations' responses to expectations of various stakeholder constituencies that have demands on the firm. Freeman (1984) traces the idea of a stakeholder back to 1963 (pp. 31), and even to Adam Smith (pp. 8), with his work representing a ground breaking contribution to the stakeholder theory. Freeman defined stakeholder as *“any group or individual who can affect or is affected by the achievement of the activities of an organization”* (pp. 46).

Another definition that provides a broad specification of stakeholders is given by Gray, *et al.*, (1996) who proposed that anyone who can be influenced by, or can themselves influence the activities of the organisation, should be included in the stakeholder definition. It is clear that this specification is not restricted to the 'achievement of objectives', therefore implying that all stakeholders are to be considered if we apply the broad definition by Freeman above. When Wood and Jones, (1995) applied the theory to review empirical literature on CSP, they posited that organisations have multiple stakeholders who have different sets of expectations on corporate performance and different experiences of the effects of corporate behaviour.

For Clarkson (1995) *‘Stakeholders are persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future’* (pp. 106).

Whilst arguing that the problem in business and society relations is the absence of definitions for CSR, CSP and social responsiveness, Clarkson posited that social performance can be effectively analysed using a stakeholder relationship framework. On the other hand, Alkhafaji

(1989) asserted that stakeholders are groups whom the corporation is responsible for, whilst Freeman and Evans (1990) regarded stakeholders in terms of contract holders that have direct influence (Scott and Lane 2000) on organisational performance and survival, (Post, *et al.*, 2002). This tends to classify stakeholders into specific narrow dimensions rather than the broad view above, portrayed by Freeman, (1984) and Gray, *et al.*, (1996). For example, contributors like Spitzeck and Hansen (2010) suggested that employees and customers are critical stakeholders for corporate survival as they provide the essential resources (Pfeffer and Salancik, 1978) that are necessary for the performance of an organisation.

Although the stakeholders of any firm are considered to be diverse, Mitchell *et al.*, (1997), relationships between the firm and each of its stakeholders have many common features, and common interests (as well as potential conflicts among themselves). From a CSR perspective, Idemudia (2008) argued that the politics of CSR may result in some stakeholders seeking to regard CSR as a means of passing their responsibility to other stakeholders in the network. For example, suppliers and customers who make up an organisation's network of partners (Giannakis and Croom 2004), may attempt to shift social responsibilities to each other in this network environment. When Clarkson, (1995) identified those stakeholders who are essential for organisational survival (investors, employees, customers, suppliers, the government and communities) into 'primary' group of stakeholders, he based this classification on the fact that, if this group of stakeholders withdrew their support, the survival of the organisation will be at stake. So in his view, primary stakeholders have direct connection with the organisation with sufficient bargaining power to directly affect corporate actions, (Wheelan and Hunger, 2006).

A secondary stakeholder is another group that Clarkson (1995) identified as only capable of influencing an organisation or being influenced by it, although they do not directly transact with it. Unlike primary stakeholders, this group, comprising media, and other special interest groups like NGOs, still have the capacity to influence or disrupt (Freeman, 1984) the smooth running of the organisation's operations. Although the survival of the organisation is not entirely dependent on this group, these stakeholders play an important part in evaluating the performance and image of the company and can affect its long term survival and growth (Gao and Sirgy, 2006). The relationship between the organisation and this group of stakeholders is not covered by any agreement and therefore the room for misunderstanding is greater (Wheelan and Hunger, 2006). Because there is no formal relationship, monitoring by organisations may not be systematic until a problem arises. For Wheelan and Hunger, this is the group where ethical and discretionary issues of CSR are most relevant with long-term effect on corporate reputation.

In Clarkson's view, the best way to understand social responsiveness is to analyse and evaluate the way in which the organisation manages the relationship with its key stakeholders. This view is supported by Maignan and Ralston, (2002); Maignan *et al.*, (2005) and Jamali, (2008), in that those organisations are only deemed responsible to specific stakeholder groupings that impact on its operations. In this complex and diversity of stakeholders, the critical challenge for contemporary management is recognising the mutual interests among the firm and its stakeholders, (Carroll, 1991) in order to prioritise the CSR initiatives.

It would appear from above that there can be no CSR without stakeholder engagement and the question is, which key stakeholder or group of stakeholders (Knox *et al.*, 2005) would

influence an organisation's CSR initiatives? Naturally, whilst shareholders are a key group of stakeholders, in corporate law, they are given pre-eminent status as the owners of the firm, (Heath and Norman, (2004). It can therefore be argued that when there is conflict in CSR issues, the demands and interests of this key stakeholder, other stakeholders' interests may be moderated or sacrificed by managers in order to fulfil basic obligations of this stakeholder, in this case the shareholder.

According to Heath and Norman, there are suggestions that the stakeholder theory devotes little attention to defending the rights of shareholders as a stakeholder group due to the status and control provided under corporate law, although Heath and Norman argued that shareholder interests and control are essential in furthering the interests of other stakeholders. It follows from the stakeholder theory that the best way to understand how organisations are socially responsible and responsive (Sethi, 1979) is to analyse and evaluate the way in which they manage the relationships with their stakeholders (Clarkson, 1995). Empirical research suggests that firms leading in corporate responsibility tend to be more stakeholder-oriented (Burchell and Cook, 2006; 2008; Ricart, *et al.*, 2005). This stakeholder view of CSR has broadened the meaning and specification of social responsibility (Lee, 2008), because organisations are expected to consider the mind-set not only of their internal, but also the external stakeholders. As alluded to earlier above, these external stakeholders are critical as they shape the reputation of the company (Gao and Sirgy, 2006; Sarbutts, 2003).

Freeman (1984) constructed a coherent and systematic stakeholder management theory, but noted that any framework that seeks to enhance stakeholder management must first of all apply a basic definition of stakeholders, a concern that is also noted by Clarkson (1995). This would lead to identifying who the stakeholders for the firm are, either in terms of whether

they affected or can affect the organisation in its quest to achieve its objectives. According to Freeman this requires the following questions to be answered:-

- *'Who are current and potential stakeholders?*
- *What are their interest/rights?*
- *How does each stakeholder affect us?*
- *How do we affect each stakeholder?'* (pp. 242)

In this theory, the corporation is defined as a socio-economic organisation and the notion is that beyond shareholders are others with interests (Branco and Rodriguies, 2007) in the organisation, although according to Lee, (2008) the demarcation between social and economic issues is irrelevant as the central issue here is the survival of the firm. The stakeholder theory suggests that in order for an organisation to generate long term value and survival, it should develop relationships with its critical stakeholders (Carroll, 1989; Donaldson and Preston, 1995; Freeman, 1984; Jones, 1995; Jones and Wicks, 1999; Mitchell, *et al.*, 1997; Post *et al.*, 2002). So for Lee, that long term value and survival becomes more of an economic issue than a social issue.

Notwithstanding the above, the stakeholder theory has attained acceptability into the hearts of many organisations' decision making processes (Xhaufclair and Zune, 2006). This is evidenced by numerous communication and organisation charters that aim to provide and publicise social responsibility and good governance in various reports and media, (Andriof and Waddock, 2002, and Phillips *et al.*, 2003; Xhaufclair and Zune, 2006).

There are circumstances where Friedman and Miles (2006) observed that this term 'stakeholder' has been used in different contexts to an extent that the debate has been

confused and shallow (Dunham, *et al.*, 2006; Egels-Zandén, and Sandberg, 2010). For example, the debate about the stakeholder theory as Dunham *et al.*, argued, has been more of a normative justification for stakeholder management (Donaldson and Preston 1995, Evan and Freeman 1993, Phillips 1997), with others using the theory's implications for existing models of corporate governance (Boatright 1994; Goodpaster 1991). In some cases the debate explores the theory's link to corporate social responsibility and performance (Waddock and Graves 1997; Wood and Jones 1995) and to integrating stakeholder issues with other strategic management approaches (Harrison and St. John 1994). For Egels-Zandén, and Sandberg, (2010), the stakeholder theory has been used with wide disparities in some cases, raising questions whether the contributors refer to the same underlying theory.

3.3.2.1 Stakeholder perspectives

Whilst recognising some of this confusion and contradictions arising for stakeholder definitions and practices, Donaldson and Preston (1995) grouped these differences and problems into four basic stakeholder perspectives, that is, descriptive, instrumental, normative and broadly managerial, (Figure 3.3.3 below).

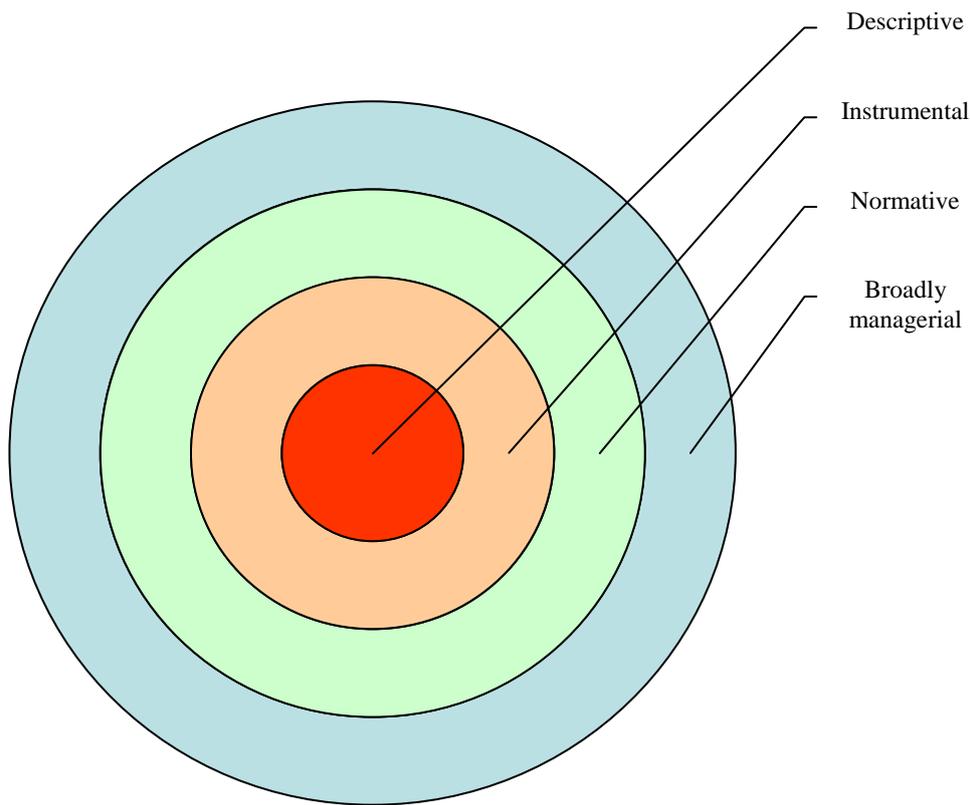


Figure 3.3.3: Four aspects of stakeholder theory

Adapted from Donaldson and Preston (1995:73; Friedman and Miles, (2006

Descriptive stakeholder perspective

this is when stakeholders are identified into different groups without assigning any value statements, for example, in relation to power or legitimacy classes, (Lozano, 2005; Spitzeck and Hansen, 2010). Here stakeholders are viewed to possess cooperative and competitive interests and only defined in terms of whether or not they affect or are affected by the operations of the organisation (Friedman and Miles, 2006). According to Donaldson and Preston, this descriptive aspect of the stakeholder theory is desirable to explore new areas in order to expand into explanatory and predictive propositions.

Instrumental stakeholder perspective

Organisations are expected to pay attention only to those powerful stakeholders in order to secure their influencing contribution to the success of the organisation, (Spitzeck and Hansen, 2010). In this perspective, stakeholders are identified by the management need towards corporate objectives (Friedman and Miles, 2006); although according to Donaldson and Preston this aspect falls short of providing the link between stakeholder management and corporate performance. A number of instrumental studies of corporate social responsibility have made reference to this stakeholder perspective, (Aupperle, *et al.*, 1985; Barton, *et al.*, 1989; Cochran and Wood, 1984; Cornell and Shapiro, 1987; Kotter and Heskett, 1992; McGuire, *et al.*, 1988; O'Toole, 1985; Preston and Sapienza, 1990; Preston, *et al.*, 1991). The instrumental perspective predicts means to ends reasoning to stakeholder theory, that is, organisations will pursue, through relationship management, the interests of key stakeholders or only those that are considered to have significant influence on its performance and survival, (Gariga and Mele, 2004; Jones, 1995, Hall and Vredenburg, 2003; Hart and Sharma, 2004) called this perspective instrumental CSR, in that various stakeholders are considered in decision making, only in as much as they are powerful and able to influence the profitability and therefore survival of the organisation, (Mitchell *et al.*, 1997; Scherer and Palazzo, 2011)

Normative stakeholder perspective

This perspective goes further in granting all stakeholders claims (Spitzeck and Hansen, 2010), focusing more on moral or philosophical guidelines, that is, whether or not a particular group has legitimate interests in aspects of the corporation. This group must possess valid claims against the organisation to be considered (Donaldson and Preston, 1995; Ulrich, 2008), that is, an ethical dimension where only the interests of stakeholders with a stake or a legitimate interest in the firm's processes, procedures and practices are considered,

(Ayosu, *et al.*, (2006). The observation is that the normative aspect of the theory only provides guidance on moral obligations, (Donaldson and Dunfee, 1000; Evan and Freeman, 1988; Freeman and Phillips, 2002) or philosophical principles. The key in this perspective is that organisations are expected to embrace and balance the different stakeholder concerns (Lozano, 2005; Sison, 2008; Ulrich, 2008), strengthening the argument by Egels-Zanden, (2010) that this perspective is the core of the stakeholder theory, as it gives the normative justification that organisations ought to embrace all stakeholder interests.

Broadly managerial stakeholder perspective

This managerial view is concerned with organisational attitudes, structure and practices in stakeholder management. In this aspect the theory also recommends that organisations create system, structure and policies for managing a variety of stakeholders in the process of decision making.

It is evident that Clarkson (1995), for example, asserted an explicit connection among the first three, in that his stakeholder management model appears to represent a framework for describing, evaluating, and managing corporate social performance. The three types of perspectives are also to be found in the work of Freeman, (2004) who further proposed that the stakeholder theory is a strategic approach where an organisation can use an appropriate management style to groups of constituents who have an impact on the organisation's success or failure. This perspective appears to be focused on a set of stakeholders from the original definition (Freeman 1984) clearly excluding other groups of stakeholders. This narrow view seems to be in line with Carroll (1983) and Starik (1994) who suggested that business interacts with actual stakeholders with stakes in the organisation.

As CSR is a stakeholder-oriented concept, (Lindgreen *et al.*, 2009) this assumes that organisations will consider the interests and the demands of the different stakeholders within a business environment. This is in contrast to the shareholder model which argued that the objective of the organisation is to maximise stockholder value expressed either as maximisation of long-run profits, growth, or dividends (Friedman, 1962, 1970). The stakeholder model is giving way to new acceptance that the responsibility of business should not only be based on profit making, but also that corporations have an ethical as well as other obligations to address the needs of society (Wilson 2003). These responsibilities are now expressed in terms of the stakeholder theory (Friedman and Miles, 2006).

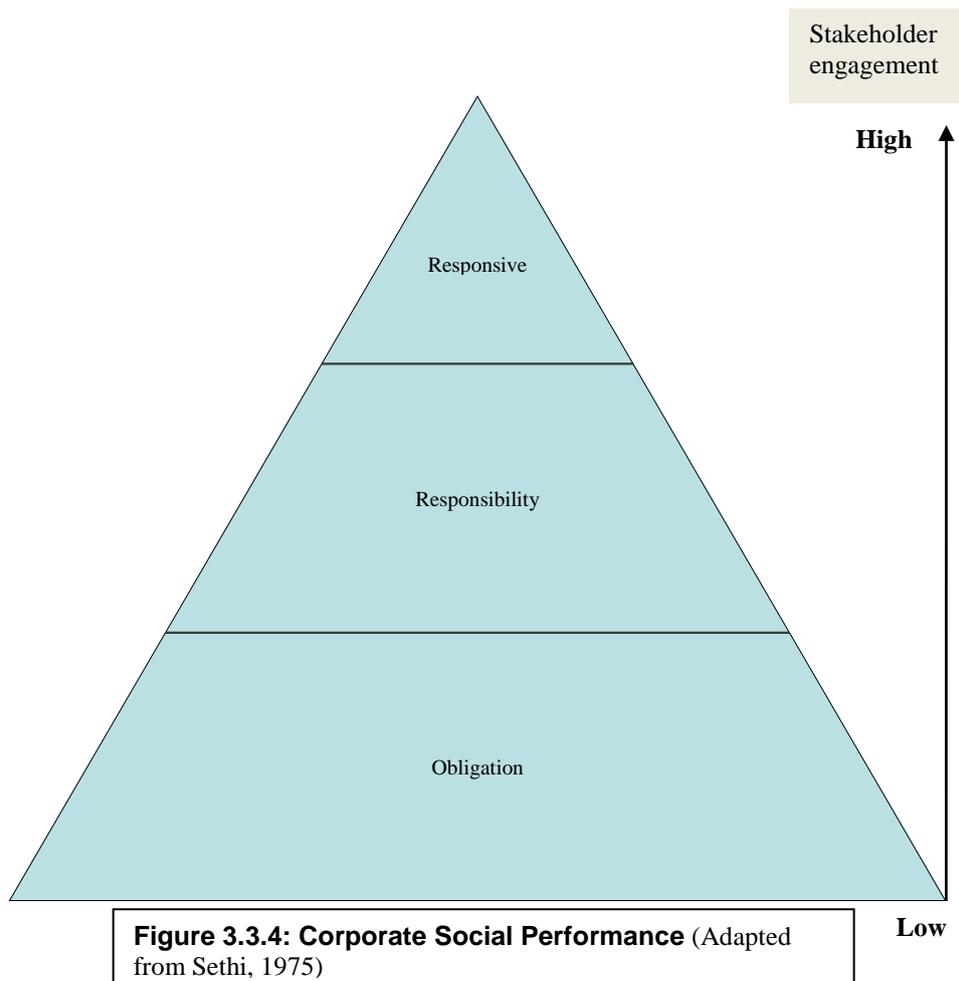
According to Mitchell *et al.*, (1997) a stakeholder has three relationship attributes of power, legitimacy and urgency. Power is the extent to which one can coerce or impose their will on a relationship, whilst legitimacy is an assumption and perception that an organisation's actions are desirable, proper or appropriate within a particular society. Lastly, urgency is the degree to which a particular stakeholder can call for immediate action within a relationship (Mitchell *et al.* 1997). In this case, it becomes essential that organisations identify who these groups are. This is no easy task, hence the approach is to adopt the broad and the narrow situational stakeholder relationship (Mitchell *et al.*, 1997; Windson, 1992; Winn 2001). The stakeholder perspective has also increased in importance due the notion that some stakeholders are capable of withdrawing the flow of essential resources into the organisation or by limiting the way in which the firm can use the essential resources (Frooman, 1999; Yang and Rivers, 2009).

3.3.2.2 Application of stakeholder theory to CSR

Corporate social responsibility is based on the capability of an organisation to generate long term value thorough beneficial relationships with its stakeholders. Although CSR

programmes have been considered to be tactical and defensive in nature, there is a shift from this perspective to a more strategic level approach to business and society relationships, (Elkington, 1998; Grayson and Hodges, 2004; Willard, 2002; Zadek, 2004, 2008). Approaches to stakeholder strategy formulation, range from generic strategies (Freeman 1984), to cooperative and competitive strategies (Savage *et al.*, 1991). Clarkson (1995) adapted the stakeholder theory to Carroll's CSP model by arguing that in order to effectively analyse and evaluate social performance, it was necessary to distinguish stakeholder interest from social issues. He posited that social issues are of sufficient public nature to warrant subsequent legislation and regulation and that if no such regulation exist, then it became a stakeholder issue (Lee, 2008). This assumption is based on the notion that the institutional environment provides for adequate enforcement capacity, a situation that may not prevail given the institutional context within which some organisations are operating, (see earlier sections on institutional environment).

In their research using a logistics company as a case study and based on the critical approach to CSR issues, Xhaufclair and Zune, (2006) concluded that the stakeholder approach provides more promise for CSR implementation. They stated that research methodology requires that techniques are varied and adapted to cater for the diversity of stakeholder categories and any successful CSR requires stakeholder engagement and dialogue. This stakeholder management approach would corroborate with Sethi's model on corporate social performance by implying that high stakeholder engagement results in social responsiveness at the critical stakeholder management level (Figure 3.3.4)



Illia and Lurati, (2006) contributed to this debate by emphasising the relational context of the stakeholder theory. They posited that organisations navigate the business environment and attempt to manage the identity-image gaps by differentiating stakeholders so as to integrate those issues that are likely to correct the perceived identity - image gaps. They argued that the stakeholder theory has been debated mainly from a relational context and therefore classified the stakeholder debate into three main categories. The model reinforces the traditional stakeholder concept (Freeman 1984) in that it provides a deeper insight into the nature of expectations between the organisation and its key stakeholders. Splitting stakeholders into different levels allows for in-depth analysis and interpretation of their expectations, (Werther and Chandler, 2011). These levels are:

- The broad view which says that almost anyone can be a stakeholder as long as they have a relevant interest in the organisation (Windson,1992; Mitchell *et al.*, 1997; Berman *et al.*, 1999; Luoma and Goodstein 1999)
- The narrow view differs, as it distinguishes between primary and secondary stakeholders (Clarkson, 1995). This narrow, a priori, approach attempts to identify key stakeholders that are relevant to organisations' operational performances; (Davenport, 2000; Hillman, *et al.*, 2001)
- The narrow situational approach proposes that these key stakeholders are relevant within a given context or situation which means the narrow priori can also be situational.

For Illia and Lurati, the broad and narrow a priori, are important only if the organisation is concerned with image or reputational issues existing with its external stakeholders. The narrow situational approach provides a deeper insight into those stakeholders whose perceptions will contribute towards the effectiveness of the organisation if these perceptions are integrated into the organisation's strategy.

In summary, the stakeholder model can be adopted in identifying and analysing the organisational stakeholders and their CSR expectations in any environment. It is possible that one or more of the stakeholder perspectives discussed above could be reflected in the results of this investigation. The approach adopted for this research will assume that sample organisations are likely to be at different stakeholder engagement levels and the resultant interpreting of the stakeholder perceptions and CSR responses. The inquiry therefore adopts the stakeholder theory to gain insights into the prevailing organisational stakeholder perspectives for the study units. This is because managers continue to encounter institutional pressures and demands from multiple stakeholders, implying challenges in determining the

materials CSR issues from the limited resources available, (McWilliams and Siegel, 2001). Therefore, the inquiry aims to understand how organisations identify key stakeholders based upon the prevailing institutional settings in which the organisations are operating. This stakeholder perspective would require that some inventory is taken of CSR issues (Weyzig, 2008), that are related to the organisations' key stakeholders. Based on the institutional and stakeholder theory, organisations are likely to respond to a set of CSR issues. The next section will look at the key CSR issues that are likely to manifest themselves in organisational initiatives.

3.4 Alternative theories for CSR perspectives

3.4.1 Legitimacy theory

For example, the legitimacy theory has been considered central to the social contract, in that organisations are assumed to have a contract with societies where they are operating, (Sethi, 1975; Wartick and Cochran, 1985). This would imply that society has rights and expectations that organisations must fulfil in order to survive, otherwise they would be in breach, resulting in legitimacy gaps, (Branco and Rodrigues, 2007; Sethi, 1975, 1979). This theory tends to emphasise a moral obligation on organisations in order to meet societal expectations, otherwise the legitimacy is at risk. This legitimacy theory has its origins in Davis, (1973) who argued that society expects businesses to use their power responsibly in order to establish social legitimacy, that is, business behaviour that society considers to be acceptable. From this notion, organisations' sustainability of existence is dependent on social acceptance. (Crane, *et al.*, (2012) posit that embracing CSR through the legitimacy lens requires some dialogue with respective stakeholders. This notion assumes that organisations would seek to compromise in seeking for social legitimacy through some dialogue methods. The premise is that dialogue is crucial for compromise in that there would be some common understanding of what constitutes CSR or responsible behaviour between the organisation and its

stakeholders. The issue of stakeholders has been explored in much more detail in previous sections of this chapter.

Studies by Campbell, (2000) appear to suggest that organisations engage in voluntary social disclosure as a way of seeking social legitimacy. However, LoftMobus, (2005) noted that regulatory non-compliance disclosure threatens organisations' social legitimacy; although he makes an observation that the potential effectiveness of the threat is influenced by the prevailing legitimisation institutional environment. This observation links with earlier discussion on institutional theory where it was noted that the institutional settings that comprise the rules of the games for the actors is a key determinant of the shape or nature of CSR.

The business case for CSR focused on the potential of creating value from CSR initiatives through gains in the organisations reputation and social legitimacy, (Bhattacharya, and Sen, 2004; Sen and Bhattacharya, 2001). This business case is that the gains are realised when organisations align the different stakeholder interests into their strategies and plans, (Crane, *et al.*, (2012), suggesting that organisations failing to align stakeholder interests are likely to suffer from negative reputation and social legitimacy. Supply chain pressure on organisations support the legitimacy theory as organisations seek competitive advantage through compliance in social and environmental areas from their supply chain partners, (Bansal and Roth, 2000). There is further suggestion that organisations that have high visibility have greater pressure from society than in low visibility. What appears to present challenges for this theory is that it tends to treat society as one group with a homogenous set of demands and expectations, (Dowling, and Pfeffer, 1975), whereas the stakeholder theory above, divides society into groups called 'stakeholders' (Clarkson, 1995; Freeman, 1984).

3.4.2 Agency theory

The premise of the agency theory is that in an agency relationship managers in organisations are not likely to act in a manner to maximise the shareholder returns, unless appropriate governance structures are put in place to support this relationship, (Jensen and Meckling, 1976) Here Jensen and Meckling define agency relationship ‘*as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision making authority to the agent*’. (Jensen and Meckling 1976, pp. 308). Shareholders as owners of businesses, delegate some level of decision making to managers so that they act in the interests of shareholders. The agency theory posits that managers are likely to pursue opportunistic behaviour in pursuit of their duties, for example, remunerations, (Donaldson and Davis, 1991). This implies that the self-interests of managers are likely to conflict with the interests of shareholders, (Crane *et al.*, (2012) so that there must be sufficient scope for separation of interests between the role of the board and the Chief Executive of the Organisation (CEO). From a CSR perspective the interests of shareholders is measured by the financial performance or economic responsibility of the organisation which is the foundation social responsiveness, (Carroll, 1991; Friedman, 1960). The argument here is that unless an organisation meets its economic responsibility very little is likely to happen in any other aspect of social responsibility, (Crane *et al.*, (2012). Herein the board is expected to represent the interests of the shareholder, whilst the CEO is expected to execute the strategies with minimum agency losses to the shareholder (Jensen and Meckling 1976; Donaldson and Davis, 1991). The assumption is that boards are to monitor at arm’s length by ensuring that timely and accurate information on the organisation’s activities is provided so that any areas of concern can be expressed. Another CSR application of the agency theory in MNCs argues that managers in subsidiary MNCs have agency responsibilities towards the principals in headquarters, (Jensen and Meckling 1976). For Mudambi and Pedersen, (2007), conflict

arises when subsidiary MNC managers pursue interests that are incongruent to those of the principals in headquarters, necessitating mechanisms for monitoring and control to manage perceptions arising from these conflicts. Others argue that subsidiary MNCs must be conscious of the local environments they are operating in, in order to respond to the specific needs. This has also resulted in these subsidiaries developing new competencies and skills that have given comparative advantages in the local markets in which they operate, (Mudambi and Pedersen, 2007).

3.4.3 Stewardship theory

There is also a notion that managers are good stewards, (Ghoshal, 2005), who will make good decisions and pursue those actions likely to achieve high corporate performance. The stewardship theory has been used in contrast to the agency theory, to investigate the context of board composition as regards the roles of board members in representing the shareholder interests, This would imply that from this perspective, CSR initiatives may not be a misuse of investor resources that should be directed towards value adding activities or profit maximisation, (McWilliams, *et al.*, 2006). The assumption here is that all CSR initiatives are a cost to the business, in contrast to the stakeholder views that organisations must attempt to satisfy the expectations of not only shareholders, but also other stakeholders who can influence its performance, (Donaldson and Preston, 1995; Freeman, 1984).

3.4.4 Resource dependency theory

The resource dependency theory, (Pfeffer and Salancik, 1978) posits that an organisation's survival is dependent on the ability to acquire and control resources that are considered strategic for its operations. The assumption is that power rests with those players in the external environment who have the capacity to withdraw these essential resources, such that

an organisation needs to acquire appropriate skills to negotiate with these players, (Pfeffer and Salancik, 1978). There are suggestions also that CSR can be viewed strategically from a competence and capabilities' perspective, that is, the resource based view, (McWilliams, *et al.*, 2006). The notion here is that CSR provides opportunities for organisations to create differentiated capabilities that cannot be imitated within a short period of time, thereby giving an organisation competitive advantage within the market.

3.5 Conclusion

The review in this chapter provides certain insights for purposes of this research. There is growing interest in the CSR phenomenon with various contributions made on the tenets and notions of the concept. CSR is not just perceived, but there is evidence that society and other key players have applied more pressure, expecting businesses to take broader responsibilities, (Know, *et al.*, (2005). There is also evidence to suggest a business case for CSR related actions, for example, brand enhancement, risk management including reputational and legitimacy. The nature and scope of CSR should reflect the institutional environment and CSR initiatives are therefore likely to differ in context, (Bjornskov *et al.*, 2010; North, 1990, 1993, 1994; Oliver, 1991).

The orientation of CSR perspectives has been grouped into five domains, instrumental, (Donaldson and Preston, 1995; Gariga and Mele, 2004; Kotler and Lee, 2005; Lee, 2005; Porter and Crammer, 2002; or political perspective, (Davis, 1990; Donaldson and Dunfee, 1994, 1999; Scherer and Palazzo, 2010); integrative (Gariga and Mele, 2004; Carroll, 1979; Wartick and Cockran, 1985); ethical, (Carroll, 1979; Freeman, 1984, 1994; Gariga and Mele, 2004; Idowu, 2011; Visser, 2010) and sustainable development, (Idemudia, 2008; Vives, 2004, WCED, 1987;UN, 2003; 2004) It appears that the globalisation and deregulation of

economies has added another dimension presenting challenges for CSR adoption across different national and institutional settings, (Antal and Sobczak,2004). As stakeholders are considered to be key actors in institutional environment, (Hoffman, 2001; Welter and Smallbone, 2011; North 1990) they are considered essential for any CSR initiative; this implies that organisations that are responsive to CSR issues are likely to initiate dialogue with their key stakeholders, (Clarkson, 1995; Aupperle *et al.*, 1985; Cochran and Wood, 1984; Lindgreen *et al.*, 2009). There are suggestions that stakeholders will always influence decision making on CSR issues, (Xhaufclair and Zune, 2006) so that those organisations with a high level of stakeholder engagement are likely to be more responsive to CSR issues, (Arnold and Hartman, 2003; Donaldson and Dunfee, 1999; Sethi, 1975). The challenge arising from this approach is the multiplicity of expectations and how organisations can therefore prioritise and select the material issues that will be part of the implementation programmes; the diversity and complexity of CSR issues will influence how organisations will respond and strategize their actions. Morsing, and Schultz, (2006) pointed that there is also little empirical evidence that the range of stakeholder issues are addressed in organisations' CSR programmes and that these are effectively communicated to respective stakeholders.

The literature review highlights that there is no single theory that would suit every inquiry given the differing contexts and construction of CSR notions, (Blowfield and Murray, 2008; Carroll, 1999; Dahlsrud, 2006; Matter and Moon, 2008; Meehan *et al.*, (2006; Snider *et al.*, 2003). Notwithstanding this, it has been suggested that the modelling of common CSR issues offers organisations with opportunities to better manage the CSR issues across supply chains or regions (Van Marrewijk, 2003). For example, Baden *et al.*, (2009) found that respondents in SME sample organisations in the UK would be motivated to increase CSR initiatives if this

was a precondition by supply chain partners. The orientations of CSR perspectives as suggested by Gariga and Mele, (2004) appear to align with particular key drivers for CSR initiatives.

The review has identified a number of drivers for organisational CSR initiatives. For example, some of these drivers are identified as brand reputation, (Brei and Bohn; Kotler and Lee, 2005; Lewis 2003; Schultz *et al.*, 2001; Van de Ven, 2005); corporate governance, (Aguilera and Jackson, 2003; Luo, 2007; Kang and Moon, 2012; Mangena and Tarungana, 2006); sustainability and environmental issues, (Stanwick and Stanwick, 2006; Welford and Frost, 2006); national and international actions, (OECD, 2000, 2012; UN global Compact, 1999). The foregoing derives from the different definitions and orientation of CSR and would imply that one organisation may orient its CSR issues differently from the other, (Lewis, 2003). This may corroborate the conclusion that Polonsky and Jevon, (2006) made that CSR development requires intensive search of the social issues and a commitment to translate the issues into strategic and operational activities. It is observed that stakeholders, internal or external, require different types and levels of CSR activities, (Polonsky and Jevon, 2006) suggesting that future research should focus on how firms define the scope for CSR and the range of CSR issues they adopt in their strategies.

A number of theories have been explored in this Chapter, order to guide the research into what the key drivers for CSR perspectives are. This thesis recognises the various theories and other themes advanced for CSR perspectives, and while these theories are important in understanding the phenomenon, the inquiry has selected the stakeholder and institutional theories as the key theories that will inform the perspective for organisational CSR in the two countries. Two theories stand out for this inquiry, that is, institutional and stakeholder

theories. Institutional theory enables the inquiry to explore the different environmental settings within an organisations area of operations as this environment will determine the nature of organisational responses to the prevailing demands. The stakeholder theory presumes that corporations should embrace the interest of their stakeholders in determining social responsiveness. These two theories have linkages, for examples, some institutions are in themselves stakeholders and that the level of institutionalisation will influence organisational responses to various stakeholder expectations. On the other hand stakeholder theory posits that social legitimacy is achieved when corporations engage in behaviour that society (a key stakeholder) considers acceptable. This links up well with the legitimacy theory. The other theories, like stewardship, agency, and resource based theories are considered important but has some aspects covered in the two selected for this inquiry.

Chapter four

4 CSR Practices in Different Countries.

4.1 Introduction

In the previous chapters the evolution and definition construction of CSR were explored. It is clear from extant literature that CSR has its connotations from USA and Europe, suggesting that the practices and priorities could be those of the western countries, (Idemudia, 2011). This chapter makes a critical review of the research related to CSR practices and factors likely to influence organisational CSR in different countries. This is based on the observations by Idemudia above and criticisms that the publicised CSR drivers have been influenced more by participants and stakeholders from western countries, (Fox, 2004; Newell, 2005). More specifically the objectives of this review are to:

- Critically review extant literature on factors likely to influence organisational CSR practices in different countries, especially, in the UK and South Africa.
- Identify the key gaps within extant literature and research study in order to inform the research methodology for this inquiry.

4.2 CSR Research

The review of literature reveals that early empirical research sought to focus more on the meanings, (Carroll, 1999; Dahsruld, 2008; Holmes, 1976; Van Marrewijk, 2003) and theoretical frameworks of CSR, (Carroll, 1979, 1991; Sethi, 1975, 1979; Wood, 1991). The findings have been a mixed bag in most cases, for example, Carroll, (1999) and Dahsruld, (2008) found various definitions have been used to denote CSR, whilst Cheung, *et al.*, (2009), found positive relationship between CSR activities and corporate value amongst Asian firms. Early research work by Bowman and Haire, (1975) was designed to establish the extent of CSR practice in some organisations in the USA by analysing organisation's annual reports, whilst Abbot and Monsen, (1979) sought to use disclosure statements in the annual

reports of organisations to measure CSR initiatives. Theoretical definitions, institutional environmental analysis and stakeholder demands provide a framework for analysis of organisational CSR. The actual organisational practices would say more about what constitutes CSR. In their comparative analysis of CSR practices in USA and Europe, Doh and Guay, (2006) found that differences in institutional settings have been important factors in the relationships between organisations and their stakeholders. As these stakeholder demands are likely to differ and are dependent on other institutional settings, the practices and CSR issues become complex (Jackson and Apostolakou, 2009). This was highlighted by Blowfield, (2005) who resonated and cautioned against ‘celebrating particular CSR initiatives’, (pp.518) as these initiatives may not necessarily be aligned to expectations. The same criticism was highlighted by Baso and Palazzo, (2008) who espoused against simply taking an inventory of CSR activities without understanding the underlying causes. They went further to suggest that CSR should be investigated using the ‘lens of sense making’ (pp.123), that is, the organisation’s character including its CSR motivations.

The context and nature of CSR has become the focus of more recent research work, (Lockett *et al.*, 2006; McWilliams *et al.*, 2006). Contributors like Maignan and Ralston (2002) conducted a comparative analysis of CSR and stakeholder issues between USA and Europe, in order to reveal the CSR issues, emphasis and reporting. Snider, *et al.*, (2003) conducted a qualitative research to investigate the content of communication to stakeholders for 50 top USA and 50 top non-USA organisations’ from these organisations’ websites. The results of their research revealed that environmental policy and issues were the main messages, although the key stakeholders that stood out clearly appeared to be customers, employees and owners of the business Rondinelli and Berry, (2000) discovered that most of their sample organisations reported on their contribution towards sustainable development, although others

have argued that CSR should not be used to contribute to development, (Blowfield 2004, 2005; Jenkins (2005).

In an effort to establish what constitutes CSR, Welford (2005) conducted a research using written policies amongst listed companies in 15 countries in USA, Europe and Asia. This investigation revealed an increased emphasis on ethics, bribery and child labour. However, although there is a growing trend on CSR adoption by sample organisations in Asia, Welford concluded that these initiatives are more aligned to developmental expectations of the countries. It is observed that a number of western countries, particularly UK companies, have operated in developing countries, especially South Africa, (Blowfield, 2005). The challenge posed would be which CSR issues are likely to be adopted by organisations operating away from home countries. In their research of CSR practices in seven Asian countries, Chapple and Moon, (2007) concluded there were a wide variety of CSR issues due to the respective national contexts; however they observed that even multinational corporations tended to link their CSR strategies to local countries of operation.

4.2.1 CSR Practices in the UK

This review has so far revealed that the notions of CSR had been progressing although what constitutes CSR is varied. For example, Gray *et al.*, (1995) studied the extent of CSR disclosure by sample organisations in the UK. Adopting a longitudinal study over a period of 13 years on social disclosure by UK companies, Gray *et al.* concluded that reporting practices had transformed significantly and there is an enhanced understanding and appreciation of the CSR phenomenon within the sample organisations. In their findings Gray *et al.*, noted that due to contexts and time periods, CSR is not a systematic activity and appears to be organisation specific.

In their exploratory study of Social Responsible Investment (SRI) and Corporate social and environmental reporting in the UK, Friedman and Miles, (2001) noted an increase in accountability and reporting of social performance, especially in the Socially Responsible Investment (SRI) sector. This is attributable to the power that the sector has assumed in recent years in influencing the financial sector to demand responsible corporate behaviour change. Other researchers have focused their investigations to explain the relationships between CSR and business performance, (Aupperle *et al.*, 1985; Bhat and Bhat, 1997; Gray, 2002; Kotler and Lee, 2005; Porter and Kramer, 2002; Zheng, 2006). For example, Moore, (2001), investigated corporate social and financial performance in the supermarket industry in the UK. The results suggested that social and financial performances are negatively related. However Moore went further to suggest that the stakeholder theory provides the theoretical foundation for research in CSR.

The research approach focusing on output or outcomes of CSR has been criticised by Idemudia (2008), who argued against putting too much emphasis on outcomes rather than on the process and impact of CSR initiatives. This would tend to corroborate with Sharp (2006) who was also critical of similar academic research focus. The argument presented is that these research types focused on trying to find out whether or not businesses met the advertised CSR objectives at the expense of highlighting the efforts made to meet these objectives. Comparative studies have been made by other contributors, for example, Matten and Moon, (2008) on CSR differences between USA and Europe; Maignan and Ralston, (2002); on extent and content of CSR in France, UK and USA; Chen and Bouvain, (2009) who sampled leading companies in USA, UK, Australia and Germany finding out that membership of the Global Compact made a difference in CSR reporting. Silberton and

Warren, (2007) applied content analysis to 40 companies publications in the UK and Germany, concluding that CSR has become a key business strategy for sample organisations in the two countries. Earlier Holland and Foo (2003) analysed annual reports of sample organisations in the UK and USA and suggested that the legal and regulatory framework of each country, especially in environmental issues, appears to influence the performance and types of reporting in these issues.

4.2.2 Institutional environment for UK

In Chapter 3, Section 3.3.1, it was noted that organisations structure themselves around fields defined by the extent of their institutions, (DiMaggio and Powell, 1983). Further comparative studies by Aguilera, *et al.*, (2006) on corporate governance and social responsibility in USA and the UK revealed that the key differences in organisational responses arose from the institutional arrangements between the two countries. Previous studies by Albareda *et al.*, 2007: Fox *et al.*, 2002) considered seven main constituent categories as key formal institutional environmental influences for the purpose of understanding the context of CSR in different regions or countries. These categories (Tables 4.2.1 to 4.2.7 below) reveal some formal institutions that have been identified to have, over the last decade, shaped organisational responses for CSR in the UK. These will be described and analysed further below.

Table: 4.2.1: UK government policy

Type of policy	Instrument	Description
Policy guidelines	Minister Responsible for CSR ⁴	March 2000, the British government created the political figure of The Minister for CSR responsible for CSR policies, and his/her main duty is to develop the government's CSR strategy
	CSR strategy	The UK government's CSR strategy in six key elements
	Environmental Reporting Guidelines	Will help companies address their most significant environmental impacts, identify environmental risks relating to company performance, and report on these in a way that meets the needs of the industry
	Act	Enshrined in statute the principle of enlightened shareholder value, which expects that long-term sustainable success depends on companies paying appropriate regard to wider matters such as environmental impacts and employees.
	Various Acts	Regulate the conduct of employers in various aspects of health and safety at work, for example, HSWA 1974. Other legislation relates to sales of goods and services aimed at protecting the consumer, for example, the Sale of Goods Act, 1979; Bribery Act, 2010; Consumer acts
	Various acts	Employment Act; Equality Act, 2010
	Pensions Act	Disclosure of Social, environmental and ethical considerations into investment decisions
	Statutory Instrument	Requirement that organisations should report on human capital issues, that is, being accountable to people. However the legal obligation on companies was later abandoned
	Taskforce Report (DTI 2003a).	A principal recommendation was that information on human capital management (HCM) should be included in any expanded Operating and Financial Review (OFR) that might become mandatory for UK companies.

There is a strong regime of legislation regarding health and safety at work and consumer protection in the UK, (Table 4.2.1). According to Fox, *et al.*, (2002), this appears to be a mandating role being played by government in that the legal framework sets the minimum standards for business corporate social performance. For example, a key aspect included in the Companies Act, (2006) requires organisations to pay attention to wider issues like honesty with their products, due care to safety, the environment and employee related matters (Mackenzie, 2007). These legal institutions provide an explicit requirement for organisations and their boards to conform to legal and ethical concepts of CSR, for example, workplace and

⁴ Position lapsed since the formation of the coalition government in 2010.

market place issues. The UK Government appointment of a Minister for Corporate Social Responsibility in the same year that the EU leaders made a special appeal to companies at the EU Council meeting in Lisbon in 2000 appears to raise the status for CSR in the UK to become a leader in this aspect (Clark *et al.*, 2008). In addition to this, the DTI (2004) CSR strategy raised awareness and encouraged businesses to adopt responsible business practices.

Table 4.2.2: UK government incentives

Type	Instrument	Evidence/description
Community investment tax relief (CITR)	Tax incentives	Tax regime for corporate community involvement and giving. Tax incentives to encourage private investment through community development finance institutions (CDFIs) in both not-for-profit and profit-seeking enterprises in disadvantaged communities.
Dept. for Environment, Food and Rural Affairs (DEFRA)	Ministerial department	Policy formulation Funds projects in the nine English regions that contribute to one of the four U.K. Sustainable Development Strategy priorities
Department For International Development	Funds for CSR organisations	Agency funds the Ethical Trading Initiative (ETI)
Government-sponsored research on SMEs and CSR,	Research and other incentives	The government supported the development of a practical web-based toolkit – www.smallbusinessjourney.com – launched in 2004. It is designed to help raise the competitiveness of small businesses through improving their social, environmental and community impact through how-to guides and case study examples.
Landfill Tax ⁵	Tax	To encourage better disposal or re-use of waste
Climate Levy	Tax	Effective 2002 to encourage greater energy effectiveness
Department For International Development	Funds for CSR organizations	Agency funds the Ethical Trading Initiative

Table 4.2.2 above lists key UK government incentives⁶ for CSR notably, community investment tax relief and other funding opportunities for CSR related projects, for example,

⁵ ‘This is a tax on the disposal of waste to landfill. As such, it encourages efforts to minimise the amount of waste produced and the use of non-landfill waste management options, which might include recycling, composting and recovery’ (www.hmrc.gov.uk)

Ethical Trading Initiative (ETI). Another key factor has been the development of a government sponsored web-based toolkit designed to raise SME awareness of social responsibility initiatives. In the UK, consumers have become more aware of ethical issues as a result of information being readily available and published through these powerful and effective internet methods, (Harrison, 2003).

Table 4.2.3: UK awareness and promotions

Type	Instrument	Evidence/description
HRH The Prince of Wales	Index	Index of HRH The Prince of Wales' programmes for corporate responsibility at Business in the Community
UK Network of the UN Global Compact	Website	Government funded the design of a website for the UK Network of the UN Global Compact.
www.csr.gov.uk	Website	The UK government also has a website outlining its approach
CR Academy	Academy	The CR Academy was initiated by the Department of trade and Industry (now BIS) and in 2007 BITC were approached as their preferred organisation to lead this project. To help encourage companies to develop the skills and competences for responsible business practice.
Conference on CSR and the finance (2005)	Conference	A corporate responsibility summit was organised at HM Treasury with the Chancellor and the Prince of Wales as the keynote speakers

The UK has implemented a variety of methods for awareness and promotion of CSR, (Table 4.2.3). The UK Government has established websites and academies to facilitate debate and develop organisational skills, both at home and in organisational international operations. Another important role is that of facilitation, (Fox *et al.*, 2002), in terms of capacity building and technical support from government. Some informal initiatives have used prominent and highly respected individuals, for example, the monarchy in the UK; have been in the forefront to promote the concepts of CSR. Conferences have been organised by Senior Cabinet Officials to facilitate, support and encourage adherence to international standards of business behaviour, for example the conference on CSR organised by HM Treasury in 2005.

⁶ This appear to demonstrate a high facilitation role for the government, (Fox *et al.*, 2002) for example public sector bodies that seek to stimulate CSR agenda and initiatives

According to Morsing and Schultz, (2006), messages of CSR can have powerful influences to evoke positive strong reactions amongst stakeholders⁷.

Table 4.2.4: UK industry standards

Type	Instrument	Evidence/description
British Standards	Certification	Development of consensus-based standards for stakeholders
National government	Impact assessment	Departments and agencies are required to include environmental and social costs and benefits in regulatory impact assessments
National government	Legislation	Disclosure regulation for reporting on ethical, social, and environmental issues of occupational pension funds
Industry Standard	Code of Corporate Governance	Principles of good corporate governance for listed companies of the London Stock Exchange

Some industry standards associated with CSR perspectives are shown in the Table 4.2.4 above. There is a link between standards and regulation in that some of these standards are a direct result of regulation. This tends to infer mandatory and facilitation roles for CSR initiatives, (Fox, *et al.*, 2002). Industry standards are a way for organisations to model around uniformity and minimum standards expected, (Doh and Guay, 2006; North, 1990, 1994). There is also a link between these standards with voluntary schemes (Table 4.2.6) and the international influences (Table 4.2.7).

⁷ It appears here that the UK institution is well supported with the DTI publishing an annual CSR report and also hosting a websites whereby more information can be published less expensively. This tends to support the view that the internet has become increasingly one of the main tools for CSR information sharing and disclosure (Wanderley, *et al.*, 2008).

Table 4.2.5: UK education and training

Type	Instrument	Evidence/description
CSR Competency	CSR Academy	CR Competency Framework, DTI, 2003
Higher Educational programmes	Degree programmes	13 out of top 20 universities in the UK offer degree programmes with CSR orientation

Table 4.2.5 above shows the education and training programmes that support knowledge and skills for CSR in the UK. Curriculum development including CSR content at degree level, appear to signify a notable uptake of CSR programmes at major universities over the last decade. For example, an analysis of 20 top universities⁸ in the UK revealed that 13 of these institutions offer CSR related degree programmes. This could be because of the promotion by government to ensure that the knowledge and skills are available to equip leaders with economic, social and environmental elements of business (Lacy and Salazar, 2005). Education and training is a key institutional factor that has potential to facilitate normative isomorphic change (DiMaggio and Powell, 1983) by influencing organisations through the mind-set of the main actors in CSR initiatives. When managers and other staff possess the right skills and knowledge of CSR benefits, they are likely to adopt these principles as benchmarks for good organisational performance.

⁸ The Complete University Guide. 1 June 2014

Table 4.2.6: UK voluntary schemes

Type	Instrument	Evidence/description
BiTC	National business-led coalition	Business in the Community was set up in 1982 and now has over 830 members. They are the largest and one of the oldest national business-led coalitions dedicated to corporate responsibility
BiTC	CR Index	Benchmark with annual scoring between Bronze and Platinum rankings
FTSE4Good	Index	London-based stock market index focusing on companies' social and environmental performance
Voluntary Principles on Security and Human Rights in December 2000	Principles and Guidelines	An initiative aimed at extractive companies – provide practical guidance to companies seeking to ensure that respect for human rights is central to the arrangements they make for protecting the security of their personnel and operations in areas of conflict
The Extractive Industries Transparency Initiative (EITI)	Principles and Guidelines	Launched by the then Prime Minister, Tony Blair at the World Summit on Sustainable Development in Johannesburg in September 2002. Its aim is to increase transparency over payments made by companies and revenues to governments in the extractive industries
Ethical Trading Initiative (ETI)	Code of practice	The Ethical Trading Initiative is a tri-sector alliance of companies, trade unions and NGOs, working to improve labour conditions in the supply chain of its corporate members

The key voluntary schemes identified in Table 4.2.6 above are those likely to influence CSR initiatives. These are:-

- Business in the community (BiTC) is a charity-based organisation in the UK whose main aim is to advise, support and challenge its members to embed sustainability in their business objectives. BiTC CR Index was set up in 2002 and over 250 member organisations have used the CR Index tool as a benchmark. Organisations from FTSE350 and Dow Jones have participated on a voluntary basis. A model is used for the index to assess how an organisation has embedded CSR into its corporate strategy, providing a tool to assess itself in four categories of community, environment, workplace and

marketplace. This appears to be mimetic isomorphism in that the organisations have collectively defined the conditions and methods of controlling the institutional forces towards CSR (DiMaggio and Powell, 1983)

- Investment led (for example, FTSE4Good) a key criterion for this index appears to be focused on supply chain and labour rights issues, (FTSE4Good, 2008).
- Codes of practice (for example, Ethical Trading Initiative (ETI) – supporting the general principles of the ILO on worker rights. Preuss, (2008) noted that there has been a prominence of employment issues on FTSE100 index organisations, due to the influence of the ETI. This displays a strong evidence of mimetic isomorphic response to institutional pressures (DiMaggio and Powell, 1983)

The assumption here is that voluntary schemes will serve to encourage and influence CSR perspectives in the country beyond legal compliance. This coupled with industry standards (Table 4.2.4) and international factors in Table 4.2.7 below should foster a strong breed of organisational CSR strategies.

UK International Influences

On the international scene, Table 4.2.7 below lists six main instruments that make reference to CSR initiatives. Table 4.2.7 below detects key influences for CSR perspectives for the UK companies, mainly comprising stakeholder forums to act as facilitators for CSR; standards and initiatives in areas of labour, human rights and environment. Specifically, one of the OECD key aims is to address the global challenges regarding climatic change and poverty alleviation, (OECD, 2012).

Table 4.2.7: UK international influences

Type	Instrument	Evidence/description
European Multi-Stakeholder Forum	EU Forum	European Multi-stakeholder Forum on CSR provides a platform for discussions among the main stakeholder groups at European level - employers, trade unions, business organisations/networks and civil society organisations - with the European Commission playing a facilitating role
EABIS	European Academy of Business in Society	An alliance of business schools, companies and other institutions committed to putting business in society issues at the heart of management theory and practice
UN Global Compact	Principles	The UN Global Compact is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption.
Global Reporting Initiative	Reporting Framework	The framework's scope includes social, economic and governance issues such as labour standards, governance, and anticorruption policies. Now over 1000 organisations self-declare the use of the GRI Guidelines in their sustainability reports
OECD	Guidelines	Established 1961, the UK is one of the original members. Guidelines for member countries to promote policies for sustainable economic growth.
ILO	Principles and Policy Guidelines	Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy
UDHR (1948)	Universal Code of Rights	'... right to just and favourable conditions of work and the right to an adequate standard of living.
WSSD	Summit	Johannesburg, 2002, a driving force for corporate accountability agenda.
Brundtland Commission's report	Report	Report on the global environment and development in 1987, that coined the term 'sustainable development and subsequently opened the way for non-governmental organizations (NGOs) to be considered a serious element in environment and development issues, (Redclift, 2005)

It would appear that for UK organisations, OECD provides clear guidelines for multi-national companies in terms of conduct in global operations. On the same wavelength, The Global Compact (GC) provides a set of principles that aim to support organisations in developing, implementing and communicating CSR. Contributors like Runhaar and Lafferty, (2008) argued that there has not been any empirical evaluation of the contribution of the GC to CSR strategies, and suggested that at most, the GC has set industry specific CSR principles that can then be addressed within the specific industry networks. The GC principles are therefore considered to be the minimum standards, although they do not provide many incentives for organisations.

Summary of Institutional Environment for the UK

Drawing upon the institutional theory, a strong and positive environment exists for CSR initiatives in the UK. This would imply that the uptake of CSR initiatives would be high for organisations in the country. In all the seven constituents, the UK environment appears to put cohesive, mimetic or formative isomorphic pressure (DiMaggio and Powell, 1983) for organisations to respond. Notably, the UK government appears to play a significant role in creating an enabling institutional environment for CSR. For example the two main roles, as espoused by Fox, *et al.*, (2002) of mandating and facilitating, are evident from the pack of legislation (mandating) towards CSR elements, whilst at the same time providing incentives (facilitation) for so doing. There is also close collaboration between the government and businesses in facilitating voluntary uptake of the business philosophy, which according to Fox *et al.*, is another form of partnering and endorsing role of government⁹.

⁹ It therefore appears that the UK government has been key in fostering an enabling environment through policy that encourage business activities that minimise environmental, social costs whilst maintaining economic gains.. The UK government has developed internal initiatives in leading by example on issues like the integration of sustainable development into government action, the accountability of public administration, work-life and equal opportunities policies, ethical investment policies, anti-fraud and corruption policies, good employer practices, volunteer programs.

What appears to drive this is that the UK government is considered to be one of the pioneers in adopting the concept of CSR (Ward and Smith, 2008) by incorporating it within a framework of its public policy. Furthermore it can be argued that the origins of the UK's CSR policy goes back to the early 1980s, (Kinderman, 2011), *when a crisis affecting the international and hence the British economy meant the government had to find new solutions to social governance problems* (Moon 2004, p. 1). The UK government therefore saw businesses as key players in tackling the economic, social and environmental impacts, wherever they operated – locally, regionally and internationally, (Albareda *et al.*, 2006). As noted earlier, the government did not only create a CSR ministerial position, but facilitated a new institutional competence, CSR Framework, into the competences of the Department of Trade and Industry (DTI). The principal objective assumed by the Minister for CSR was the development of an inter-ministerial program to co-ordinate government action, incorporating all policies and programs intended to promote CSR. (Albareda *et al.*, 2006). This is one of the frameworks within which government CSR policy has been most fully developed.

The government policy itself is spread across various legislation and initiatives that may not add up to a solid and consistent policy, for example, the various regulations covering issues like equality, health and safety and employment. In addition, by this interpretation, the UK government's CSR policy is a low profile policy that appear to facilitate more voluntary efforts by organisations. It can be concluded that the UK government's CSR public policy can be considered as soft intervention, aiming to encourage companies to intervene in the major economic and social challenges facing the government: sustainable development and combating social exclusion. All this is confirmed in the theme used by the government itself, that is, a new social agenda for business. The foregoing then implies an enabling environment for CSR initiatives for the organisations in the UK. In the next sections we will investigate

how the sample organisations have responded to this institutional environment in their CSR initiatives.

4.2.3 CSR Practices in SA

In his paper on CSR in South Africa, Fig, (2005) argued that manufacturing firms in South Africa appear to have abandoned the term CSR in preference for corporate social investment (CSI). In his view, this has tended to divert the focus of real social responsibility in the context of the organisations' historical contribution societal imbalances and inequality issues. The same sentiments are echoed by other researchers, for example, Otanez, *et al.*, (2006) examined child labour in the tobacco industry in Malawi and found that one MNC organisation had set up a trust fund to support projects towards elimination of child labour within the tobacco industry. However, Otanez *et al.*, (2006) argued that some MNCs use child labour related projects to enhance corporate reputation whilst distracting stakeholder attention from the other pressing CSR issues like working conditions and low wage levels.

The perception that organisations in the mining industry collaborated with the apartheid system to create societal imbalances including irresponsible treatment of communities and the environment, (Hamann, 2003) would entail that SA's socio-political environment has some historical legacies. In his overview of mining companies' role in development, Hamann observed that voluntary CSR would not be sufficient for SA, suggesting government intervention and civil society participation in the discourse. This view is also supported by Hamann and Kapelus, (2004) and by Hamann and Acutt, (2003) who appear to suggest that there are gaps of organisational CSR initiatives with expectation from stakeholders. They argued that some mining companies need to be more sincere with their prioritisation of CSR issues rather than engaging in what can be construed as greenwash social responsive attempts

that lack real accountability to be considered fair. According to Hamann and Acutt the motivation for organisational CSR could be two fold, which are cosmetic changes to avoid bigger demands from society or an attempt by organisations to influence policy in socio-economic arenas a perception also highlighted by Otanez, *et al.*, (2006)

Eweje, (2006), argued against the perceptions that organisations especially multinational enterprises, (MNE) have had a negative reputation of doing less for communities in host countries, considering that expectations for community developmental programmes are greater in these regions than elsewhere. This view is also espoused by Kapelus, (2002) who investigated how the CSR agenda was adopted by a major mining company in SA. In this enquiry Kapelus noted the tensions in the process of conceptualisation of the CSR notions by the organisation, especially in the identification of stakeholder groups, particularly the ‘community’ group. It was evident from the inquiry that whilst local communities were important stakeholders , there were other key players like civil society and environmental watch dog groups that have become key players for developing CSR strategies in developing countries. Although Hamann, (2004) observed an increase in CSR discourse by organisations, especially in the mining industry, the relationship between these organisations and their institutional environments appears to be a vicious circle of irresponsibility and minimal collaboration. In his view legislation would be a key driving force, in addition to any market based incentives for CSR initiatives.

A comparative analysis by (Dawkins and Ngunjiri, (2008), on the nature and extent of CSR reporting between organisations in SA and the USA found that there was an increased frequency in the level of reporting by organisations in SA from those on the Fortune Global 100. This was deduced from a comparative analysis of annual report data for 100 top

companies listed on the Johannesburg Stock Index with those of companies on the Fortune Global 100. They further suggested that organisations in developing countries are likely to be more responsive to stakeholder demands than those in developed markets. However, Hamann and Kapelus, (2004) would caution that there are still disagreements about what the key CSR issues are, as claimed by these organisations versus the expectations within the prevailing institutional environments. De Villiers and Van Staden used content analysis of sample organisations' annual report in South Africa to establish the trend in environmental disclosure. Analysing the trend over a period of 9 years, they concluded that the institutional changes brought about by the advent of democratic elections in SA influenced the increased environmental disclosure by sample organisations during the period 1994 - 1999.

Mitchell, (2009) investigated the corporate and social environmental reporting in a large municipality in SA. By adopting the GRI as a framework for the investigation, the investigation attempted to determine the challenges that organisations face in implementing CSR within current contexts. Although this research used a single case for data collection, Mitchell suggested that external standards like, GRI or ISO 14001 tend to facilitate CSR uptake.

The above brings to the fore the observations raised by Orpen, (1987) who investigated the attitudes of managers in USA and SA towards CSR, noting that managers in USA are more favourable towards CSR issues than their counterparts in SA. This finding could be at variance with assertions by Dartey-Baah and Amponsah-Tawish, (2011) who argued that African managers have a positive understanding of CSR because of 'Ubuntu' values based on beliefs in community issues like compassion, respect, human dignity and collective unity, (Mbigi and Maree, 1995). This would imply that institutional settings have an influence on

managers' choices on CSR. For Orpen, the inference would be that managers in USA felt there was more expectation for social responsiveness from society than SA managers felt. However, Dartey-Baah and Amponsah-Tawish, (2011) argued that African managers with their concerns for social networks and relationships, placed them much closer to adopting CSR principles, further implying that socio-cultural norms have an impact on manager behaviour in CSR issues.

There is a risk therefore of benchmarking CSR theories and perspectives for one region with another region, (Visser, 2006; 2005). For example, Idemudia (2011) extends the criticism by inferring that the CSR agenda has been driven with a Western flair of priorities that may be inappropriate for developing regions. This same view is also supported by Dartey-Baah, and Amponsah-Tawiah, (2011) who argued that Western CSR theories are unacceptable in the African contexts. In their view, Dartey-Baah, and Amponsah-Tawiah suggested that ethical responsibilities, incorporating good corporate governance should be accorded the highest priorities, adding that indigenous theories such as Ubuntu, African Renaissance and Omuluwabi can be competing perspectives for CSR in Africa. This suggests that there is need for a broadened discourse of the phenomenon to provide deeper insights into the perspectives of CSR in these countries. Kambalame, and De Cleene, (2006) investigated the motivations for agricultural sector organisations' CSR initiatives. Using a case study of three organisations in Malawi to analyse organisations' CSR partnerships, they found that sample organisations appear to move away from issue-specific partnership to more of business case initiatives that provide perceived organisational competitiveness.

4.2.4 Institutional environment for SA

Here is applied the same formal institutions grouped into six main constituents of, Government policy; government incentives; awareness and promotions; industry standards;

international influences, education and training; voluntary schemes to analyse the factors that are likely to influence the uptake of CSR in SA. These will be described further below, (Tables 4.2.8 – 4.2.13).

Table 4.2.8: SA Government policy

Agency	Instrument	Description
BEE Act, 2003	Economic empowerment Act	The aim of addressing the perceived imbalances inherent in the country political and social structures
National Black Economic Empowerment Act of 2003	National framework and Codes of Good Practice	National framework for the promotion of BEE. Establishes BEE Advisory Council. Guidelines for corporate social investments (CSI)
Minerals and Petroleum Development Act of 2002	Enforcement	Mining companies to reapply for mining permits and demonstrate preferences given to black economic empowerment companies.
Promotion of Access to Information Act of 2000	Enforcement	Constitutional right to access to information by government and private persons ¹⁰ .
Mine Health and Safety Act of 1996	H & E management systems	Industry structures for implementing and monitoring H & E management systems. Reduction in accidents, fatalities and injuries within the mining industry
Preferential Procurement Policy Framework Act, 2000	Policy Framework	Meant to provide guidance towards preferential treatment to black-owned businesses in government tenders.
Labour Relations Act of 1995	Basic conditions of employment	Work conditions, the need for collective bargaining in workplaces
National Environmental Management Act (NEMA), 1998	Act of Parliament	Establishment of the Department of Environmental Affairs and Tourism as the lead agency in environmental issues. (Lund-Thomsen, 2005)
Growth, Employment and Redistribution (GEAR) strategy, 1996	Government policy/strategy	In accordance with neo-liberal economic principles for example, deficit reduction, trade liberalisation, privatisation and reduction in state intervention. (Lund-Thomsen, 2005)
Employment Equity Act 1998	Act of Parliament	Unfair discrimination in the workplace and implementation of 'affirmative' action
Constitution of 1996	Bill of rights	Rights to equality, a clean and healthy environment

¹⁰ Information inequality (Simpson, 1997) was considered a constitutional right in order to mobilise people for national development and monitoring corporate citizenship. This aspect can also be linked to awareness, promotions, education and training in CSR.

It would appear that the constitution of 1996, becoming the supreme law of the state provided guarantees to certain fundamental rights to all citizens of the country, including socio-economic rights such as rights to housing, food, water, health care services and social security. Various acts of parliament identified above, (Table 4.2.8) have been passed since 1995, to directly or indirectly address and provide guidance in areas associated with CSR, thereby assuming a mandating role (Fox, *et al.*, 2002). These policy frameworks appear set to address key issues that are associated with CSR, for example, the Bill of rights focusing on issues to do with equality, health and the environment; labour relation acts focusing on employment and working conditions. These issues are considered key public policy issues (Guthrie and Parker, 1990; Trotman, 1979; Alluche, 2006) and will influence the choices that organisations in the country will take towards CSR. Although the level and commitment in the above depends to a large extent on context and situation (Lind and Tyler, 1998), it would appear that poverty and inequality are the main focus for the government legislation.

The state views businesses as essential vehicles through which some of the challenges facing the country can be addressed, a notion also raised by Moon, (2002). This view appears to resonate with Blowfield and Fryans, (2005) who further suggested that in addition to developmental expectation, businesses were also expected to address poverty alleviation. For example, the anti-poverty strategy is one of the four pillars of the Reconstruction and Development Programme (RDP), (RDP, 1994) that was complemented in the GEAR strategy in 1996. The RDP is a key policy for the SA government to create employment and alleviate the inequalities of the apartheid period by delivering social goals in education, health and housing, (Lund-Thomsen, 2005; Pycroft, 2000). Although designed to induce economic growth and correct the inherent inequalities of the apartheid era, GEAR did not produce the desired results, (Weeks, 1999) hence the evolution of the black economic empowerment initiative, (Babarinde, 2009). The BEE Act, 2003 now appears to be a key driver for CSR

related initiatives in South Africa. The enforcement regimes, monitoring systems and other agencies that can provide necessary information are key instruments that will enhance the legal and ethical concepts of CSR (Mackenzie, 2007). Although it can be assumed that as an emerging economy seeking to attract Foreign Direct Investment FDI)¹¹ South Africa appears to have stringent and consistent CSR related regulation against irresponsible behaviour by corporations. The challenge arising is how corporations respond to this environment as it has been argued that CSR initiatives in developing countries are likely to be incongruent with the need to attract investment and the capacity to enforce rules and regulations, (Campbell, 2007).

Government incentives

No incentives have been identified from sources available. This can be a major weakness in the institutional environment as noted by Fox *et al.*, (2002) that facilitation is a key ingredient to stimulate the key actors, (North, 1990) within an institutional setting. However as Fox *et al.*, noted, there are other facilitation roles like creating awareness and capacity building that can create an enabling environment for organisational CSR initiatives.

Awareness and promotions

Three main influences that appear to facilitate and in some cases endorse, (Fox *et al.*, 2002) were identified as shown in the Table 4.2.9 below. There appears to be some form of partnering between government, civil society and businesses, most notably, the role played by NGOs to provide and raise awareness among the community about the role of businesses in their social settings. Another key feature is that of multi-stakeholder arrangement that fosters and facilitates socially responsible behaviour from organisations.

¹¹ This is based on the notion that emerging economies seeking to attract FDI will abstain from sanctioning potential investors (Honke et al, 2008)

Table 4.2.9: SA Awareness and promotions

Type	Instrument	Evidence/description
Environmental Justice Network Forum (EJNF)	Community mobilisation	Used the NECPP below to raise awareness to contribute to shift in the history of environmentalism.
National Environmental Consultative Policy Process (NECPP)	Conflict resolution mechanisms	Principles of community involvement in decision-making, members of the public could act as 'whistle blower' and have a right to be heard. (Lund-Thomsen, 2005)
NGOs Business Community Based Organisations (CBOs)	Representation for consultation	Formally registered to be provided with representation on corporatist institutions like NEDLAC, the National Economic Development and Labour Council
Centre for Corporate Citizenship	Academic Network	Network of interested academics on sustainability issues within the University of South Africa (UNISA)

The variety of multi-stakeholder engagements (Table 4.2.9) appears to provide opportunities for businesses to cooperate with NGOs and community based organisations (CBOs). This is likely to have an effect in raising awareness of the CSR issues, for example the EJNF that mobilised community awareness participation in environmental policy formulation in the country. A key feature of CSR environment for South Africa is provided through regular and formalised participation of stakeholders¹² (both businesses and communities) to lobby and foster public regulation (see NECPP above).

Industry standards

A set of standards in the form of codes of good conduct and frameworks laying the foundations in terms of redistribution of wealth are identified as shown in Table 4.2.10 below. The focus of industry standards here is more on addressing the previous imbalances brought during the apartheid period, (Coovadia, *et al.*, 2009), suggesting that these standards

¹² At Nedlac, Government comes together with organised business, organised labour and organised community groupings on a national level to discuss and try to reach consensus on issues of social and economic policy. This is called "social dialogue". Nedlac's aim is to make economic decision-making more inclusive, to promote the goals of economic growth and social equity, (www.nedlac.org.za)

are in response to legislation (BEE Act, 2003). This infers cohesive isomorphism (DiMaggio, 1983) of institutional factors exerting pressure on industries and organisation

Table 4.2.10: SA Industry standards

Type	Instrument	Evidence/description
Broad-Based Black Economic Empowerment (B-BEE) Code of Good practice	Framework	Outlines the key principles underpinning broad-based black economic empowerment (Broad-based BEE
B-BEE Scorecard	Measurement framework	A measure to rate compliance with the BEE Act 2003.
B-BEE Verification	Accredited agencies	To harmonise the rating processes by accredited agencies on the BEE Scorecard
B-BEE Advisory Council	Advisory	Encourage formal and informal cooperation in marginalised sectors of the economy
DTI CODE	Policy Guidelines	To promote enterprise growth, empowerment, and equity in the economy, through sector codes as enshrined in the Act 2003. (www.dit.gov.za)
JSESRI	SRI Index	An index that assesses the environmental, social and economic sustainability practices and corporate governance of listed companies

The JSE, SRI is a stock exchange initiative of encouraging listed companies to embed and report CSR initiatives in their annual reports. A key development for enforcing the BEE expectations is the ‘Balanced Score Card’ used to benchmark application of the BEE Act in different enterprises and business sectors.

Education and training

Table 4.2.11: SA education and training

Type	Instrument	Evidence/description
UNISA	Institute for Corporate Citizenship	Debate about corporate citizenship and helps to raise awareness in the private, public and civil society sectors. BCom 3 rd year module in Corporate Citizenship
University programmes	degree programmes	10 out of the 20 top universities in SA offer degree programmes with CSR orientation

An analysis of degree programmes offered by the 20 top universities in SA revealed that 10 universities offer CSR related degree programmes, (Table 4.2.11). Another key development has been the publication of the Journal of Corporate Citizenship, in the summer of 2005, a special issue on CSR. Another publication is the book on Corporate Citizenship in Africa, a key contribution to the debate in the academia focusing on corporate citizenship in Africa. A reputable university in South Africa established an Institute of Corporate Citizenship to raise debate on corporate citizenship and raise awareness amongst all sectors of the economy.

Table 4.2.12: SA voluntary schemes

Type	Instrument	Evidence/description
JSE SRI	Index	Sustainability index for top CSR practising organisations on the stock JSE market
National Business Initiative (NBI)	Voluntary partnerships	Formally Urban Foundations where businesses' goal to improve the quality of life for black communities
King I; II and III Reports	Codes of conduct	Report on corporate governance enjoining companies to report on the triple bottom line issues of economic, social and environmental
Legal Resource Centre	Free representations	Providing free legal representation to communities affected by environmental injustices.

The Johannesburg Stock Exchange (JSE) became the first stock exchange in emerging markets to develop a sustainability index, (Sonnenberg and Hamann, 2006). Launched in 2004, the JSE social responsibility index became an initiative that sought to encourage organisations on the JSE to incorporate social responsibility reporting in addition to the traditional financial reporting. Other voluntary initiatives from businesses like the National Business Initiative were set up to redress the imbalances and inequalities as far as the living conditions of black people in SA. In response to good corporate governance and the need for corporations to conduct themselves in a responsible manner both socially and environmentally, the Institute of Directors in South Africa produced a set of key milestones, that is, King Report – encouraging listed companies to consider the triple bottom line. Another key influence of the IOD in SA through the King Report 11 was the launch of the

Social Responsible Index, (SRI) by JSE in May 2004. The Index would provide a benchmark for listed companies to take more account of social and environmental performance in their operations and reporting. Of special significance is the King 111, (2009) which put focus on three essential issues for focus by corporation, namely, corporate governance; sustainability and corporate citizenship, (King Report, 111, 2009). The above reports emphasised integration of social, environmental and economic issues with stakeholder dialogue and reporting.

International Influences

The international factors that can influence CSR perspectives in SA are listed in Table 4.2.13 below. On the international scene two main institutions have featured in CSR debate in South Africa. The King 111 (2009) highlighted the reporting guidelines to adopt UN Global Compact principles and GRI framework. Another international influence is the Carbon Disclosure Project (CDP) that is aimed at encouraging organisations to manage emissions in order to minimise the negative impacts relating to climate change

According to Risse, (2007) international programmes and standards have created an environment for CSR responsiveness and have tended to support government regulation in this regard. This would therefore imply that organisations in the country are unlikely to ignore CSR principles irrespective of the regulatory environment. A set of international standards that are likely to influence organisational CSR are shown in Table 4.2.13 below:

Table 4.2.13: International influences (SA)

Instrument	Type	Evidence/description
WSSD	Summit	Johannesburg, 2002, a driving force for corporate accountability agenda.
Carbon Disclosure Project	Reporting Framework	NBI has mobilized business leadership in measuring the risks and opportunities associated with climate change and has promoted the increased measurement of greenhouse gas emissions and business strategy on climate change
UN Global Compact	Principles	One of the Key dimensions of the Principle is the establishment of local networks of for example, NGOs and other key actors. A local network in South Africa has been set to work on key issues of BEE and HIV/AIDS (Williams, 2004)
Global Reporting Initiative	Reporting Framework	The framework's scope includes social, economic and governance issues such as labour standards, governance, and anticorruption policies. Now over 1000 organisations self-declare the use of the GRI Guidelines in their sustainability reports
UDHR (1948)	Universal Code of Rights	'... right to just and favourable conditions of work and the right to an adequate standard of living.
Global Sullivan Principles	Principles	Endorsed by the King Report, (2002)
Responsive Care Initiatives	Initiatives	Chemical Industry
Brundtland Commission's report	Report	Report on the global environment and development in 1987, that coined the term 'sustainable development and subsequently opened the way for non-governmental organizations (NGOs) to be considered a serious element in environment and development issues,, (Redclift, 2005)
OECD	Guidelines	Guidelines for member countries to promote policies for sustainable economic growth. SA is a Key Partners of OECD, (OECD, 2012)

Summary of Institutional Environment for South Africa

It would appear that in South Africa the institutional environment is a mixed bag of legislated CSR, mainly due to the legacies of colonialism and post-apartheid periods (Hamann 2009).the state has assumed a leading role in institutional reform necessary to address perceived poverty and inequality gaps. Policy initiatives are focused and targeted at the poor and vulnerable groups in South Africa. This appears to support the view that the context and debates for CSR in South Africa has been influenced by institutional reforms in South Africa.

There are also arguments that some companies in SA were implicated during the apartheid period, (Moodie and Ndatshe, 1994), suggesting the political reforms of 1994 would most likely exert pressure on businesses to respond to the expectations of society and resultant influences from political changes of 1994. This could signal some form of cohesive isomorphism to institutional pressure, (DiMaggio and Powell, 1983, 1991; Hoffman, 2001). For example, history has it that the apartheid era thrived upon a system of migrant and cheap labour mostly for the mining industry (Moodie and Ndatshe, 1994). These racist policies included taxation of blacks in order to force them into signing up for the cheap labour (Jones, 1995).

4.2.5 Comparative analysis: Institutional context for UK and SA

It has been noted earlier in the literature review that organisational choices for CSR are influenced and limited by the variety of the external and internal pressures, (Friedland and Alford, 1987; Meyer and Rowan, 1983; Pfeffer and Salancik, 1978), that is, the quality of the institutional settings, (Oliver, 1991). The institutional environments for both countries appear to create an environment for businesses that could be viewed as complementing government, for example, alleviating social dislocations as in the UK, (Kinderman, 2011) and the socio-economic imbalances for South Africa, (Juggernath, *et al.*, 2011). Although SA has a unique economic, socio-cultural and political history, that is, its apartheid era and the historic transition towards democracy, there appears to be similarities in that governments in both countries appear to play a pivotal role to encourage business social responsibility. For example, in addition to government policy in the two countries, there are a number of industry standards, awareness and promotional activities directed towards CSR in the two countries.

The two countries have educational programmes that embed CSR related programmes and there is a notable influence for CSR issues from international debates and standards. Using the institutional theory the formal and informal institutions for the two countries appear to provide and foster a conducive environment for CSR initiatives. This would imply that organisations in the two countries are likely to respond positively and be at a higher level in their CSR perception and activities. However, the institutional theory suggests that the challenges, expectations and interpretations thereof are likely to be fundamentally different due to national contexts, (Doy and Guay, 2006). Therefore the organisational CSR policies are likely to be variable in the two countries because of their economic or political standing. Although the two country environments create opportunities and obligations for organisational CSR, the responses are likely to be different. For instance, in addition to regulations especially in aspects of health and safety, discrimination and other labour standards, the UK government seeks to promote CSR through various incentives. Whilst there is less incentives that facilitates CSR initiatives, in SA, government has provided various legislations for companies to behave in certain ways from a CSR perspective. This is reflected in the Findings Chapter 6.

4.3 Conclusion

The above review reveals some research gaps as observed by previous contributors (Idemudia, 2011; Prieto-Carron *et al.*; 2008) in that developing countries as a whole appear to have received less attention in CSR studies as compared to Europe and USA. The criticism is that the gap has tended to provide a one sided view or approach to CSR debate. This review reveals that there are fewer studies that analysed the CSR behaviour by organisations on a cross-country level, a view also supported by Arthaud-Day, (2005). Given the country specific nature of CSR, it becomes imperative to broaden the understanding and knowledge of CSR perspectives under different economic, social and cultural settings. Few studies have investigated institutional determinants for CSR in spite of the numerous studies linking CSR

with financial performance. Although there has been considerable debate with intermediate theories, models and frameworks for analysing and assessing CSR, these have been developed within the context of developed countries. For example, previous research has sought to find out about CSR disclosure, (Bowman and Haire, 1975), the context of CSR in USA, (Esrock and Leicy, 1998; 2000), comparative analysis of CSR issues between countries in Europe, (Silberhorn and Warren, 2007); USA and Europe, (Maignan and Ralston, 2002). There are still gaps in that little research has focused on Africa, to investigate the perspectives especially in comparison to Europe.

A conceptual framework, (Figure 4.3.1) will be used to guide the investigation of the CSR perspectives in the two countries. Adopting the notion that organisations and their respective managers make decisions within perceived business environments, (Basu and Palazzo, 2008), key institutional factors and stakeholder influences are analysed to determine the motivational forces for CSR initiatives. As alluded to by Basu and Palazzo applying the concept of ‘sense making’ to investigate CSR provides a clearer perspective for organisational CSR and the content of its CSR actions within respective periods.

4.3.1 The conceptual framework.

The research inquiry will provide insights of CSR perspectives in the two countries, thereby highlighting the key institutional settings and stakeholder influences on organisational CSR activities. The common CSR issues identified will be modelled into a conceptual framework (Figure 4.3.1 below) for future application.

The conceptual framework guides the inquiry stages to answer the key research questions as follows:

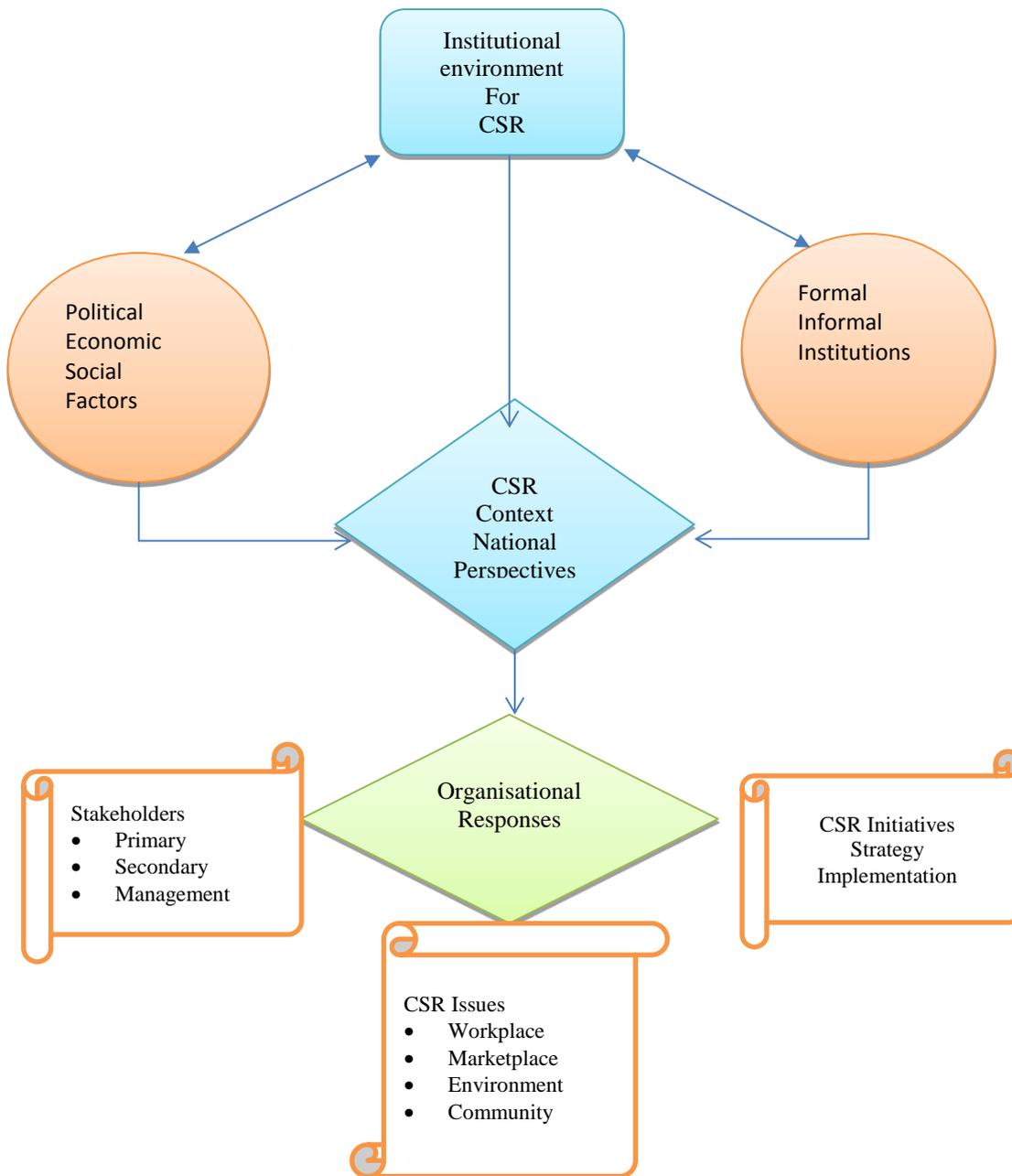
- What institutional factors are evident in the two countries (UK and SA) that are likely to influence organisational CSR responses? How do these factors manifest themselves in

CSR initiatives of sample organisations in the two countries? These factors will give the context of CSR from a national perspective and also provide orientation of the key CSR motivations, (Basu and Palazzo, 2008).

- Institutional framework in turn influences organisational perceptions on which stakeholders should receive the greatest attention from sample organisations in the two countries? Do firms in particular industries across the two countries emphasise particular stakeholders and CSR issues? Answers to these questions will enhance understanding of the stakeholder dynamics and application within CSR policy formulation.
- What CSR related issues are prominent from sample organisations and how are these prioritised? Do the same issues resemble or manifest themselves in sample organisations within industry groups and across the two countries? Answers to these questions will enable the common issues to be modelled into a framework for communicating and implementing CSR by organisations and their supply chains.

The next chapter discusses the philosophical assumptions and methodological issues that have been considered in the choice of the research strategy.

Figure 4.3.1: CSR Conceptual model



Source: Author

Chapter five

5 The Research Methodology

5.1 *Introduction*

The previous chapters have developed a theoretical posture for the CSR phenomenon, the definitions and perspectives have been explored to show the various shapes that CSR notions may take due to institutional and stakeholder expectations. The review established that the CSR notions and frameworks have been developed mainly from contexts of developed countries, particularly Europe and North America, (Arthaud-Day, 2005; Bowman and Haire, 1975; Carroll, 1979, 1991; Esrock and Leicy, 1998; Maignan and Ralston, 2002). In an effort to analyse these notions this research will investigate the nature and CSR perspectives in the two countries, in order to gain deeper insights into the initiatives and perceptions for the countries under investigation. This chapter considers approaches used to investigate similar issues and formulates an approach to pursue in order to achieve the aims and objectives of this thesis.

In this chapter the researcher's stance in the conduct of this inquiry will be explained. In this section, as espoused by Meyer, (2001), the researcher describes how some of the key decisions regarding the study have been made. In making these choices, it was necessary that (1) to reflect on the right philosophy for the research approach, in order to; (2) choose the right research approach. The researcher also reflected on (3) selection of the cases study units; (4) on the type of data to be collected and (5) selection of and choices regarding data analysis and presentation. These points are explained in more detail after the theoretical underpinning of the research strategy.

5.2 Research paradigm

Before choosing the research methodology, it is important to explore the underlying philosophical foundations that underpin the research work, (Collins and Hussey, 2003; Hussey and Hussey 1997). This is because some philosophical positions may be inappropriate to particular research problems (Holden and Lynch, 2004) and it is also important for a researcher to understand their own personal philosophical position (Collis and Hussey, 2003) as this will influence the research approach selected for the study.

It has been argued that certain paradigms have provided universally acceptable models for research investigations (Kuhn, 1962) with a set of theories regarding methods of data collection and analysis (Burrell and Morgan, 1979; Collins and Hussey, 2003). Paradigm here denotes the underlying assumptions in the development of a research inquiry, (Kuhn, 1962) or a framework of research guided by a set of beliefs and feelings about the world and how it should be studied, (Guba, 1990). This implies that the researcher's approach to inquiry would be influenced by their philosophical stance in the determination of research purpose, design, data collection and analysis methods, (Creswell, 1998). For instance, according to Denzin and Lincoln, (2000) this philosophical stance is influenced by the researcher's assumptions concerning the nature of reality (ontology), the nature, acquisition and validation of knowledge, (epistemology), and process of gathering that knowledge, that is, the particular ways of knowing that reality (methodology) (Guba, 1990).

Traditionally, there are two main research paradigms namely, positivist and naturalist or constructivist paradigms, (Lincoln and Guba, 2000). In a positivist paradigm, reality is considered to be single and the researcher is assumed to be removed from the object of study, (Denzin and Lincoln, 2000). The positivist view emphasises on quantitative data from a scientific method of research, (Hjørland, 2005). In this view the research inquiry should be

objective and time context free (Lincoln and Guba, 2000). Epistemologically, knowledge is discovered and verified through direct observations or measurements of the phenomenon. Hjørland, (2005) posited that positivism is often used synonymously with empiricism, because of the view that empiricism is an epistemological standpoint that emphasises the importance of observation and experiences as the only appropriate method of acquiring knowledge.

On the other hand, for the naturalist or constructivist paradigm, realities are multiple and constructed differently by participants in it. The researcher and study objects are interactive or inseparable. In this paradigm, knowledge is subjectively established through the meanings attached to the phenomenon studied and is context-bound and time dependent (Lincoln and Guba, 2000). The domination of the traditional paradigms to research philosophy has been challenged as it gives the impression that a researcher must adopt one or the other for purposes of appropriateness for research inquiries, (Willimott, 1993). Others like Johnson and Onwuegbuzie, (2004); Holden and Lynch, (2004) , argued that the two paradigms above have created ‘purists’ views where a certain paradigm is considered the only ideal approach for particular research inquiry, implying therefore that the two cannot or should not be mixed. Whilst acknowledging the important paradigmatic differences between the two approaches, Johnson and Onwuegbuzie suggest pragmatism as another approach to enhance communication amongst researchers in the advance of knowledge. In their view, Johnson and Onwuegbuzie, (2004), posited that pragmatism *‘helps shed light on how research approaches can be mixed fruitfully’* (pp. 16), in order to create the best opportunities for answering the key research questions. According to Johnson and Onwuegbuzie, (2004) pragmatism aims to find a middle ground between philosophical dogmatism in order to find workable solutions. For example, by adopting the pragmatism approach, the researcher will be able to condense

the CSR phenomenon into some empirical statistics in order to quantify CSR issues, whilst at the same time recognising the importance of the process of knowledge construction and meaning within the context of the CSR environment.

For purposes of this research study, the researcher's philosophical foundations is based on pragmatism, that is, an ontological perspective that will float between the extreme objectivist view of reality viewed as concrete structure with knowledge constructed from a concrete process, (process of social responsiveness) and the subjectivist view, where reality is assumed to be a projection of human imagination and a social construction, (i.e., what constitutes CSR is a social construction dependant of contexts and is time bound). From the subjectivist view, knowledge is gained through phenomenological insights in order to understand how reality has been constructed within the subjects of study (Creswell, 1994; Holden and Lynch, 2004; Hussey and Hussey, 1997). This view, backed by Morgan and Smircich, (1980), is modelled on a continuum between the two extreme positions, suggesting that as a researcher, the researcher can move along this continuum as depicted in Table 5.2.1 below. For example, from the extreme objective view, reality about social responsiveness is assumed a concrete structure but can also be a process to construction of the CSR meaning, through a contextual field of information and experiences. In this case, social responsiveness is the outcome of CSR initiatives, but is in itself a process of initiatives and issues that are subjective and dependent on factors prevailing in the institutional environments.

Further away from the original objectivist view it is possible to see a shift towards subjectivist view gaining deep insights into the phenomenon. As the objective of this research is to investigate the factors shaping the CSR initiatives and perspectives in UK and RSA, this approach allows investigation institutional settings and stakeholder influences into

organisational CSR in order to gain deeper knowledge of the CSR phenomenon. Both objective and subjective views into this phenomenon will be adopted in order to gain deeper insights into the subject matter, (Burrell and Morgan, 1997; Denzin and Lincoln, 1994; Morgan and Smircich, 1980).

Table 5.2.1: Philosophical Assumptions (Adapted from Morgan and Smircich, 1980)

	Subjectivists approaches ←	-----				→ Objectivist approaches
Core ontological assumptions	Reality a projection of human imagination	Reality a social construction	Reality a realism of symbolic discourse	Reality as a contextual field of information	Reality a concrete process	Reality as a concrete structure
Epistemological assumptions	To obtain phenomenological insights, revelation	To understand how social reality, discourse is created	To understand patterns of symbolic	To map contexts	To study systems, processes, change	To construct a positivist science
Research methods	Exploration of pure subjectivity	Hermeneutics	Symbolic analysis	Contextual analysis of Gestalten	Historical analysis	Laboratory experiments, surveys
(Adapted from Holden and Lynch, 2004; Morgan and Smircich, 1980)						

Based on these new paradigm approaches, the philosophical foundation of pragmatic approach will combine inductive and deductive approaches to the research study. The primary philosophy of pragmatism is that of mixed research, that is, blending an inquiry with attributes from qualitative and quantitative methods in methods of research, data collection, and related analysis, (Johnson and Onwuegbuzie, 2004). Mixed methods research is *‘an approach to knowledge, that is, theory and practice that attempts to consider multiple viewpoints, perspectives, positions, and standpoints, including the standpoints of qualitative and quantitative research’*, (Johnson and Onwuegbuzie, 2004, pp. 114).

As CSR knowledge is yet to claim any substantive uniqueness to be a discipline in itself (Lockett, *et al.*, 2006), the research aim is to obtain insights into the organisational CSR perspectives in the UK and SA countries. The lack of substantive discipline could be

reflected by the absence of mature CSR theory (Lockett, *et al.*, 2006). By mature theories is meant precise models, supported by extensive research where related questions are investigated in different settings. Nascent¹³ theories at the other end of the continuum, as shown in Figure 5.2.1 below, merely suggest new connections within a phenomenon and topics for which little or no previous theory exist. There are suggestions that business and society relationships are still considered a subfield of management, (Scherer and Palazzo, 2007) and, although some models have been developed, for example, CSR domains, (Carroll, 1979, 1991) CSP model, (Sethi, 1975; Wood, 1991), these models lack extensive research in different settings to claim mature theory status. The CSR concept is yet to be universally accepted with different application and definitions, (Jamali and Mirshak, 2006). Arguments have been raised on the Western centric of CSR notions, with suggestions that model application has been limited to these regions, resulting in divergence of CSR in regions outside Western world.

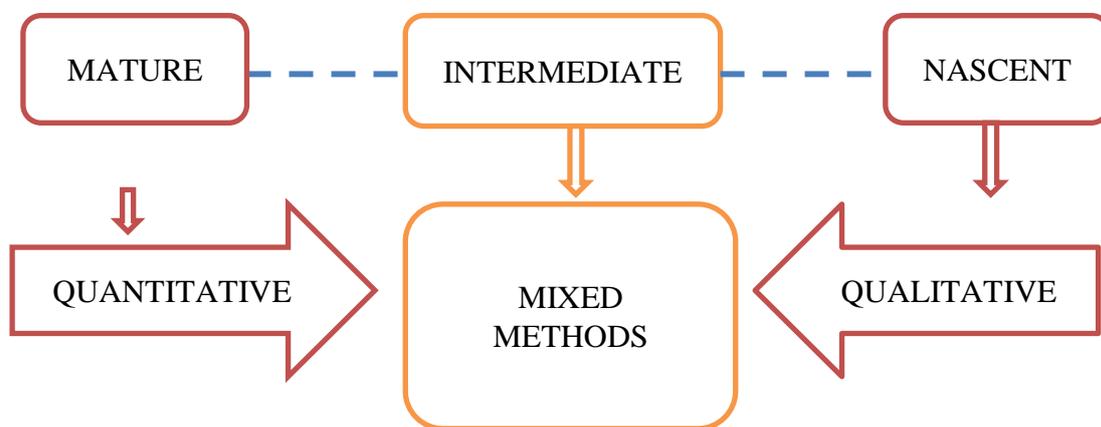


Figure 5.2.1: The nature of theory continuum (Adapted from Edmondson and McManus, 2007)

On the other hand, intermediate theories are situated between mature and nascent theories, (Figure. 5.2.1) presenting only interim explanations of phenomena, in addition to introducing

¹³ Nascent theories are well served by qualitative research methodologies although Edmondson and Mcmanus have suggested that nascent theory topics have attracted little research to date with researchers frequently using a grounded theory approach to connect their data to existing or suggestive new theory (Glaser & Strauss, 1967).

new constructs, proposing relationships within the phenomenon, (Edmondson and Mcmanus, 2007). It would make CSR theory intermediate in that the research draws from prior work, in order to make interim theoretical connections. Therefore this research inquiry will engage with some academic theories or interrelated constructs some of which have been previously tested, although others may emerge from this inquiry and investigation (Gray 2004). The lack of mature theory in CSR would entail that the approach to research will lean towards a hybrid of qualitative and quantitative data from data collection methods that favour documents and semi-structured questionnaires, (Edmondson and McManus, 2007).

5.3 Methodological approaches

Having set out the philosophical foundation to this research inquiry, it is also necessary to reflect on the advantages and disadvantages of the methodological approaches so that an appropriate approach is adopted. It is stated by Carter and Little, (2007) that as research methodology is concerned with attempting to answer research questions, the nature of the research questions will also influence the choice of the research methodology. Although there has been a domination of particular models of research methodologies, in this case, qualitative or quantitative (Blaxter, et al., 2002; Creswell, 1999; Sherman and Webb, 1988; Willimott, 1993), each one of the two has its own peculiarities as will be shown below (Sections 5.3.1 – 5.3.2).

According to Bryman and Bell, (2003) qualitative and quantitative differ with respect to their epistemological foundations. Earlier in this discussion of research paradigms an observation was noted that challenges the dual traditional paradigms of positivist and constructivist, (Johnson and Onwuegbuzie, 2004; Lincoln and Guba, 2000; Willimott, 1993), with Hall and Elliot, (1999) also observing the benefits of blending methodologies in research. In their view Hall and Elliot, (1999) stated that empiricism and positivism stress the importance of observation relying more on facts to speak for themselves in the research methodology. Empiricism is a philosophical

foundation that led to present day positivism views science (natural or social) to be value-free from belief or ideologies that cannot be justified in terms of the object of study and that meaningful statements are those verified by observations. The opposing view of normative stresses the importance of values of subject and the moral implication on the research. For Carter and Miles, (2007) the relationship between the researcher and participants during the data collection of the study is one of the key differences between the two main research methodologies. The question is whether respondents are treated as active contributors of knowledge, or as subjects being studied. In the sections below, an analysis of the key attributes, advantages and disadvantages of the research methodologies will be made, with strengths and weaknesses summarised in Annexures 10.3 – 10.5.

5.3.1 Quantitative

Quantitative research methodology is considered the dominant research approach for a number of years, emphasising on the quantification in data collected and analysis, (Morgan and Smircich, 1980; Sale *et al.*, 2002) The quantitative research approach is based on positivism, (Bryman, 1984) aiming to discover causes and effects of relationships by using the empirical methods of the natural sciences, (Scherer and Palazzo, 2007). The ontological position of the quantitative methodology approach¹⁴ assumes that there is only one truth, an objective reality that exists independent of human perception (Creswell, 1994; Hussey and Hussey, 1997). In terms of knowledge of reality, that is epistemology, the researcher and the investigated are considered to be independent entities, so that the researcher is capable of investigating a phenomenon without influencing it or being influenced by it, (Guba and Lincoln, 1994; Sale, *et al.*, 2002). Quantitative inquiries emphasise structured procedures, with a limited range of predetermined responses, where sample sizes or subject of analysis (Bryman, 2004, 2008), are larger than those used in qualitative research, so that samples are representative for

¹⁴ In quantitative research the goal is to measure and analyse causal relationships (Bryman, 2004), between variables within a value-free framework (Denzin and Lincoln, 1994).

statistical methods used (Carey, 1993). Predominately deductive¹⁵ reasoning approach and theory testing, quantitative research methodology incorporates the practice and norms of the natural sciences model, in particular positivism view of social reality as an external and objective reality, (Lewis *et al.*, 2009). In a quantitative study, theory formulation guides the research process as research objectives, hypothesis and research questions are to be grounded in a theoretical body of knowledge Creswell, (1994). In quantitative methodology, the researcher attempts to fragment the phenomenon into measurable common categories that can then be applied to all subjects of similar situations, with an emphasis on facts and information expressed in the form of numbers that can be quantified.

The social phenomenon of CSR cannot be explained or substantiated in the same way as the phenomenon of nature can be explained by natural science. For example, Scherer and Palazzo, (2007) argued that the social contract theory, (Donaldson and Dunfee, 1994; 1999) can be seen as a construction based on history and cultural background, implying that this can therefore be tested in a discursive process with those involved. Using the same argument from Scherer and Palazzo above, legitimacy cannot be observed from outside as objectively as in the sense of positivist research paradigm, but only from an interactive perspective where it becomes possible to construct and judge stated reasons in dialogue with the entity.

5.3.2 Qualitative

Another research methodology is the qualitative¹⁶ approach that relies on interpretivism (Altheide and Johnson, 1994; Kuzel and Like, 1991; Secker *et al.*, 1995) and constructivism (Guba and Lincoln, 1994). The qualitative researcher uses a naturalistic approach to seek

¹⁵ A research approach that works from a more general to a more specific reasoning with conclusion derived in a logical way from available facts.

¹⁶ In a qualitative inquiry the researcher and the researched are interactively linked so that the findings are mutually created within the context of the situation which shapes the inquiry (Guba and Lincoln, 1994; Denzin and Lincoln, 1994). Qualitative research helps the researcher to understand the richness, depth and complexity of issues, in this case, the CSR phenomenon so as to gain insights into the contexts and notions, (Creswell, 2003)

understanding in a context-specific setting, as the ontological view is that there are multiple realities and what can be considered as truth, due to the different constructions of reality, (Sale *et al.*, 2002). The conventional definition of qualitative methodology is that it is a technique of data collection and analysis that relies on non-numerical data, emphasising more on words or images (Cassell, *et al.*, 2006). So the qualitative researcher relies on *'text data rather than numerical data, analysing those data in their textual form rather than converting them to numbers for analysis and aims to understand the meaning...'* (Carter and Little, 2007, pp. 1316). As reality and truth are assumed to be socially constructed (Berger and Luckmann, 1966) and constantly changing, this approach therefore assumes that there are multiple realities or multiple truths based on one's construction of reality.

The emphasis of interpretive qualitative research is therefore on process and meanings, so that the researcher assumes the role of interpreter, at the same time attempting to do so in an objective manner. Others have suggested that the key characteristic of qualitative research is that it is conducted in a natural setting for data collection, that is, field focused, and (Bogdan and Biklen, 1992; Eisner, 1991; Merriam, 1988). However Cassell, *et al.*, (2006) noted that qualitative researchers may conduct their research from different epistemological positions, for example, it may be essential to quantify the outputs from their qualitative data analysis, (Prasad and Prasad, 2002). For example, CSR related statements, texts or themes from qualitative data analysis may be quantified to make inference of the significance of the issue. The qualitative researcher seeks to unearth frames of reference and constructing the attributes of meanings, for example, how organisations in different settings interpret CSR meanings and reality, (Bhimani and Soonawall, 2005). For data collection techniques, qualitative research approach can adopt case study, in-depth and focus group interviews and participant observation (Gray, 2004). Unlike quantitative, qualitative samples are not large population sizes but rather small,

purposeful samples of respondents, (Bryman, 2004; Reid, 1996). This is because these data collection techniques can provide valuable insights and information for the inquiry. Predominantly an inductive¹⁷ approach between theory and research, qualitative research emphasises on generation of theory, thus rejecting the practices and norms of the natural scientific model and positivism, (Lewis *et al.*, 2009). The embodied view is that social reality is constantly changing as a result of individual creation. According to Creswell, (1994), the key challenges for a qualitative researcher are the time required for field data collection, analysis and issues to do with gaining access for data collection. These present challenges especially on timings, the need for long passages as evidence to substantiate claims and showing multiple perspectives from complex texts that could have been collected.

Creswell, (1994) suggested that whilst it is clear that research objectives, hypothesis and research questions in a quantitative study need to be grounded in a theoretical body of knowledge, the place of theory is not as clear for a qualitative study. Although there are arguments against extensive literature review and theories relating to subject matter for qualitative research (Flick, 2009; Glasser and Strauss, 1967), literature review and theories provided useful insights and information that were used for categorisation of statements and data analysis, (Flick, 2009). The themes and categories are then used in content analysis for quantification purposes, for example, texts, statements that appear in definitions or annual reports are coded into these themes. This enables the researcher to make inference into the key determinants of CSR perceptions.

5.3.3 Mixed methods research

Earlier in this section it was noted that another philosophical approach of pragmatism has emerged that appears to reject the traditional dualism of subjective and objective, (Johnson

¹⁷ Inductive reasoning moves from a specific observations to a more generalisation of theory

and Onwuegbuzie, 2004). This is because the ensuing debates of traditional research paradigms tended to position researchers into two distinct orientations, ‘the QUANs and QUALs’ (Tashakkori and Teedlie, 2003, pp.4) resulting in the birth of pragmatic approaches in research techniques. This third research paradigm aims to integrate the two traditional research approaches (Brewer, 2007) in the design of research methodologies. From this view of pragmatism it is necessary to ensure that the methodology chosen matches with the research problem (Holden and Lynch, 2004), in this case, the context of the CSR phenomenon in the two countries.

Although this third research approach has been given numerous names, for example, blended research (Thomas, 2003), integrative research (Johnson and Onwuegbuzie, 2004), multiple methods (Campbell and Fiske, 1959), triangulated studies (Sandelowski, 2003) and mixed research (Johnson, 2006; Johnson and Christensen, 2004), multiple operationalism, (Campbell and Fiske, 1959), it would appear mixed methods¹⁸ or integrative research has been the preferred name, (Johnson *et al.*, 2007). It is argued that the term ‘mixed methods’ allows inclusion of issues and strategies surrounding methods of data collection (for example,, questionnaires, interviews, observations, content analysis), methods of research (for example, experiments, ethnography), and related philosophical issues like ontology, epistemology, axiology, (Morgan, 2006; Johnson and Onwuegbuzie, 2004). It makes sense that a researcher might have one primary base (out of the three major home bases: qualitative research, quantitative research and mixed research), such that the researcher may visit other homes in a way that his or her research will benefit from such visits (Johnson and Onwuegbuzie, 2004). For example, a qualitative researcher may wish to quantify the outputs

¹⁸ Mixed methods research can be viewed as incorporating several overlapping groups of mixed methods researchers or types of mixed methods research, (Edmondson and Mcmanus, 2007).

from their qualitative inquiry. A further analysis of the strengths and weaknesses of mixed research methods is show in Annex.10.5.

5.3.4 Arguments for combining qualitative and quantitative methods

The mixed methods approach appear to be gaining acceptability and popularity, in management, (Bazeley, 2004; Sale, *et al.*, 2002) signifying sufficient justification for adopting mixed methods in this research inquiry. This is also based on the notion that generally, by using empirical inquiry to answer the research questions (Johnson and Onwuegbuzie, 2004), the two approaches share the same ‘goal’ of understanding the world in which we live (Haase and Myers, 1988), in this case, the CSR phenomenon. The choice of mixed methods is also supported by arguments that both qualitative and quantitative research methodologies share a unified logic¹⁹, of describing their data and constructing explanatory meaning from the data (Johnson and Onwuegbuzie, 2004).

According to Jick, (1979), studies that integrate qualitative and quantitative data create external and construct validity of new measures through triangulation. For example, Jick argued that by appropriately combining qualitative data to elaborate a phenomenon and quantitative data to provide preliminary tests of relationships, and vice versa, the inquiry can promote both insight and rigor. Others have cautioned that integrating qualitative and quantitative methods presents challenges (Greene *et al.*, 1989), with the risk of losing the strengths of either approach if it had been applied on its own (Edmondson and McManus, 2007). Notwithstanding the above, it has been argued that any practical research undertaken in an environment of methodological pluralism makes the greatest contribution towards knowledge (Creswell and Tashakkori, 2007; Hall and Elliott, 1999).

¹⁹ According to Sale, *et al.*, (2002) the two paradigms are thought to be compatible because they share the tenets of theory-ladenness of facts and both approaches aim to disseminate knowledge for practical use, with commitment for rigor, conscientiousness, minimising bias (Johnson and Onwuegbuzie, 2004) and critique in the research process (Reichardt and Rallis, 1994).

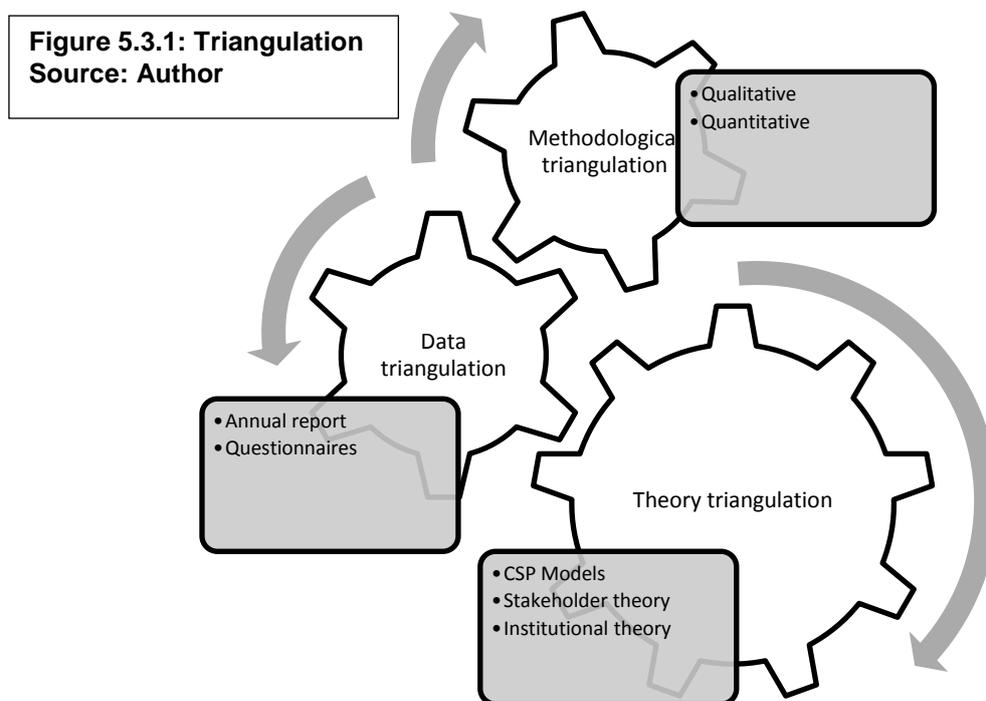
Today's researchers find themselves in a three methodological or research paradigm world of coexistence between the methodologies, (Johnson and Onwuegbuzie, (2004), in contrast to Thomas Kuhn's (1962) arguments for single paradigm that has characterised the natural science. Johnson and Onwuegbuzie went further to suggest that a three- methodological paradigm world is rigorous because each approach has its strengths and weaknesses, within certain times and contexts. By adopting a mixed methods approach to the inquiry, the accuracy of research findings is enhanced, for example, by comparing the findings from the mixed methods in order to make conclusions, thereby generating new knowledge from the different sources for the same phenomenon.

5.3.5 Triangulation

Another argument for the choice of mixed methods stems from the metaphor of triangulation, through a combination of methodologies, (Denzin 1978), by which the same phenomenon is assessed with different methods to determine whether convergence across methods exists. In relation to the metaphor of triangulation, Jick, (1979) suggested that organisational researchers can improve the accuracy of their findings by collecting data using different methods on the same phenomenon. This links with Denzin's suggestion and supported by Johnson *et al.*, (2007), that there are four types of triangulation: (a) data triangulation (that is,, use of a variety of sources in a study), (b) investigator triangulation (that is, use of several different researchers), (c) theory triangulation (that is, use of multiple perspectives and theories to interpret the results of a study), and (d) methodological triangulation (that is,, use of multiple methods to study a research problem),.

For this inquiry the researcher will use (a) data triangulation (that is, use of a variety of sources in a study), (b) theory triangulation that is, use of multiple perspectives and theories

to interpret the results of a study, and (c) methodological triangulation, that is, use of multiple methods to study a research problem, (see Figure. 5.3.1 below). This is mainly because according to Woodside and Wilson, (2003), it would be impossible to directly observe initiatives within given CSR environments. By following such an approach the researcher will also be able to follow-up by asking probing questions to informants within organisations in order to gain further explanations and interpretations of data collected. The results will be inferred by analysing documents and questionnaire responses in the context of the natural settings between the two countries and within the organisations that have been sampled for this inquiry.



From the above Figure 5.3.1, the inquiry will achieve triangulation in three main aspects, that is, by triangulating different methods the research will be able to compare the findings from the two methods, (methodological triangulation) so as to make conclusions whether or not the phenomenon has been adequately investigated. By triangulation, the inquiry further reveals the different dimensions of the CSR phenomenon from the two countries, in order to enrich understanding of the complex nature of the CSR context. This is also achieved by using

theory triangulation, in this case, institutional, stakeholder and CSP models to interpret the results from the investigation.

Having justified the research methodology adopted for the inquiry, it is essential to set out the research design for data collection and analysis, given the nature of the phenomenon. This will be explained in the section that follows.

5.4 The research design

5.4.1 Purpose and motivation of this study inquiry

The principal aim of the research is to understand more about CSR practices by sample organisations in the two countries by critically evaluating the institutional and stakeholder factors that have influenced the perspectives and organisational CSR initiatives in the UK and SA. Having considered the strengths and weaknesses of the three research methodologies above, this inquiry adopts the mixed method methodology where qualitative and quantitative data is collected and analysed. This research study is intended to be exploratory in the early stages, then descriptive and explanatory. Although various comparative studies have been made elsewhere, for example, between UK and USA (Aguilera, *et al.*, 2006); Europe and USA (Welford, 2005), UK and Germany, (Silberhorn and Warren, 2007), no studies have compared the CSR perspective between Europe and Africa and in particular between UK and SA. This is in spite of the fact that Africa is a major source of production inputs into European markets (Dawkins and Ngunjiri, 2008). Therefore as Hussey and Hussey (1997) argued, this exploratory research is best suited where previous research studies have not been undertaken.

Given the nature of the CSR phenomenon, how and why leading companies in the UK and RSA are embedding CSR programmes; what institutional factors in the two countries are

likely to impact on organisational CSR initiatives, a contextual setting is required in order to gain insights into the perceptions and initiatives of CSR in the two countries. Therefore the approach used to answer the research questions, gain more insight and knowledge about the subject matter in this research is case study²⁰ design approach (Yin, 2003). This is mainly because the approach allows for multiple methods of data collection that can include quantitative and qualitative data, (Robson, 2003). Although the case study approach has been associated with qualitative methodology (Yin, 1981), it is no longer limited or restricted to this one (Woodside and Wilson, 2003). For example, Knight and McCabe (1997) noted that the case study design provides the vehicle by which several data methods can be adopted without relying on one single approach.

The data collection methods for this research are as semi-structured questionnaires and content analysis of annual reports, (Webb and Weick, 1979; Webb *et al.*, 1966) that will require a subjectivist and constructivist approach to data analysis. The selection of this strategy²¹ provides the needed opportunity for using multiple tools both qualitative and quantitative data (Yin, 1984; Eisenhardt, 1989) in order to expand the depth and breadth of the inquiry, (Onwuegbuzie and Johnson, 2004). By applying the case study design, the researcher will be able to evaluate the perspectives of CSR in the two countries' contexts.

The contemporary phenomenon under investigation is the organisational CSR perspectives within real-life contexts of the two countries institutional environments. However, Woodside and Wilson argued that merely describing the characteristics in the phenomenon is not

²⁰ Case study is a well-established research strategy that can focus on either an individual, a group, a setting or organisation taking context into consideration, (Robson, 2003) and therefore enables an exploration of major national institutional differences as required for this research inquiry..

²¹ Strategy here refers to the general orientation to the conduct of research or natural affinity (Brewer, 2007). This will allow for triangulation as alluded to earlier. In this instance, the case study is the strategy for doing the research which involves the empirical investigation of the contemporary issues CSR in its real life settings, that is, the contextual setting.

sufficient. This is essentially what the case study design aims to achieve, that is, to gain insights from the knowledge gained through sense-making of the organisational CSR initiatives. The analysis will explain the linkages and influences within the environment for CSR initiatives across the two countries. For example, what specific institutional factors have been evident in the two countries and how have they shaped organisational CSR initiatives? Another justification for the case study approach is that it has been previously employed in inquiries for CSR related investigations, for example, Castka *et al.*, (2004) who investigated CSR adoption by SMEs in the UK; Harrison and Freeman, (1999) on stakeholders, social responsibility and performance; Cheng and Ahmad, (2010) on internal and external aspects of CSR at MNC organisations and Chaudhri and Wand, (2007) on communication of CSR on the internet by organisations in India. Others like Ciliberti *et al.*, (2009), Spence and Bourlakis, (2009) used case study research to investigate supply chain pressure on CSR practices.

Critics have raised central epistemological questions regarding case study research design, for example, Greenhalgh, *et al.*, (2005), questions:

‘to what extent does case study trade external validity (that is, direct transferability to other contexts) for internal coherence and richness, and (conversely) to what extent will a detailed and systematic analysis of one unique “case” give us robust, transferable lessons for elsewhere?’ (pp. 447)

These questions have been debated amongst case study theorists (Woodside and Wilson, 2003; Yin, 1984, 1989, 1993, 1994, 2003). For example, criticisms like, lack of systematic handling of data and no basis for scientific generalisation, Yin (1994) argued that the case study design provides a systematic handling and reporting of all evidence instead and for this research this aspect is addressed in the sections that follow, especially on data management

and analysis. Although this research design may be limited in how generalisable the results are to other contexts, this in-depth study aims to produce both rigorous and significant perceptions into how and why the organisations in the two countries, (UK and SA) have responded to prevailing institutional settings. The insights into the multiple units of the analysis can further be triangulated (Denzin, 1978) to construct more broad enlightenments of the organisational CSR initiatives.

5.4.2 Designing the case study

Further to the above and the purpose of research study, there are several other decisions that had to be made in regard to selection of study units for data collection. The key choice involved whether to use a ‘single’ or ‘multiple’ cases for this investigation as informed by Yin, (2003) who identified four case study design types: - single-case (holistic) design; single-case (embedded) design; multiple-case²² (holistic) design and multiple-case (embedded). A single case-study design as the name implies, involves analysing one unit as the only source for data collection and analysis during a research. However the same case study may be holistic, which means there are no other units within the case that are being analysed or embedded, for example, some sub-units of analysis in the case study (Yin 2003). Meyer, (2001) highlighted that the problem of single case study designs is the limitations in generalizability and several information-processing biases, a view also raised by Eisenhardt (1989). In order to address the limitations, this research design will be multiple embedded case studies. By applying this design the external validity issue is augmented and can also help to guard against biases because, by looking at a range of similar and contrasting cases, multi-case units adds confidence to findings (Meyer,2001; Miles and Huberman, 1994).

²² Likewise a multiple-case study can be holistic or embedded applying the same illustration as for the single-case study. The main advantage to be derived from a case study is that it illuminates decisions or a set of decisions: why they have been taken, how they were implemented and with what results (Schramm, 1971).

5.4.3 Sampling

Although most people would associate sampling with quantitative inquiries (Blaxter, *et al.*, (1997), this inquiry adopted an appropriate sampling technique for the research. A sample is made up of members of a population that may be a body of people or an array of items for consideration for purposes of the research (Collins and Hussey, 2003). There are two main strategies for sample selection, the probability sampling and non-probability sampling. For probability sampling, every individual or member of the sample population has an equal opportunity of being chosen for the study. For non-probability sampling, units are selected sensitively and purposively or for convenience purposes. Meyer, (2001) stated that:

‘The logic of sampling cases is different from statistical sampling. The logic in case studies involves theoretical sampling, in which the goal is to choose cases that are likely to replicate or extend the emergent theory or to fill theoretical categories and provide examples for polar types (Eisenhardt 1989). Hence, whereas quantitative sampling concerns itself with representativeness, qualitative sampling seeks information richness and selects the cases purposely rather than randomly (Crabtree and Miller 1992)’ (pp. 333).

As this study is designed to gain an in-depth insight into the cases, this means that the sample has to be small due to the amount of time required and possible pluralistic nature of the cases. The sample population will enable the researcher to focus towards those organisations already practicing CSR that will provide required data rather than an expanded population size (Eisenhardt, 1989). Given that the overall aim of the inquiry is to make a comparative analysis of the perspective of CSR in two countries, a cross-case technique has been adopted in order to investigate the contextual institutional environment and organisational CSR initiatives in the UK and SA. For convenience purposes, the two countries (UK and SA)

were selected on the basis of their economic, historic and political relationships, (Blaxter, *et al.*, 1997). The environmental and institutional settings, as well as their mutual contribution to each other's markets, were also a key consideration in the selection. Previous research confirms that CSR has become an important issue for organisations in these two countries and there is some generally accepted business justification for this management concept, (Hamann, 2003, 2004, 2006; Moon, 2004).

5.4.4 Units of analysis

In view of the foregoing, samples were purposively (Carter and Little, 2007) selected from two main data bases of organisations already practicing CSR in UK and SA, that is, , Business in the Community (BITC, UK) and Johannesburg Stock Exchange (JSE) SA. The two data bases (BiTC and JSE) are among a few that meet this purpose. BITC have used criteria to rank member organisations yearly on how well they have demonstrated integration of responsible business practices into their operations. For example, the BiTC uses a CR Index to rank organisations in terms of the extent to which corporate responsibility is integrated into corporate strategy and translated into responsible practice throughout an organisation. Organisations include FTSE100 and FTSE250 companies, sector leaders from the Dow Jones Sustainability Index, and Business in the Community member companies with a significant economic and operational presence in the UK. The ranking into bands is based on performance bands based on a company's overall Index score as follows:

Platinum 95% and above,

Gold 90-94.5%,

Silver 80-89.5%,

Bronze 70-79.5%

Sample organisations were purposively selected from the 'Platinum Band' because it was assumed these would be more appropriate for this investigation. Sample organisations for UK

(Table 5.4.1) below have also continuously participated in these benchmarks since their introduction in 2002, (www.bitc.org.uk). The JSE requires all listed companies to comply with the King 11 Code by using the GRI Reporting Guidelines. In 2004, the JSE launched the first Socially Responsible Investment (SRI) Index to recognise the effort listed companies are making towards embedding CSR into their planning and reporting. Participation is voluntary with assessment based on scores in four main categories of social, economic, environmental and corporate governance best practice. Organisations have to score at least 70per cent to be included in the JSE SRI Index. Sample organisations for SA were purposively selected from this group. This appears to be a response to on-going CSR debate around the globe, and particularly in SA, on responsible investment as an emerging market. Document analysis for sample organisations and questionnaires to respondents in sample organisations have been used as data source for investigative purposes, rather than to be statistically representative of a population (Ritchie, *et al.*, 2003; Charmaz, 2006). As Gable, (1994) demonstrated:

'The case study approach seeks to understand the problem being investigated. It provides the opportunity to ask penetrating questions and to capture the richness of organizational behaviour, but the conclusions drawn may be specific to the particular organizations studied and may not be generalizable' (pp. 216).

In order to address the criticism of biases as alluded to earlier, the researcher selected more than one unit of analysis for this inquiry and, in addition to contrasting between the two countries, there is also another opportunity to contrast within the case organisations, (Meyer, 2001). This means holistically, the inquiry investigates the CSR phenomenon in the two countries whilst looking at the embedded units within the two countries (Yin, 1993) for deeper insights into perspectives and initiatives. Comparisons will also be made within the embedded units, across industry sectors and countries, an essential ingredient for external validity.

This sampling methodology is drawn from data bases of organisations that are already practising some form of CSR. These provide a wide array of CSR practising organisations from the two countries, offering a rich diversity of corporate cultures so as to capture and discover the organisational CSR perspectives, making comparisons between these organisations and across the two countries, (Bhimani and Soonawalla, 2005).

5.4.5 Description of the cases

The cases have been selected from this database and a brief description is given in Table 5.4.1 (UK Samples units) and Table 5.4.2 (SA Sample units) below:

Table 5.4.1: Description of the cases (UK)

Case Code	Industry Category	Brief description	CSR Corporate Vision ²³
UK 01	Mining	Organisation is a major global mining conglomerate with operations around the world.	Corporate vision is deliver leading - industry returns through a sustainable growth strategy
UK 02	Banking	A large retail bank with strong positions in a number of sectors of the industry in the UK.	Corporate vision the goal is to be the best financial service provider, building on a leadership position on ‘the foundations of reputation and recommendations’
UK 03	Telecommunication	A leading communications service organisation with customers in the UK and over 100 countries across the globe.	Corporate vision – is to become an organisation dedicated to ‘helping customers thrive in a challenging world’ one of the six key strategies is provided as ‘to be a responsible and sustainable business leader. .’
UK 04	Retail industry	Large retailer in the UK with other operations outside the country. .	Aims for sustainable returns to shareholders, whilst acting responsibly to all stakeholders, including customers, suppliers, business partners, employees and communities
UK 05	Management Consulting	A global firm providing network of accounting across, auditing and advisory services more than 100 countries.	Corporate vision is to turn knowledge into value for the benefits of clients, people, and capital markets. Doing so through benefits for clients, employees and stakeholders.
UK 06	Management Consulting	A global management consulting technology and outsourcing organisation. Operating in more than 100 countries across industries.	Corporate vision – aim is for stewardship through a strong durable company for future generations protecting brand and meeting commitments to stakeholders.

²³ These are based on annual report statements by Chairman and Chief Executive Officers in sample organisations in the UK

The table below (Table 5.4.2) describes briefly the six cases in South Africa that have been used to provide data for this inquiry. These include two retail organisations and one each in mining, banking, telecommunication and education and training.

Table 5.4.2: Description of the cases (SA)

Case Code	Industry Category	Brief description	CSR Corporate Vision ²⁴
SA 01	Mining	A business of a global organisation supplying to global markets in Europe, Middle East and Asia. World.	Customer focused with a vision to be a leading value-adding supplier of minerals. Strategy is optimising growth in a safe and sustainable way.
SA 02	Banking	One the largest financial services group serving predominantly south Africa markets but with some regional operations.	Corporate vision – sustainable growth through value for its people,
SA 03	Telecommunication	A large communication service organisation in South Africa with regional markets.	Aim is to maintain market leadership through a sustainable vision of ‘meeting the needs of the present without compromising the future’
SA 04	Retail industry	Large retailer in the country with regional operations. CSR focus is on partnership with local communities.	Philosophy is to achieve sustainable growth
SA 05	Retail industry	A large retailer specialising in fashion wear with regional and global operations.	The CSR vision is to seek the highest standard in business ethics and integrity through stakeholder engagement stakeholder
SA 06	Education	An education and resourcing group in the country offering a network of schools, tertiary, skills and leadership programmes.	Vision is to become leader in lifelong careers. Sustainability as a response to government policies

Although this study’s starting point may be theory driven, the research process has evolved iteratively (Eisenhardt, 1989). Three explanatory levels of analysis are specified: the country institutional contexts, organisational/industry field, and firm level behaviour. The institutional

²⁴ These are based on annual report statements by Chairman and Chief Executive Officers in sample organisations for South Africa

environment is explored and identified through formal and informal factors (North, 1990, 1991) that become apparent through mainly secondary data sources. Finally industry and organisational level behaviours are analysed through changing structures, processes and outcomes at all company levels. For the sake of confidentiality of respondents that have been approached for questionnaires, the organisations' identities have been protected and for this purpose these organisations are identified by a code, for example sample units from South Africa are coded SA01 up to SA06 and sample from United Kingdom are coded UK01 up to UK06.

5.4.6 Data management and analysis

Data collection

For this study, primary data was collected through semi-structure questionnaire and from content analysis of annual reports. Organisations' websites were a valuable source of data for annual reports during the data collection phase. Meyer, (2001), highlighted that a researcher should decide how many times data will be collected and when to start engaging with the sample organisations. The data used from content analysis of annual reports was collected for period 2010. Although a criticism may be that if information only appears once in a report then it may not fully represent the organisation's perceptions on this phenomenon, Meyer, (2001), this weakness is addressed by an increase in sample units within the two countries. For example, data was collected from six sample units in each of the two countries to gain deeper understanding of organisational perspectives. The specific steps adopted to achieve a systematic approach to qualitative data collection and analysis, are shown in Table 5.4.7, Section 5.4.9 (pp. 190) below. This is essential, as suggested by Miles and Huberman, (1994) in order to ensure effective and efficient data storage and retrieval. A variety of devices such as tabular displays and charts were used to manage and present the qualitative data, without destroying the meaning thereof.

Annual reports

The research adopted previous research approaches of using annual reports for data collection because they serve as the primary source of information for investors and the most significant official communication between an organisation and its stakeholders (Dawkins and Ngunjiri, 2008; Epstein and Freedman, 1994; Hutchins, 1994). The use of documents as data sources extend over a long period now and this has allowed researchers to uncover organisational cultures and ethos (Bryman, 2008), in this case the perceptions for CSR. The advantages of using documents in data gathering are that documents are unobtrusive and can be revised without the researcher being observed. The data is of a permanent nature and can be subject to reanalysis allowing for reliability checks or replication of studies.

Annual reports were regarded as important documents for analysis due to the high degree of credibility as regards the information reported within them, (Krippendoff, 1980; Tilt, 1994; Unerman, 2000). Annual reports are usually authenticated by senior members of the organisation, in this case Chief Executive Officers (CEOs) or Board Chairpersons, who are also responsible for corporate strategy, in most cases acting as leaders and strategic drivers for their respective businesses. This is considered a key strength as the perspectives and CSR initiatives are usually contained in these key documents as part of communication with key stakeholders for the organisation, (Epstein and Freedman, 1994; Hutchins, 1994; Preston *et al.*, 1996; Snider *et al.*, 2003). Further to this, there are numerous standards and regulations that recommend organisations to report on specific elements of CSR related initiatives, for example GRI and the BEE Score Card in South Africa, thereby making annual reports an important data source for this inquiry. There is also acceptance to the notion that countries in emerging markets like South Africa are also using documents like annual reports and websites to respond to stakeholder concerns, (Dawkins and Ngunjiri, 2008). There are

arguments regarding credibility of annual reports in that the documents are likely to have a particular point of view and may require further interrogation within the context of their sources, (Bryman, 2008; Dawkins and Ngunjiri, 2008)

In order to address the above weakness, the inquiry used data obtained from semi-structured questionnaires for authenticity and verification of information in annual reports. This should address the issue of credibility and validation. The documents were considered helpful because they are useful for analysis of the organisations CSR perspectives through statements made by key people in the organisations for example, Chairpersons, Chief Executive Officers of the organisations.

5.4.7 Content analysis

Content analysis (CA) is a research technique used for gathering and analysing content of texts, words, ideas, themes, (Neuman 1997), in order to describe and make inference to message contents, (Berelson, 1952; Neunendorf, 2002). CA has been used for inquiries relating to CSR. For example, Snider, *et al.*, (2003) used the technique to examine what CSR issues were communicated on sample organisations' websites; Unerman, (2000) examined the level of CSR disclosure in annual reports for Shell company; Deegan and Rankin, (1996) used content analysis to assess the significance of published information in annual reports on decision making in selected Australian companies; Dawkins and Ngunjiri, (2008) compared CSR reporting of top 100 companies listed on the Johannesburg Securities Exchange (JSE) and the Fortune Global 100. The adoption of CA in this inquiry is that it recognises the importance of language and texts in order to understand the underlying themes of CSR. CA was therefore applied to analyse sample organisations' annual reports in order to establish the key institutional factors, stakeholder groups and CSR issues for these organisations selected from the two countries. The basic assumption of CA is that frequency of particular words and

groups of words reveal some underlying themes or can be associated with underlying concepts, (Duriau *et al.*, 2007; Webber, 1990). For example, the frequency of words or groups of words would quantify CSR issues or describe CSR perspectives in the sample organisations.

In order to use the CA technique, categories and CSR themes were established in order to quantify the frequency or group inferences that fell into each of the selected categories or themes. An example of how themes were developed for CSR issues is shown in Tables 5.4.3, 5.4.4 and 5.4.5. In the case of CSR issues, the investigation adopted familiar CSR dimensions of economic, social and environmental issues, (Carroll, 1979; Dahlsrud, 2008). For purposes of quantification and analysis the coding was based on the dimensions used by Dahlsrud, (2008) in his content analysis of CSR definitions from organisations' annual reports. Themes and related categories are drawn from discussions by Annadale and Taplin (2003), Bansal and Roth (2000), Lynes and Andrachuk (2008), Sharna (2000) and Tullberg (2005). Four key CSR themes, namely workplace; market place; community and environmental, are selected from the dimensions and are considered to be the main areas of business where the concepts of CSR can be applied, (Crane *et al.*, 2008). Similar themes are also adopted by BiTC and the purpose of these themes in this inquiry is to identify the issues that, according to Crane *et al.*, (2008), have been the specific focus of CSR debate.

Table 5.4.3: CSR Issue Themes.

Dimension	Theme	Coded to theme if it refers to	Examples
Economic	Work place	Socio-economic and organisation's initiatives within the work environment towards financial performance improvement	Staff health and safety; training and skills development;
	Market place	CSR described in terms of initiatives towards enhancement of supply and customer experiences	Products and services issues; procurement and supplier diversity
Social	Community	Business concerns for social issues	Charity donations, social concerns in business operations; contribute towards the betterment of society
Environmental	Environment	Concerns for the natural environment	Waste management, climate change; energy use; environmental impact

Institutional environment analysis

In order for a systematic investigation and analysis of the institutional environment the analysis identified the formal and informal factors, as suggested by Campbell, (2007); North (1991, 1994) and Scott, (1987). These factors were grouped into seven main constituent categories as shown in Table 5.4.4 below. The seven constituents will provide a basis for investigating the main formal CSR institutional factors, (DiMaggio, 1988), that are likely to influence CSR in sample organisations in the two countries. Data analysis of the annual reports for evidence of the seven categories was made to reveal the kind of institutional factors that influenced CSR initiatives for sample organisations in the two countries. This is in line with Scott, (1987) who suggested that organisations respond to institutional factors like government laws but they (organisations) will also normatively attempt to define conditions and methods to control institutional forces, (DiMaggio and Powell, 1983).

Table 5.4.4: Institutional Factors dimensions

Institutional factor dimension	Description	Example
Government policy	Represented by explicit policy, regulation and Acts of Parliament relating to CSR	Companies Act; Health, Safety and Environmental Laws
Government incentives	Represented by actions aimed at rewarding or supporting organisations that demonstrate willingness to initiate CSR related activities, (Fox <i>et al.</i> , 2002; Mattern and Moon, 2008; Moon, 2004)	fiscal incentives; financial support for training and CSR certification
Awareness and promotions	These include campaigns by public and private sector organisations designed to promote and create awareness of CSR amongst organisations and their stakeholders, (Fox <i>et al.</i> , 2002). (Hamann <i>et al.</i> , 2003; Visser <i>et al.</i> , 2010; Vogel, 2005)	For example, community mobilisations by civil society organisations, academic and professional networks, conferences, forums or websites that are designed to raise the CSR debate or skills and uptake of CSR initiatives,
Industry standards	Represented by attempts and initiatives within industries to set standards, procedures and systems as benchmarks for CSR initiatives, communication and reporting, (Chen and Bouvain, 2009; Fombrun, 2005; Jenkins and Yakovleva, 2006).	Examples include codes of practice, certification; indexes like the JSE SRI, frameworks like the BiTC and other CSR related guidelines
Education and training	Education and training is also considered an essential ingredient into awareness and promotion of CSR decisions, (Hemingway, and Maclagan, 2004; Welford, 2004). These are considered to influence managers' thinking and professionalism in the subject arena of CSR, (Mattern and Moon, 2004).	Focus will be on education and training programmes from institutions of learning like universities and vocational institutions
Voluntary schemes	This category will identify specific schemes that have been developed or put in place by industry or groups of organisation towards CSR implementation. These schemes are voluntary rather than mandatory as in legal compliance, (Idowu and Towler, 2004; González, and Martinez, 2004).	In addition to industry standards other partnership initiatives for CSR issues, principles and guidelines are included in this category ETI
International influences	There is growing evidence that CSR has become a global contemporary issues, (Engelton, 1997), especially in areas of environment, global sourcing, labour practices and fair trade, (Brammer and Pavelin 2004; Carroll and Shabana, 2010).	In this category key international influences for CSR initiatives like reporting, trade, labour and environment with be identified.

The data analysis identified which of the seven formal factors appear to influence CSR initiatives of sample organisations. Respondents were also asked to rank the importance of the institutional factors from the seven themes adopted from North, (1990).

Organisations' CSR motivations

In order to investigate organisation's motivations for CSR, the following motivation dimensions (Table 5.4.5) were adopted from previous work by Baku and Palazzo, (2009) and

Carroll, (1979, 1991). For this inquiry understanding of the CSR perspectives requires that the investigation includes the organisation’s CSR character and its motivations for adopting the CSR initiatives, (Bazu and Palazzo, 2009).

Table 5.4.5: Organisations’ CSR motivational dimension

Motivation Dimension	Explanation	Examples
Performance - driven CSR	CSR actions are an instrument and focusing on measuring the effectiveness of such actions as well as determining which activities might be best suited to deliver the requisite performance. (Bazu and Palazzo, 2009; Wood, 1991),	Statements linking CSR initiatives with operational performance, including CSR as business strategy
Value-driven CSR	CSR are part of the company’s culture or as an expression of its core values- image enhancement, (Bazu and Palazzo, 2009).	Responding to NGO action and statements linking CSR with organisational reputation.
Stakeholder- driven	CSR are a response to the specific demands of both internal and external stakeholders, such as employees, governments, NGOs, and consumer lobby groups	Activities targeted at specific stakeholder groups
Compliance to Government legislation	CSR are a response to specific legislation, what Carroll, (1979, 1991) referred to as the CSR legal obligation for businesses.	Adherence to environmental and employment laws.
Community related	CSR are an instrument for integrating community well-being into CSR policies and practices, Carroll’s philanthropic CSR theme, (Carroll, 1979, 1991)	Charity donations;
Risk management	CSR are an instrument for mitigating internal and external threats to organisation and its future development, (Fombrun, <i>et al.</i> , 2000)	Statements explicitly referring to ‘managing risks’ as CSR initiatives

Words or phrases like ‘voluntary’, ‘social’ ‘stakeholder’ or ‘charity donation s’ that were used to define CSR were selected as key words for denotation of answers to specific research questions. These key words were categorised into groups, for example, stakeholder group, CSR categories and CSR motivations. The categories and recording units will be tested with questionnaire data to assess reliability and clarity. This process will allow for revision of schemes where necessary, to avoid any ambiguity. The following phased approach of content analysis was adopted:

A. Data collection phase

Annual reports were collected from sample organisation's websites. In some cases, for example, UK 01 and UK 02, reports were posted by the organisations to the researcher. Previous studies (Neu and Wright, 1992), have suggested that annual reports are credible, however CSR reports are not usually audited, but are now used by various stakeholders as they represent an organisation's best effort to communicate with its stakeholders (Preston, *et al.*, 1996). Statements by either the Chief Executive Officers or Chairperson were identified for initial annotation of the key words related to CSR. These statements are considered to be important as they provide key information as indicators of organisational priorities, (Atkinson and Coffrey, 2002). These are, for example, the organisation's CSR definition, vision and strategies for CSR initiatives. The key words and statements were extracted from the statements in the annual reports and annotated with marginal notes, underlining or highlighting, to draw attention or for later abstraction or quotations, (see also Miles and Huberman, 1994).

B. Labelling

It was important to set parameters when analysing or going through annual reports, as alluded to above. Labels and annotations were placed against key words, passages or statements of significance for later abstraction into categories as per themes, codes and groups. For this purpose highlighting with different colours was used to mark these words and statements based upon the categorisation, themes and codes set out above. Annotations were also used in the labelling process. For example, key statements, phrases and words in the annual report were identified and annotated as shown in Table 5.4.6 below. From these labels and annotations, the key institutional factors, stakeholders and CSR issues for the sample

organisations in respective countries were identified. These labels and annotations were possible using Microsoft Adobe Reader tools, (See Table 5.4.6 below).

Table 5.4.6: Labelling and Annotation of key words or statements in annual reports (example)

Annotation of a key statement from annual reports	Category/Theme
supporting new and established enterprises across the  as well as our progress on minimising our environmental impact.	CSR issue/Motivation
We recognise that  are important at all levels of the company; year over 5,000 employees will take accredited learning or apprenticeship certificates. Our apprenticeship programme help young people with the necessary tools to thrive in the	CSR Issue
development focus encompasses: <ul style="list-style-type: none"> • Employment  safety • Occupational health • Environmental management • Social and community development 	CSR Issues
The strong  reputation we have built for operating responsibly, openly, ethically and in partnership with our stakeholders enables us to gain access to new resources, manage risks and opportunities associated with our projects and moving into new geographies,	Stakeholder issues

The annotations are automatically recorded in a list of comments and this made it easy to extract these annotations during the analysis process.

C. Selection

From the above labels and annotations to some sections, texts and quotation, it was possible to select and group these into specific categories, for example, motivational, stakeholder or institutional related evidence or statements considered significant or representative to the issues being analysed. This is also in line with Robson, (2003) who noted that a researcher can use individual key words, themes, paragraphs or even whole items for the recording units in the analysis. Based on the themes established from literature review and previous research, some key words and phrases were selected as recording units for context analysis.

D. Interpretation of results

This was the final phase in the process where frequency counts were used to identify the common features of CSR definitions, the stakeholder groups and CSR issues in sample organisations. Description and inference were derived from the analysis results, linking these with theoretical frameworks from literature review.

Websites

The internet has brought opportunities for organisations (Martin and Matlay, 2003) and one such opportunity is the ability to communicate a number of issues with a wider range of stakeholders. In light of what Duriau *et al.*, (2007) observed that websites provides researchers with a wide range of data sources, this inquiry considered websites a valuable source of information and data as it was easy to access the organisations' published statements and annual reports. First the BiTC and JSE SRI Websites were used to obtain data on the organisations that are deemed to be engaged in CSR initiatives. For example, BiTC uses a CSR index to rank organisations CSR initiatives into Platinum category as the highest followed by gold, silver and bronze. In South Africa the JSE, launched a Social Responsibility Investment Index (SRI) as a benchmark criteria to be included into the SRI constituent. Second, selected, organisations' websites were then scanned for statements regarding CSR with the annual reports considered as more appropriate records on organisational CSR initiatives as alluded to above.

The internet was also used for communication with respondents through emails because most managers have access to internet and use of emails as a means of communication is now considered wide spread, (Blundel and Ippolito, 2008). Emailing was also considered to be an effective way of sending questionnaires and less costly to administer than the traditional mailing, (Ilieva *et al.*, 2002; McDonald and Adam, 2003). There are arguments against poor

response rates from emailing, (Kent and Lee, 1999; McDonald and Adam, 2003), and limited accessibility and technical skills for some respondents, (Weible and Wallace, 1998). As the sample was purposely selected representing a few cases, the above weaknesses were mitigated by follow-up emails and some telephone calls. Although it could be argued that the internet is not widely used as a business communication method, especially in some developing countries with limited access to a network (Belson 2000), this weakness would not affect the selected units on analysis as noted above. For example, most of the sample organisations uploaded their reports on CSR related initiatives on their websites. This information was easily downloaded for further analysis in this research. Therefore as Chambers, *et al.*, (2003) noted that websites provide advantages '*in that in all cases they represent an official presentation of companies' policies and practices*', (pp. 9)

5.4.8 Semi-structured questionnaires

There are important choices and decisions that are involved in administering questionnaires. These include sampling of respondents, the nature and structure of the questionnaire. The respondents were considered to be key people in data collection as it was necessary that these people were at appropriate managerial levels with some responsibilities for CSR initiatives within the respective organisations. This is considered essential in order to provide meaningful data that can be triangulated with other data collected from annual reports. This meant that the twelve respondents (one from each sample organisation) selected are staff in charge or responsible for CSR activities in respective organisations. A questionnaire (Annexure 10.2) was prepared and sent out by email to respondents within the sample organisations. Some respondents would omit responses to certain questions that the researcher felt could provide useful insights. The questionnaire is considered low cost in terms of both time and finance (Gray, 2004).

Although there are drawbacks in using questionnaires like low response rates, this was not a key weakness due to the low number of questionnaires to be administered. Furthermore, the questionnaire was administered through emails and, in some cases, follow-ups were made by telephone to encourage respondents to complete the questionnaires within timescales. This will also assist in clarifying certain points in the questionnaire and it would appear that some respondents were willing to provide information on the phone rather than the written word.

The questionnaire design would seek to collect data of what constitute CSR issues and the motivations for the CSR initiatives by sample organisations. The following table (Table 5.4.7) summarises the theoretical underpinning from the notions for CSR in order to design a questionnaire that provides appropriate data for the research questions. When relying on questionnaires as the primary data collection method, Meyer, (2001) stated that the issue of building trust between the researcher and the respondents is very important in this case. In order to address this issue, the following steps were taken:-

First, the researcher established a technique of how to approach the respondents. In this inquiry, the organisations' websites were searched for possible leads into the CSR related matters. The names and contact details were obtained from websites, whilst in some cases the researcher telephoned the sample organisations to establish a contact within the organisation that has responsibilities for CSR. These contacts were then formally issued with introductory letters and questionnaires (Annexures 10.1 and 10.2).

In all cases, respondents were chosen from managerial positions, as these were considered to be able to discuss the organisations initiatives for purposes of the inquiry. Some respondents did, however, fear that their input may be misconstrued in the analysis, rendering or exposing their organisations to unnecessary publicity. Hence, it became essential to communicate how the researcher intended to use and store the information provided.

Institutional influences	This part of the questionnaire aims to provide a deeper analysis of how organisations responded to forces within their respective institutional environments, that comprised of formal and informal factors, (Dacin <i>et al.</i> , 2002; Meyer and Rowan, 1977; North, 1990, 1994)
CSR definitions	Because of the contrasting and contextual nature of CSR definitions, (Crane and Mattern, 2004, Welford, 2004; Fairbrass <i>et al.</i> , 2005; Van Marrewijk, 2003), respondents will provide a definition of CSR would start with some broad definition of the phenomenon in order to adequately enumerate the key CSR issues, (Carroll, 1979; Idemudia, 2008)
Key Stakeholders	As the notion is there can be no CSR without considering the expectations of questionnaire will seek for data one stakeholder for sample organisations as these are considered to play a significant part in evaluating CSR responsiveness, (Clarkson, 1995; Gao and Sirgy, 2006; Mitchell <i>et al.</i> , 1997),
Stakeholder engagement methods	The best way to understand social responsiveness is to analyse and evaluate the way in which the organisations engage with its key stakeholders, (Carroll, 1989; Clarkson, 1995; Donaldson and Preston, 1995; Freeman, 1984; Jones, 1995; Maignan and Ralston, 2002; Maignan <i>et al.</i> , 2005 and Jamali, 2008) Questionnaire seeks to establish the dialogue methods used by sample organisations.
CSR issues	As a number of CSR related issues or what constitutes CSR varies, questionnaire will seek data for those items that stand out and are considered material organisational CSR initiatives, (Zadek and Merme, 2003). Although due to institutional factors and stakeholder expectations these are likely to differ in importance and urgency, (Matlay, 2009; Sternberg, 2004) the CSR issues will reveal why some organisations may adopt CSR initiatives, (Toyne, 2006)
Motives for CSR initiatives	What constitutes CSR appears to vary, (Garriga and Mele, 2004) and the motivations signifies how organisations are responding to the institutional and stakeholder pressures, thereby providing guidance to explanations of CSR perspectives (Carroll, 1977, 1979; Garriga and Mele, 2004; Matten and Moon, 2008; Pedersen, 2008; Zadek, <i>et al.</i> , 2002). Questionnaire seeks for data that will provide CSR orientations or the perspectives of CSR for sample organisations in the two countries.

To establish confidence, it was also essential to use researcher's pre-understanding (Meyer, 2001) of the organisational social responsibility context, mainly by demonstrating that the organisation's annual reports had been read through and also made reference to organisation's website statements on CSR initiatives. For example, when researcher contacted the organisation for first time to identify a key respondent for questionnaire, an introductory statement like *'I have read about your organisation's efforts in pursuit of CSR initiatives and therefore identified the organisation as suitable to provide further insights into CSR practices...'*. The second tactic was to demonstrate engagement with and understanding of the CSR phenomenon in general. Building on some prior knowledge of the organisation's CSR initiatives, the researcher was able to use this information to gain the confidence of respondents. A total of 12 questionnaires were administered to the study units. Initially some

respondents were not very willing in responding to questionnaires, although they had indicated a willingness to do so. For example, two respondents in the UK suggested that researcher use the annual report for all data on the organisation's CSR initiatives. It was after some telephone conversation and explanation of the purpose of the inquiry that they finally agreed to complete the questionnaires. It would appear that some of the sample organisations could have received questionnaires from other investigations and probably felt my inquiry was one of those that will end up exposing or creating negative exposure to their businesses. It took a considerable amount of follow-up telephone calls and in the case of South Africa, a trip was organised to make contact with respondents from close range. Although it took longer to collect data, in a way the continued dialogue with respondents eventually resulted in researcher gaining the confidence from these respondents and was able to seek further clarifications whenever this was necessary.

5.4.9 Research quality

Reliability, replicability and validity are considered to be the most prominent criteria in evaluating and assessing research quality in quantitative research, (Bryman, 2008). For example, reliability is concerned with the question of whether or not the results of a study are repeatable or whether the measures devised for concepts are consistent and stable. In order to test a level of reliability, a systematic approach was adopted in line with Lombard *et al.*, (2000), for data analysis, that is, codifying qualitative information into categories and themes in order to develop qualitative and quantitative measures at varying levels of the investigation (Abbott and Monsen 1979). Close to reliability is whether the study is capable of being replicated, for example, it happens that researchers may often choose to replicate the findings of other research inquiries. Bryman makes the point that if a researcher does not spell out in detail, his or her research process, then replication may be impossible. He went further to suggest that an investigation that is capable of being replicated would be highly valued,

especially in social research. On the other hand, Bryman considers that validity is the most important criteria and is concerned with the integrity of the conclusions generated from the inquiry. This examination of validity into measurement, internal, external and ecological validity, Bryman noted that it would appear that validity is geared mainly towards quantitative than qualitative research. For example, measurement validity is more concerned with adequacy of measures, internal validity is concerned with soundness of findings usually specifying the casual relationships. However as for external validity, Bryman noted that this may be relevant to qualitative research as well, although he posited that external validity is concerned with generalisability.

Contributors like LeCompte and Goetz, (1982), Kirk and Miller, (1988) have applied the concept of reliability and validity to qualitative research, although others have argued that they are inappropriate because they have been traditionally grounded in quantitative research, (Bryman, 2008). Others like Lincoln and Guba, (1985) have proposed trustworthiness as a criterion of how good a qualitative research is, suggesting that each aspect of trustworthiness has a parallel with quantitative research criteria. For example,

- Credibility – parallels internal validity, that is, soundness of findings.
- Transferability, parallels external validity, that is, can the findings be applied to other contexts
- Dependability – which parallels reliability, that is, are the findings likely to apply to other time scales or repeatable
- Conformability – which parallels objectivity in that the investigator should consider his/her values in the conduct of the research.

Credibility - Silverman, (2013) posited that any attempt to describe or explain research quality, whether qualitative or quantitative, needs to answer some critical questions as

depicted in Table 5.4.8 below, to demonstrate the trustworthiness and therefore quality of research findings. The following criteria (Table 5.4.8) based on Silverman, (2013) was applied to test the quality of research findings:

Table 5.4.8: Credibility of Research Findings (Adapted Silverman, 2013)

Question	How researcher responded and adopted in the inquiry
Are the methods of research appropriate to the nature of the questions being asked?	Researcher has argued for research methods that have been adopted in this inquiry, the mixed research methods
In the connection to an existing body of knowledge or theory clear	There is evidence in connection with existing body of knowledge
Are there clear accounts of the criteria for selection of cases and of the data collection and analysis?	These have been elaborated
Was the data collection and record keeping systematic?	This aspect has been an important part of the data collection and analysis
Is reference made to accepted procedures for analysis?	Evident in the process and procedure adopted from the above
How systematic is the analysis?	Continuous data collection and analysis
Is there adequate discussion of the evidence for and against the researcher's arguments?	A thorough analysis and discussion chapters provided
Is a clear distinction made between data and its interpretations?	These are clearly set out with corresponding analysis provided
Is there adequate discussion of the themes, concepts and categories derived from the data?	Three chapters devoted for these themes, concepts and categories.

In answering the questions in the affirmative, it is contended that the inquiry becomes scientific because the methods are rigorous, critical and objective (Silverman, 2013). Two central concepts of research credibility, that is, transferability and dependability, are examined below.

Transferability - Because of the purpose of this inquiry, its design and contextual orientation, this aspect of transferability may present challenges, (Lincoln and Guba, 1985). However the researcher adhered to the calls of thick description,(Geertz, (1973) that is, providing a rich account of the details or data base for making judgements about the possibility of transferability of findings, (Bryman, 2008) . The background information of the study units has been provided in the next Chapter, where possible the same units located within particular industry sectors have been identified, thereby addressing the aspect of

transferability of results from the critical analysis of the stakeholders, CSR issues and practices.

Dependability -This is considered parallel to reliability and, as a research technique, the researcher has explained in detail the research process such that future researchers can repeat the study, and also allow readers to understand the methods used and their effectiveness. In addition the researcher adopted an auditing approach to research, (Bryman, 2008; Lichnoln and Gubba, 1985), that is, a complete record of all phases of the research, data collection and analysis are kept in an accessible manner and are available for peer reviews. The data is sourced and can be tracked to original sources, that is, from the case study units, that have been selected purposely from organisations considered to be already practising some form of CSR in the two countries. Furthermore, the different organisations and industry sector provide a broad perspective of CSR perceptions and initiatives across the two countries.

Conformability - As argued by Silverton, (2013), another important issue to consider is that of, what is called, intersubjectivity. In order to address this aspect of conformability or objectivity, that is, whether other researchers can trace the interpretations made in the case studies, (Meyer, 2001), the researcher followed the suggestion by Miles and Huberman (1994): (1) that the inquiry's overall methodologies are described herein in detail, (2) so that the process of analysis can be followed. In doing so, the (3) conclusions are clearly connected with exhibits of displayed data, and (4) subject to confidentiality requirement, data from the study can be made available for reanalysis by others.

Validity challenges

By validity Silverton (2001) means 'truth...interpreted as the extent to which an account accurately represents the phenomenon to which it is related...' (pp. 232). According to Miles

and Huberman (1994), the challenges of validity in qualitative studies relate to the fact that most qualitative researchers work alone in the field, they focus on the findings rather than describe how the results were reached, and they are limited in processing information. On the question of whether to use the same criteria for qualitative and quantitative studies (Kirk and Miller 1986; Sykes 1990), it was important therefore to follow Meyer, (2001) in developing a framework before collecting and analysing the data in order to guide inquiry. It was also important to be flexible and open to new and unexpected data, from for example, semi-structured questionnaires that were administered. Although the aspect of generality is not a key criteria for this inquiry, the number of units enable the inquiry to discover multiple aspects of CSR initiatives and processes within the two countries. Furthermore, in response to these requirements, the primary data will be displayed in the thesis in the form of quotations, extracts from questionnaires and documents to support or illustrate the interpretations of the data. Finally, all the primary data from the study will be accessible to groups of researchers and industry professionals.

5.4.10 Research stages

The inquiry is designed into stages or groups (Brewer, 2007; Hussey and Hussey, 1997)

Stage one - an exploratory research, based on literature review, business reports and various 'grey' publications. This aspect of the research will critically evaluate the institutional factors that have influenced and defined CSR in both the UK and SA. This is an important part of the investigation that aims to set out the perspective environment for CSR in the two countries. Applying mainly the institutional theory, (DiMaggio and Powell, 1983 Doh and Guay, 2006; Meyer and Rowan, 1977), this stage will explore the formal and informal institutions for the two countries that are likely to influence CSR perspectives for the organisations in the two countries.

In order to establish the meaning of CSR and determine the factors thereof, in particular those affecting and creating a CSR perspective within the UK and SA environments, a secondary research was adopted to answer the following key questions:

Stage two: - Descriptive which aims to describe a phenomenon as it exists and goes further to examine in order to ascertain and describe the characteristics of the pertinent CSR issues. This stage is to select six 'leading edge' organisations practising CSR from each of the two countries. Using primary data from questionnaires, content analysis of annual reports and adapting suitable models for example, Carson, (1993); Clarkson, (1995); and Illia and Lurati (2006), key institutional factors, stakeholder groupings and CSR initiatives are investigated and used for the next levels of the research. The key research questions that guided this stage of the inquiry are summarised in Tables 5.4.9 – 5.4.11 below.

Stage three – Analytical or explanatory is a continuation of descriptive, in that the researcher goes beyond merely describing the characteristics by analysing and explaining why and how it is happening. The aim here is to gain a deeper understanding of phenomena by discovering and measuring causal relations among them. As Thietart, (2001) noted the positivist leans toward this type of research, in that they try to answer the question 'for what reasons' (pp. 19)

Stage four

A framework model will be developed for testing in future CSR related research.

5.4.11 Research questions

Bouchard, (1976) argues that good research lies not only in choosing the right method, but also in asking the right questions and picking the most powerful methods for answering those particular questions. Although research questions are shaped by the purpose of research

(Creswell and Tashakkori, 2007), defining the key question was essential in order to provide research focus (Eisenhardt, 1989). Without research focus it would result in the researcher being overwhelmed by volumes of data. Broad questions were developed for example, what key institutional factors have influenced CSR perspective in a country? These types of research questions are conducive to developing insight about the CSR phenomenon. Research questions should ordinarily be derived from the aims of the research, although it is also observed that some questions may emerge during the course of the research.

In order to achieve the research aims, the following Tables (5.4.9 – 5.4.11) provide a summary of the key research questions mapped against the research objectives and literature:

Table 5.4.9: Mapping research questions with objectives: Institutional factors

Research objective	Research question	Key issues arising from literature
To investigate the institutional factors that has influenced the nature of corporate social responsibility (CSR) in United Kingdom (UK) and South Africa (SA).	What institutional factors are evident in the UK and SA countries that are likely to influence organisational CSR responses?	These questions aims to provide a deeper analysis of how organisations responded to forces within their respective institutional environments, that comprised of formal and informal factors, (Dacin <i>et al.</i> , 2002; Meyer and Rowan, 1977; North, 1990, 1994) Because of the contrasting and contextual nature of CSR definitions, (Crane and Mattern, 2004, Welford, 2004; Fairbrass <i>et al.</i> , 2005; Van Marrewijk, 2003), data will provide a definition of CSR would start with some broad definition of the phenomenon in order to adequately enumerate the key CSR issues, (Carroll, 1979; Idemudia, 2008)
	How do these factors manifest themselves in CSR initiatives of sample organisations in the two countries?	What constitutes CSR appears to vary, (Garriga and Mele, 2004) and the motivations signifies how organisations are responding to the institutional and stakeholder pressures, thereby providing guidance to explanations of CSR perspectives (Carroll, 1977, 1979; Garriga and Mele, 2004; Matten and Moon, 2008; Pedersen, 2008; Zadek, et al., 2002). Questions seek for data that will provide CSR orientations or the perspectives of CSR for sample organisations in the two countries.

The questions above focus on the key institutional aspects of this inquiry, but will also provide insights into the orientation of CSR. Stakeholders' issues questions have been developed to identify the key and common stakeholders for sample units but also in order to make comparisons across industries and the two countries.

Table 5.4.10: Mapping research questions with objectives: Stakeholder issues

Research objective	Research question	Key issues arising from literature
To investigate, using the stakeholder theory, the range and extent of current CSR initiatives in organisations already practicing CSR within the two countries.	Which stakeholders receive the greatest attention from sample organisations in the two countries? Do firms in particular industries across the two countries tend to emphasise particular stakeholders and CSR issues?	As the notion is there can be no CSR without considering the expectations of stakeholders these questions will seek for data on stakeholders who are considered in organisational CSR as these are considered to play a significant part in CSR responsiveness, (Clarkson, 1995; Gao and Sirgy, 2006; Mitchell <i>et al.</i> , 1997), The best way to understand social responsiveness is to analyse and evaluate the way in which the organisations engage with its key stakeholders, (Carroll, 1989; Clarkson, 1995; Donaldson and Preston, 1995; Freeman, 1984; Jones, 1995; Maignan and Ralston, 2002; Maignan <i>et al.</i> , 2005 and Jamali, 2008)
	What CSR issues are prominent from sample organisations and how are these prioritised? Do the similar issues appear in sample organisations within industry groups and across the two countries?	As a number of CSR related issues or what constitutes CSR varies, these questions will seek data for those items that stand out and are considered material organisational CSR initiatives, (Zadek and Merme, 2003). Although due to institutional factors and stakeholder expectations these are likely to differ in importance and urgency, (Matlay, 2009; Sternberg, 2004) the CSR issues will reveal why some organisations may adopt CSR initiatives, (Toyne, 2006)

Table 5.4.11 below summarises the questions that will provide data for CSR issues and how these are mapped against the research objectives and literature. It should be noted that research questions map out the field and how best the research is to be conducted, thereby necessitating that these questions must be set out before the commencement of the inquiry. However as we have noted, questions can emerge as we progress with the investigation and also where there is a relationship between these.

Table 5.4.11: Mapping research questions with objectives: CSR Issues

Research objective	Research question	Key issues arising from literature
<p>To construct a theoretical model for communicating and implementing CSR by organisations and their supply chain partners.</p>	<p>To what extent can the common issues be modelled into a framework for communicating and implementing CSR by organisations and their supply chains?</p>	<p>As a number of CSR related issues or what constitutes CSR varies, these questions will seek data for those items that stand out and are considered material organisational CSR initiatives, (Zadek and Merme, 2003). Although due to institutional factors and stakeholder expectations these are likely to differ in importance and urgency, (Matlay, 2009; Sternberg, 2004) the CSR issues will reveal why some organisations may adopt CSR initiatives, (Toyne, 2006)</p>

5.5 Conclusion

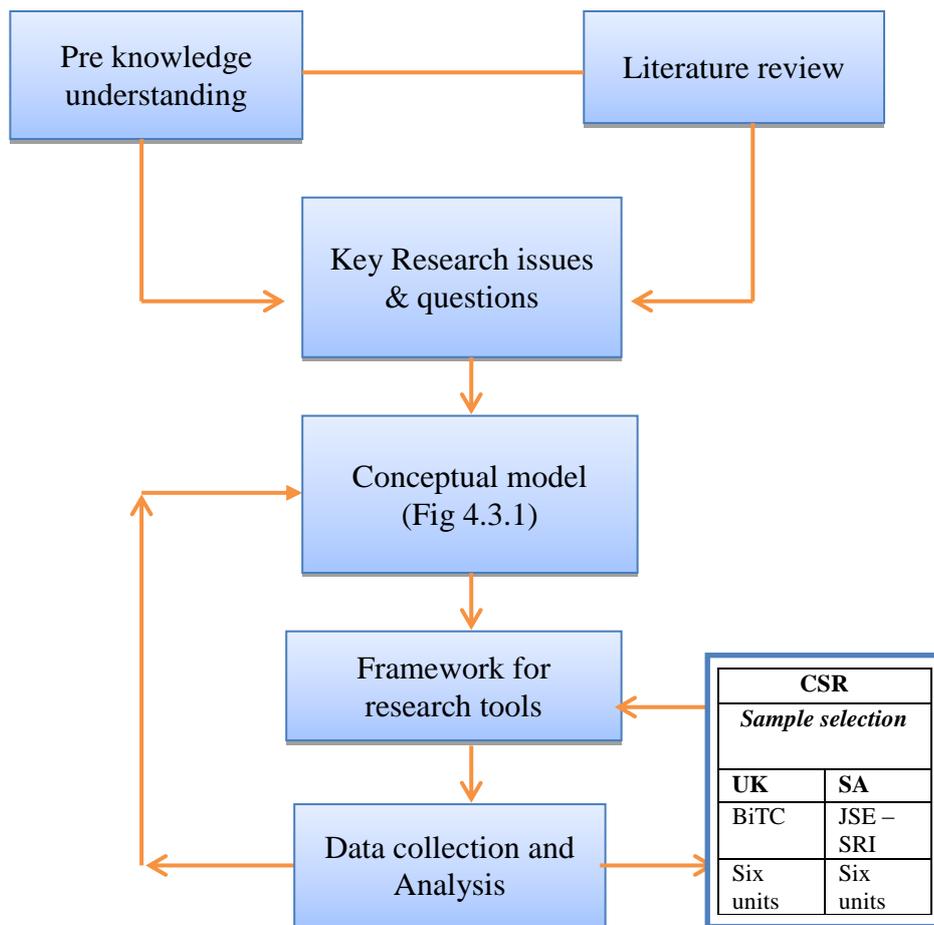
This chapter has explained in detail the philosophical foundation influencing the decisions made for this inquiry. The case study approach selected fits well into a pragmatic approach adopted for this inquiry and provide opportunities for using appropriate tools and techniques for investigation of this phenomenon. By combining the two traditional research methodologies, the inquiry is able to quantify CSR issues and make inference into organisational CSR perspective based on institutional and stakeholder theories. The issues of research quality have been considered from the design of the research and these have been explained in full. This should be able to address Blowfield and Frynas, (2005) who argued that current research on CSR lacked systematic rigor, such that it has failed to answer key questions regarding CSR perceptions.

5.5.1 The research framework

In summarising the research process, the following framework structure (Figure. 5.5.1) illustrates how the research process is driven. The framework is designed to be a dynamic process (O'Donnell and Cummins, 1999) in that, although inductive in nature, it builds upon previous knowledge of CSR (Eisenhardt, 1989). A review of appropriate literature enabled

the researcher to be aware of current thinking about the phenomenon. As O'Donnell and Cummins, (1999), stated *'this conceptualisation process should improve the researchers understanding of the subject by showing the evolving nature of the phenomenon, as well as highlighting any conflicts or gaps within the literature'* (pp. 85).

Figure 5.5.1: The Research Process



Pre-knowledge and understanding is a key aspect of this research inquiry. The researcher identified data base for organisations practising CSR in the UK and SA. Two main data bases (BiTC (UK) and JSE – SRI (SA) were identified, mainly because there are systems that are used to evaluate and encourage member organisations to report on social responsibilities initiatives. The key research issues and questions (Tables 5.4.9 – 5.4.11) were set out into a

conceptual model, (Figure 4.3.1, pp. 149) in order to guide data collection and make the data collection and analysis of easier. The research methods and tools for data collection were selected and administered to sample units in the two countries.

The inquiry should be able to establish the key influences of organisational CSR perspectives in the two countries. O’Riordan and Fairbrass, (2006) argued that a procedural context for analysing the CSR environment has been largely ignored in previous studies (Murray and Vogel, 1997; O’Riordan, 2006; Freeman, 1984). They went further to suggest that a systematic and structured framework for analysing the CSR practices was essential and this is a key output or objective of this research.

Chapter Six

6 Findings

6.1 Introduction

This chapter presents the main findings of the inquiry. The use of annual reports and semi-structured questionnaires has been instrumental in generating the valuable insights into perceived factors that could have influenced motivations of CSR initiatives by sample organisations in the UK and SA.

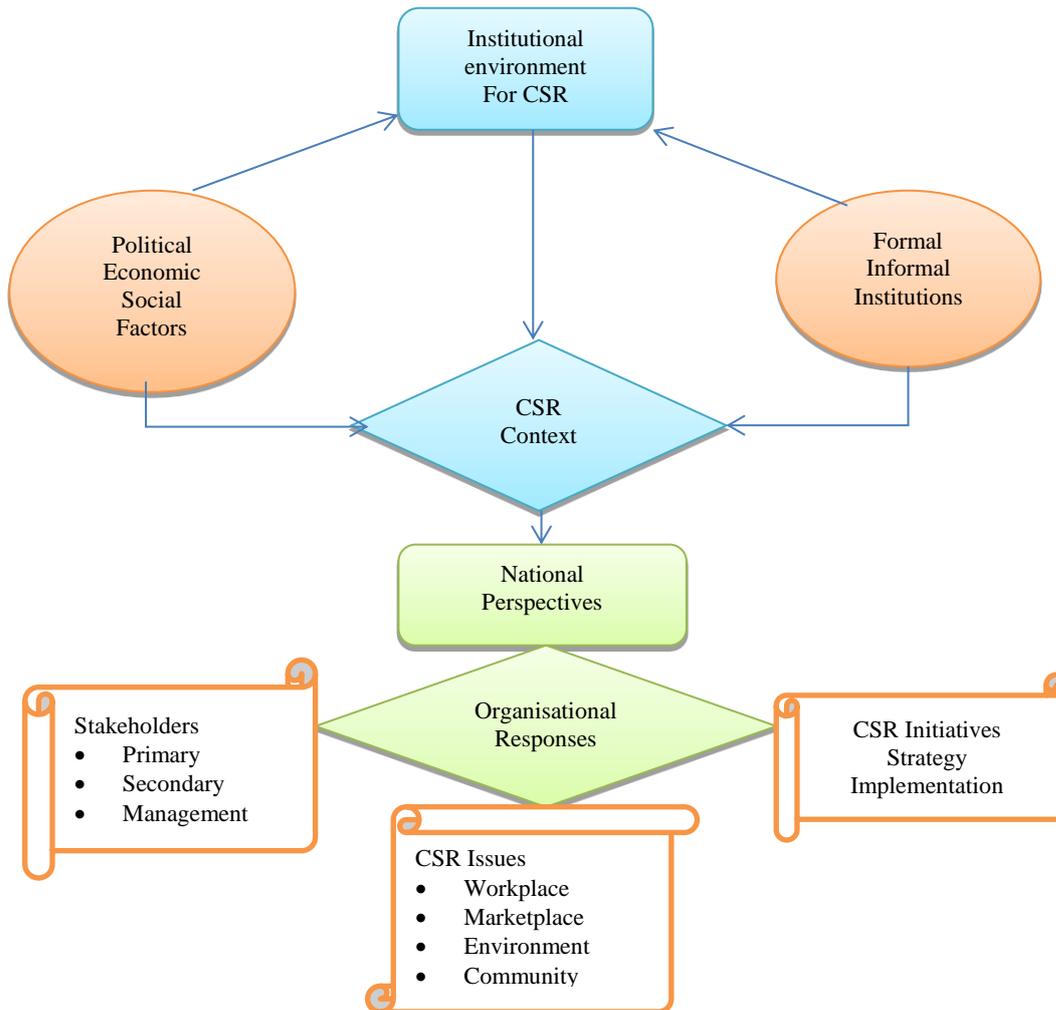
Purpose and objectives

The purpose is to evaluate the key institutional factors that would influence the perspectives for CSR in the two countries. Specifically these perspectives will mould the CSR responses for the organisations in the two countries. Therefore the objectives of this chapter are:

- To investigate the institutional settings likely to influence organisational CSR in the two countries.
- To investigate the key stakeholders for sample organisations in the two countries
- To investigate the CSR initiatives for sample organisations in the two countries.
- To construct a theoretical model for communicating and implementing CSR by organisations and their supply chain partners.

This chapter will therefore follow the same pattern in describing and analysing the findings as shown in Figure 6.1.1 below.

Figure 6.1.1: Analytical framework for CSR perspectives



Source: Author

The findings are presented in the main sections shown below:

Section one focuses on the CSR perspectives, mainly institutional factors that have been explored from sample organisations’ annual reports and semi-structured questionnaires. This is drawn from the assumptions made in this inquiry and previous arguments that CSR initiatives are better understood from contextual settings as organisations respond to forces within their institutional setting, (Dacin *et. al.*, 2002; Meyer and Rowan, 1977; Zucker, 1977). This inquiry is also on the premise that any meaningful investigation of CSR perspectives should begin with an analysis of the principles that motivate organisational CSR, (Wood, 1991), in this view, the institutional settings.

Section two will explore the key stakeholder influences for CSR initiatives on organisations sampled. Data has been collected from content analysis of annual reports and semi-structured questionnaires.

Section three will discuss key CSR initiatives and issues for sample organisations in the two countries. This is based mainly on content analysis of annual reports for sample organisations and semi-structured questionnaires administered to respondents in the respective organisations.

6.2 CSR Perspectives

Summary of the Case study units

Data analysis for the two countries is based on the sample units comprising of:

- 2 mining organisations one from each country
- 3 retail organisations one from UK and two from SA
- 2 telecommunication organisations one from each of the countries
- 2 banking institutions one from each of the countries

The remaining 3 are from different industry sectors. The analysis is based on content analysis of primary source documents such as annual reports, and questionnaires administered with key respondents within these sample organisations. As reports are a key data source for the inquiry, the investigation begins by analysing the structure of these annual reports. This is based on the notions that the quality of organisations' commitment to CSR is demonstrated and also dependent on the structure and content of the reports, (Abbott and Monsen 1979; Gray *et al.*, 1995, Campbell 2004; Kilian and Hennigs, 2014).

6.2.1 CSR Reporting

An initial analysis of the structure of these reports is made in Tables 6.2.1 and 6.2.2 below to provide insights into the nature of reporting CSR issues by sample organisations. The reports have been analysed for period 2010, although it can be argued that a single year may not

demonstrate sufficient evidence of organisational CSR perspectives. Notwithstanding this, sample organisations have consistently met the criteria for social responsiveness for the respective organisations, that is, BiTC in the UK and JSE SRI, in SA. It is assumed that the structure of these reports as shown in Tables 6.2.1 and 6.2.2, and focuses of CSR initiatives would be consistent over some period.

CSR reporting: United Kingdom Samples

It is evident that sample organisations have adopted some reporting for their CSR practices, supporting research that showed that CSR reporting creates favourable perceptions from a variety of stakeholders, (Charlas and Noorunnisha, 2012; Dawkins and Ngunjiri, 2008).

Table 6.2.1: CSR annual reports: United Kingdom Samples

Sample unit	Extent of CSR reporting					
	Dedicate/part of annual report	Minimum 1 – 8 pages	Medium 9 – 30 pages	Extensive 31 – 50 pages	Very extensive Over 50 pages	Benchmarking to external standards
UK01	Dedicated				116	Yes
UK02	Part of annual report	8				Yes
UK03	Dedicated		27			Yes
UK04	Dedicated		27			Yes
UK05	Part of annual report		9			Yes
UK06	Dedicated				64	Yes

From above data, (Table 6.2.1), four organisations produce separate and dedicated CSR reports that are very comprehensive in content and page numbers. The total dedicated page numbers for separate reports is 234 pages. One of the four separate reports is fairly extensive in terms of page numbers, (UK01). The other two organisations (UK02 and UK05) have part of their annual report dedicated to CSR issues, however the size in terms of pages numbers and content appear to be limited in comparison to overall report size. This is mainly because fewer pages have been dedicated for CSR issues in these two reports as compared to the

overall size of the respective annual reports. Three organisations benchmark their reporting against international standards for example, the GRI framework, AccountAbility and Global Compact.

Although the sample organisations in the UK publish their CSR activities, in adherence to their membership of BiTC, there are some variations in terms of number of reports and size devoted to these reports. This would tend to support observations by Stanwick and Stanwick, 2006; Cormier *et al.*, 2004 and Gray *et al.*, 1995 who noted that although CSR reporting is becoming a standard practice, the nature and format is still not consistent, as it is left to the discretion of the organisations. It is also evident that sample organisations have adopted some reporting for their CSR practices towards certain stakeholders, supporting research that showed that CSR reporting attempts to create favourable perceptions from a variety of stakeholders, (Chaarlas and Noorunnisha, 2012; Dawkins and Ngunjiri, 2008).

CSR Reporting: South Africa Samples

From Table 6.2.2 below, there are three separate CSR reports, (SA01; SA03 and SA04) with more page numbers than where CSR has been reported as part of another annual report. For example, separate CSR reports range from 74 to 107 pages in size and content, whilst the other organisations' annual reports dedicated a small size in terms of page numbers for CSR related information. The total page numbers for the 3 dedicated reports is 269 pages.

Table 6.2.2: CSR annual reporting: South Africa Samples

Sample unit	Extent of CSR reporting					
	Dedicate/part of annual report	Minimum 1 – 8 pages	Medium 9 – 30 pages	Extensive 31 – 50 pages	Very extensive Over 50 pages	Benchmarking to external standards
SA01	Dedicated				107	Yes
SA02	Part of annual report		11			Yes
SA03	Dedicated				74	Yes
SA04	Dedicated				88	Yes
SA05	Part of annual report		9			Yes
SA06	Part of annual report		23			Yes

Those organisations with separate CSR reports appear to communicate more information than in annual reports that dedicate a small portion for CSR issues. Sample organisations in SA benchmark their reporting with national and international standards, in this case (JSE SRI Index), King 111 Report and the GRI standard. For example, one organisation stated that ‘...Sustainability reporting according to the Global Reporting Initiative (GRI) standards and principles allows us to progressively improve our reporting and allows us to identify and address the material issues...’ (SA03, Annual Report, 2010, pp. 1)

Comparative Analysis

The picture presented from the above analysis is that there appears to be significant differences in the way organisations in the two countries define, prepare and disseminate CSR information through annual reports. For example, the sizes of the CSR reporting vary from 8 - 116 pages for UK samples and from 9 – 107 pages for SA sample organisations. Those organisations with separate CSR reports have used different titles to their reports for example, Corporate Citizenship report (UK06); The Good Business Journey, (SA04) and Sustainability Report, (SA 01; SA 03; UK 01; UK 04). However for dedicated and separate

CSR reports, the content has been extensive for both countries' sample units. Another key feature is that where the organisations' CSR reporting is complementary to a consolidated annual report that is, adding the CSR dimension of social and environmental, the size and content for CSR information is less in comparison to those that have adopted separate CSR reporting. As the nature of reporting for sample organisations in the two countries appears to be varied, this supports earlier assertions that organisations may have varied reasons and audiences for CSR reporting, (Morhardt, *et al.*, 2002). This variability could also infer the variability of what constitutes CSR for sample organisations, surmising that the focus of the CSR issues may not be the same for sample organisations, (Crane, *et al.*, 2008; Roberts, 2006; Sethi, 1979). This is an aspect that will be further investigated in Section 6.4 below. The next section analyses the institutional factors that have influenced CSR initiatives for sample organisations in the two countries.

6.2.2 Institutional environmental factors

Introduction

This section critically looks at the key questions: *what factors are evident in the UK and SA countries that are likely to influence organisational CSR responses? How do these factors manifest themselves in CSR initiatives of sample organisations in the two countries?*

In the analysis the institutional dimensions as set out in Table 5.4.4, (Chapter 5) were used to investigate the institutional factors that sample organisations identified in their annual reports and the questionnaire responses from respondents in sample organisations. Data has been compiled for the following elements: Government Policy; Government Incentives; Awareness and Promotions; Industry Standards; International Influences; Education and Training; and Voluntary Schemes. The analysis results are set out in the following sections starting with the UK sample organisations:

6.2.3 Institutional Factors: UK Sample Organisations

Content analysis of Annual reports

Government policy: There is evidence that government regulation is a key influencer for CSR initiatives for sample organisations in the UK. Whilst there is no specific regulation that appears to be common for these sample organisations in the UK, **UK04** stated the Single Equality regulation and DEFRA as benchmarks for their diversity and environmental issues respectively. For example, **UK04** stated that their diversity policies are reviewed to ensure compliance with the Single Equality Act. Sample **UK01** specifically identified the UK Bribery Act as a key regulatory environment for ethical issues faced by the organisation and also highlighted the expected regulatory compliance in other countries of their operations because of the global nature of its operations. Government is also considered a key stakeholder for purposes of assessing the impact of regulatory risks or opportunities in areas of the environment, health and safety as stated by sample organisations **UK01** and **UK02**. For example, **UK02** stated in their annual report that their *'As a UK-based company, in a highly regulated sector, we work closely with Government to understand the legislative framework and we also have a responsibility to support the Government and inform the debate on key issues that impact our customers,* (UK02 Annual Report, 2010, pp. 14).

Government incentives: Two sample organisations have made references to some incentives that influenced decisions in aspects of CSR. Sample **UK02** stated that they are *'are a signatory to the UK Government-sponsored Prompt Payment Code'* (UK02 Annual Report, 2010, pp. 38), a code that endeavours to encourage prompt payment of invoices from their suppliers. This initiative aims at ensuring that cash flow of any business is not delayed unnecessarily, especially SME organisations that may not have the financial capacity in the event of delayed payments. Sample **UK03** specifically note that *'transparent carbon information, supported by tax incentives, would stimulate demand for green energy'*, (UK03,

Annual Report, 2010, pp. 6) an indication of how environmental management can be enhanced through a low carbon energy market.

National standards: It has not been clear that there is a national standard that sample organisations in the UK have adopted for CSR. However, the sample organisations were selected from CSR performance related criteria of the BiTC, so it cannot be inferred that this is a national standard and another research analysis beyond the samples maybe required to make any inference.

General awareness and promotion: **UK04** is a member of the Ethical Trading Initiative (ETI). The ETI is an alliance of companies, nongovernment organisations and trade unions which promotes and improves the implementation of corporate codes of practice covering supply chains. **UK03** stated that they work closely with *'employer groups such as the CBI and the UK Commission for Employment and Skills to ensure that public and private investment in skills reflects the needs of the labour market in the UK'* (UK03 Annual Report, 2010, pp. 10). The organisation also plays a part in sponsoring the UK government's Employee Engagement Task Force.

Industry standards and codes of practices: Sample organisations in the UK have benchmarked their CSR initiatives with certain industry standards. For example, **UK03**, highlight in their annual report the inclusion on the Dow Jones Sustainability Index and achievement of Platinum Plus level in the Business in the Community Corporate Responsibility Index. The organisation stated further that *'We were sector leader in the FTSE4Good ESG Ratings, achieved joint first place in the Carbon Disclosure Project's Leadership Index and won the World Communications Awards Green Award and the CSR Procurement Leaders Award'*

(UK03 Annual report, 2010, pp. 01). Another sample organisation (**UK04**) states that its CSR initiatives are also included within the FTSE4Good Index, an index that measures the financial performance of companies that meet globally recognised standards of corporate responsibility.

Voluntary schemes: In addition to the above factors sample organisations have specified some voluntary schemes and partnership for CSR initiatives, principles and guidelines. **UK04** states in their annual report that it is a member of the Ethical Trading Initiative (ETI), an alliance of companies, nongovernment organisations and trade unions which promotes and improves the implementation of corporate codes of practice covering supply chains. Sample organisations appear to use membership with such schemes as a measure for CSR initiatives. For example, **UK02** stated that they are *'active members of The Prince of Wales Corporate Leaders Group on Climate Change and also a member of the Business in the Community's Environment Leadership Team, part of The Prince's Mayday Network, which supports SMEs to reduce environmental impacts'*, (UK02 Annual Report, 2010, pp. 9).

International conventions: A number of international conventions appear to be key influencers for CSR initiatives for sample organisations in the UK. These include External initiatives and best practice guidelines, including The Global Reporting Initiative (GRI) G3 guidelines; The International Council on Mining and Metals (ICMM) SD principles; The United Nations Global Compact; The Millennium Development Goals; International Labour Organisation (ILO) Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy; and OECD Guidelines for Multinational Enterprises. Certifications by international standards in environmental management, occupational health and safety, like

ISO 14001, OSHAS18001 and ISO 31001 have also been cited in the annual reports for sample organisations in the UK.

The GRI guidelines appear to be used by all sample organisations. The purpose of these guidelines is to offer *'an international reference for all those interested in the disclosure of governance approach and of the environmental, social and economic performance and impacts of organisations'* (GRI, 2013, pp.5). A key issue of the GRI guidelines is the disclosure of process of material identification and prioritisation as regards the inclusiveness of organisational stakeholders, which issues are considered key issues for this research. By applying the GRI guidelines, organisations are able to self-evaluate their CSR initiatives and reporting against a set of criteria provided in the guidelines.

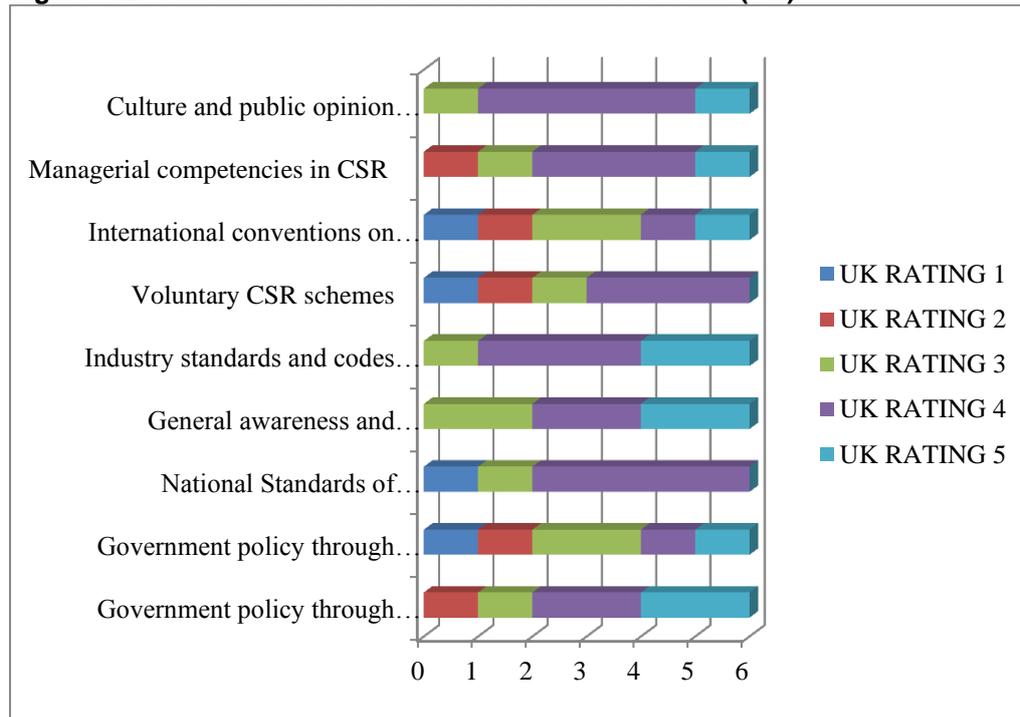
Two sample organisations (**UK01** and **UK05**) have identified the Carbon Disclosure Project (CDP) as another key influence to their environmental management initiatives. Viewed as an alternative to side step reluctance by national government to implement the Kyoto Protocol, (Dlugolecki, 2003) CDP focuses more on organisations to adopt efficient methods to reduce energy usage and greenhouse gas emissions. **UK05** highlighted their partnership with the CDP and stated that their *'efforts were recognized by the Carbon Disclosure Project, which gave us a score of 76 out of 100 for our transparency on our reporting of carbon reduction efforts—nearly double our previous score of 41'* (UK05 Annual Report, 2010, pp.30). Other sample organisations (**UK03** and **UK04**) appear to provide extensive information on climate change initiatives although they have not explicitly mentioned the CDP in their report. **UK03** made reference to environmental management standards like ISO 14001 which was also highlighted in **UK01** reporting.

Education and Training: There has not been much evidence in the annual reports to signify the influence of education and training towards CSR initiatives. However **UK01** made a comment that *'Every year, a team of senior executives participate in the Global Business Coalition programme, facilitated by London Business School and complete strategic challenges as set by the chief executive'* (UK01 Annual Report, 2010, pp. 56). This could signal the importance of education and training in the area of CSR for this particular sample unit.

Results from questionnaires (UK)

Respondents in sample organisations were asked: ***Which of the following do you consider to have the greatest influence on CSR initiatives for your organisation or those in your industry?*** Respondents were also asked to rate the factors from 1 representing lowest influence and 5 highest influence. Using the same institutional dimensions that were used to analyse the annual reports, the results from questionnaires administered to respondents in sample organisations in the UK are shown in Figure 6.2.3 below.

Figure 6.2.3: Institutional Factors: Questionnaire Results (UK)



In this analysis rating 4 and 5 are considered high ratings and signify key influencer, whilst 1 and 2 are considered low ratings, signifying low influences on CSR initiatives. The results indicate that culture and public opinion and national standards of responsible behaviour on CSR are considered key drivers for sample organisations' CSR initiatives in the UK. This is followed by managerial competences in CSR, industry standards and codes of practice, and general awareness and promotion of CSR. It would appear respondents do not consider government to be a key influencer for CSR initiatives in the same manner as industry standards, managerial competences, culture and public opinion.

Overall the inquiry reveals that there is evidence to suggest a conducive institutional environment for organisational CSR in the UK as sample organisations have identified with the formal and informal factors, as suggested by Campbell, (2007); North (1991, 1994) and Scott, (1987). Data analysis from sample organisations in the UK suggest influence on organisational CSR initiatives from the seven key institutional elements adopted for this inquiry that is, Government Policy; Government Incentives; Awareness and Promotions;

Industry Standards; International Influences; Education and Training; and Voluntary Schemes.

6.2.4 Institutional Factors: SA Sample Organisations

Using the Institutional dimensions as set out in Table 5.4.4, (Chapter 5) the institutional factors that sample organisations in SA identified in their annual reports revealed the following:

Government policy: Government policies through legislation appear to play a significant influential role for sample organisations in SA. For example, **SA06** stated in their annual report that the organisations *'is committed to a safe, healthy and hygienic environment in compliance with the South African Occupational Health and Safety Act'* (SA06 Annual Report, 2010, pp. 49). The key items of legislation that have been cited by the sample organisation are the Companies Act and the Black Economic Empowerment (BEE) Act. Sample organisations apply the Department of Trade and Industry's Codes of Good Practice on Broad-Based Black Economic Empowerment (B-BBEE) as a yardstick for measuring how organisations are complying with the requirements of the BEE Act. Sample **SA04** stated that their *'Continued focus on our BBEE initiatives has resulted in the achievement of Level 4 status a year earlier than targeted'*, (SA04 Annual Report, 2010, pp. 7), clearly signifying how yardstick is used as a measure of achievement in this aspect of social performance. Other items of legislation cited in CSR initiatives are National Environmental Management Act; Health and Safety Act, Minerals and Resources Development Act, Employment Equity Act and the Trust Property Control Act.

National standards: A key national standard that has been cited by sample organisations in SA is the Department of Trade and Industry's Codes of Good Practice on Broad-Based Black Economic Empowerment (B-BBEE). As noted above, this is an instrument used as a

benchmark for implementation of government legislation aimed at black economic empowerment, (BEE) initiative to address the imbalances created by previous apartheid policies. The B-BBEE policy contains a balanced score card that scores organisations performance in areas of empowerment and human resources. Organisations use this template as criteria for achievement in such areas. It is evident that this standard has influenced the organisational responses towards areas and issues that redress the previous socio-economic disadvantages of the majority of SA's population.

General awareness and promotion of CSR: There are several awareness and promotions for social responsibilities that have been cited in sample organisations' annual reports. For example, sample organisation SA04 stated that their organisation provides input into new policy and legislation via its membership of business and retail-specific organisations such as Business Unity South Africa (BUSA), the Retail Association and the National Business Initiative, (NBI).

Industry standards: A key influence on CSR actions for sample organisations in SA is the King Report 111 that has been cited by all samples. For example, SA01 stated in their annual report that they *'recognise the transition towards integrated reporting in the sense of the King III Report and will be adopting an integrated reporting process in the sense described in the King III Report'* (SA01 Annual Report, 2010, pp. 4). In another annual report (SA03) it is stated that the organisation *'is fully committed to, sound business principles and practices of integrity and accountability, and values of good corporate governance as espoused in the Code of Corporate Practices and Conduct of King III (the Code)'* (SA03 Annual Report, 2010, pp. 8). As sample units for SA were selected from the JSE SRI index, this Index is cited by all units as a key benchmark for organisations' CSR operations. One sample

organisation (**SA04**) stated in their annual report, *'Our consistent good performances on the JSE SRI index and other assessments help build our sustainability track record for analysts and investors'* (SA04 Annual Report, 2010, pp. 6). The JSE Socially Responsible Investment (SRI) Index was developed as criteria to measure the triple bottom line performance of companies listed on the JSE, offering the sustainability benchmark for organisational practices.

Voluntary CSR Schemes: There is evidence that some sample organisations have engaged with some voluntary schemes in pursuit of CSR related initiatives. Sample organisation **SA01** states that their membership with a professional body, such as Engineering Council of SA, provides a template for training and development of staff.

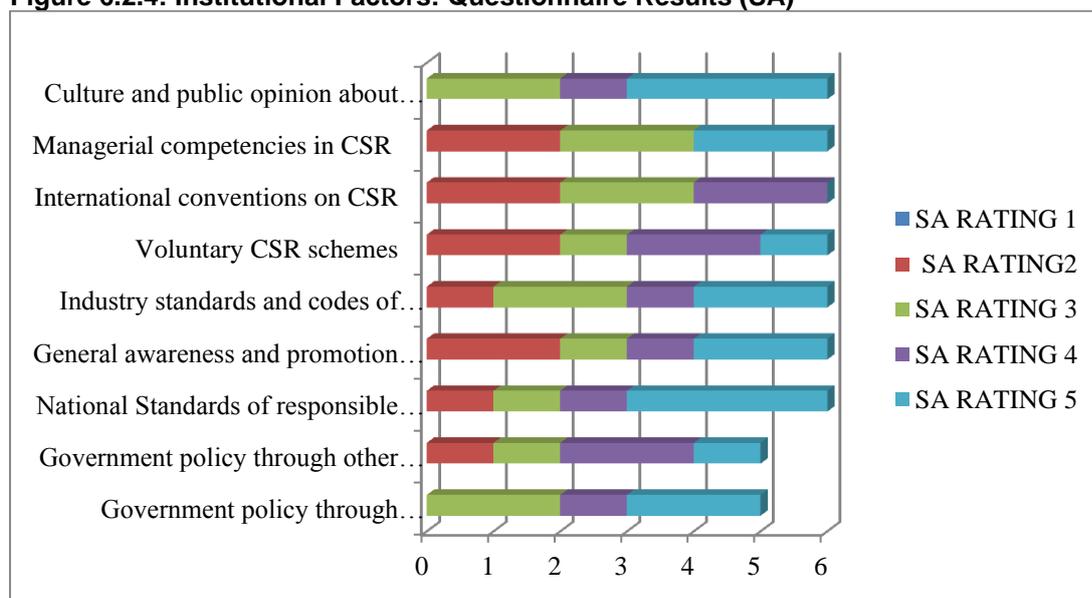
International conventions: A number of international conventions and standards have been cited in sample organisations' annual reports. **SA01** noted that guidance for reporting is sought *'from the GRI's G3 Guidelines, including aspects of the GRI Mining and Metals Sector Supplement'*(SA03 Annual Report, 2010, pp. 4), and has also indicated that performance will be disclosed in relation to the International Council on Mining and Metal's (ICMM) ten principles for sustainable development. Other sample organisations (**SA02** and **SA04**) have benchmarked their environmental activities and management systems (EMS) on the requirement of ISO 14001. **SA04** they stated that *'they have also undertaken an independent level verification of our carbon footprint data in conformance with the ISO 14064-3 International Standard for GHG verifications performed by the Global Carbon Exchange'* (SA04 Annual Report, 2010, pp. 22), suggesting that these international standards appear to influence how organisations in SA respond to environmental CSR issues.

The Global Reporting Initiative (GRI) guidelines are recognised as the international framework for sustainability reporting by five of the sample organisations in SA. Sample SA03 stated that their sustainability reporting is in accordance with the Global Reporting Initiative (GRI) standards as it allows them to identify and address the CSR issues. There is evidence to suggest these sample organisations in SA formally adopt the Global Reporting Initiatives (GRI) guidelines as a reporting tool to assess and measure sustainability. Others like SA05 are yet to fully adopt the principles but have acknowledged using the Index to inform their sustainability strategy.

Results from questionnaires (SA)

Respondents in sample organisations were asked: *Which of the following do you consider to have the greatest influence on CSR initiatives for your organisation or those in your industry?* Respondents were also asked to rate the factors from 1 representing lowest influence and 5 highest influence. Using the same institutional dimensions that were used to analyse the annual reports, the results from questionnaires administered to respondents in sample organisations in the SA are shown in Figure 6.2.4 below.

Figure 6.2.4: Institutional Factors: Questionnaire Results (SA)



Government policy has been rated highly by respondents, suggesting that respondents considered government policy as a key influence on CSR initiatives for sample organisations in the country. Other factors rated highly are national standards, general awareness and promotion of CSR, industry standards and managerial competences. Two institutional factors that did not receive low ratings from SA respondents are '*government policy through legislation*' and '*culture and public opinion on CSR*', implying that these two are considered important CSR factors for sample organisations in SA.

The above data analysis for SA sample organisations reveals some influence on organisational CSR initiatives from key institutional elements adopted for this inquiry that is, Government Policy; Awareness and Promotions; Industry Standards; International Influences; Education and Training; and Voluntary Schemes. There is evidence to suggest the presence of a conducive institutional environment for organisational CSR, with government playing a more significant role in shaping these organisational responses. By conducive is meant that the presence of the formal and informal factors, as suggested by Campbell, (2007); North (1991, 1994) and Scott, (1987).

6.2.5 Comparative analysis UK and SA sample organisations

Annual reports

All dimensions used to analyse the institutional environment for CSR in the two countries appear in annual reports and from questionnaire responses as key factors that influence CSR perspectives in both countries. The variation is that in the two countries, some factors are considered more important than others, for example, in SA government policy is considered more important than in the UK, whilst '*culture and public opinion on CSR*' is considered more important than in SA. However, it is evident that formal institutions provided through

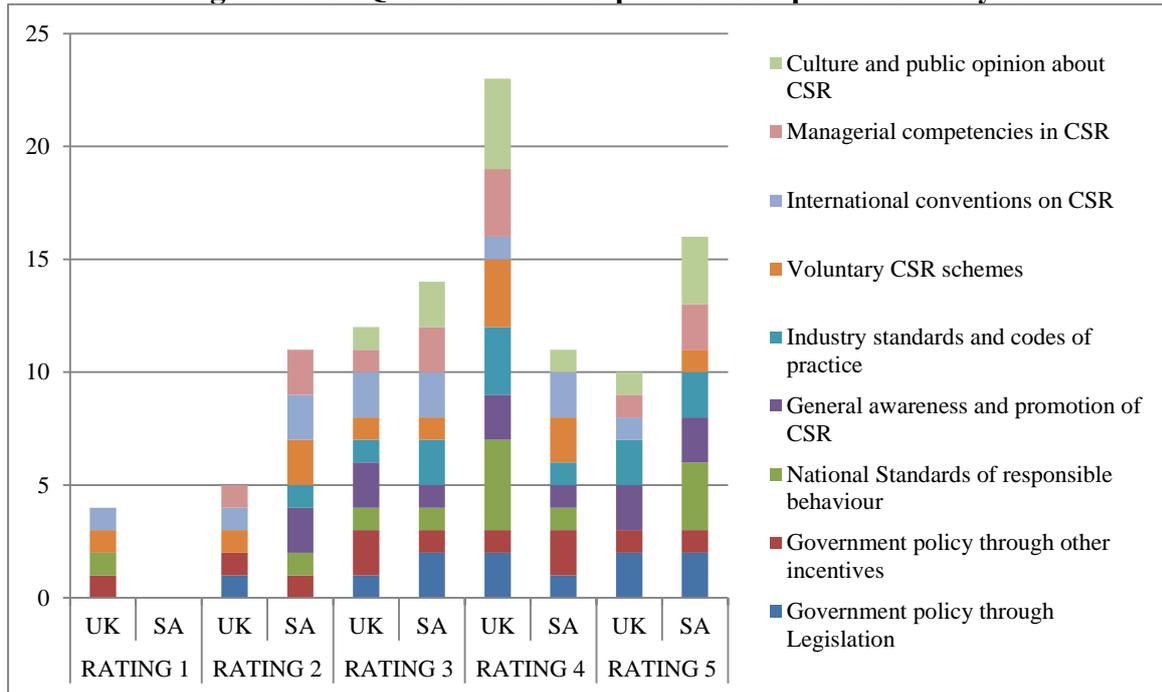
government legislations, incentives, promotion and awareness programmes, (local and international), national and industry standards are considered important factors for CSR initiatives in both countries. For example, the analysis reveals that there are several policies within the two countries that sample organisations have related to in their CSR reporting. This could signify the legal aspect of corporate responsibility, as per Carroll, (1979; 1991) hierarchy of CSR responsibility where organisations are expected to comply with regulations. However, the legal compliance is not the only factor as is shown from the analysis supporting the notions that other institutional environments that promote social responsibility are likely to influence organisational CSR initiatives in the two countries, a view espoused by Bondy *et al.*, (2004) and Moon, (2004).

All sample organisations in both countries appear to benchmark their reporting to some industry (King Report for SA) or international standards, (mainly GRI). Although there are criticisms surrounding CSR theory conceptualisation, in that there is lack of accountability measurement and standards, (Beesley and Evans, 1978; Gobbels and Jonker, 2003; Hopkins, 1991), it would appear that the adoption of industry and international standards in their CSR reporting is a possible mimetic isomorphism, (DiMaggio and Powell, 1991). Mimetic isomorphism arises when organisations mould themselves around particular standards or attempt to demonstrate compliance with set CSR principles, (Aldrich, 1979; DiMaggio and Powell, 1991, 1983).

Institutional Factors: Comparison: Questionnaire responses

There are some variations in the key factors considered to have an influence on CSR perspectives for sample organisations in the two countries as shown in Figure 6.2.5 below.

Figure 6.2.5: Questionnaire Responses: Comparative Analysis

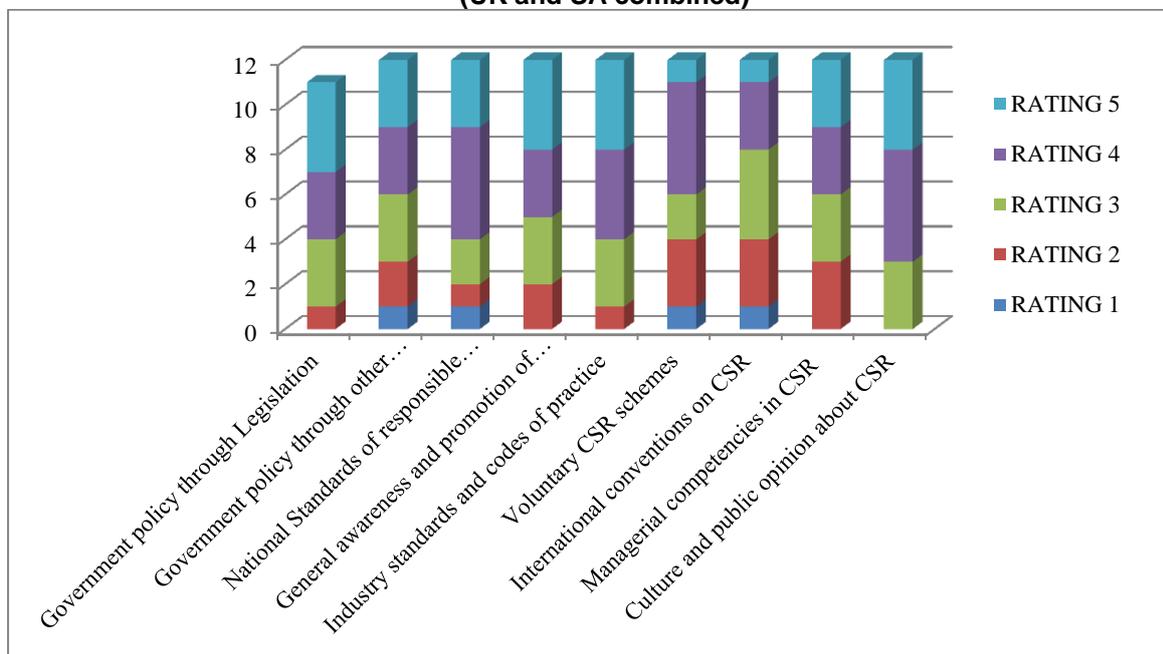


Based on the respondents' results, government policies appear to be a key factor influencing CSR initiatives for sample organisations in both countries, as it received high ratings by more sample organisations. However it would appear government policy through legislation and incentives is considered more influential in SA than UK. This inference is on the notion that SA sample organisations have not rated this factor in the lowest rating of 1 as reflected by respondents in the UK samples. Other factors considered more influential (Ratings 4 and 5) for both countries are National standards, General Awareness and Promotion of CSR, and Industry Standards and codes of practice, suggesting that national and industry standards should be developed to encourage social responsibility. This view is also supported by Valentine and Fleischman, (2008) who noted that professions should develop some ethical standards to encourage social responsibilities within respective industries. Culture and public opinion appear to be key factors for respondents in the UK, although the same factor is important for SA, it was given a moderate rating (Rating 3) by more respondents in SA.

Institutional factors for both countries

When the respondents' ratings for the two countries are combined the results (Figure 6.2.6) reveal that managerial competences in CSR, culture and public opinion, national and industry standards are considered to be more influential in the uptake of CSR than government policy, international convention, awareness and voluntary schemes. There was no low rating for culture and public opinion, as in all other factors, again signifying how this aspect is considered important for CSR uptake in both countries.

Figure 6.2.6: Institutional Factors (UK and SA combined)



The lowest ratings, that is, Ratings 1 and 2, were given to Voluntary CSR Schemes and International conventions on CSR

6.2.6 Summary of findings: Institutional factors

As suggested earlier, the institutional theory provides a coherent framework of analysing the different dimensions within and between countries that have influenced organisational practices, (DiMaggio, 1988). This analysis, based on the premise that in order to gain a deeper understanding of the CSR phenomenon, CSR analysis should be conducted in specific

national contexts (Jamali, 2008; Meehan, *et al.*, 2006; Egri and Ralston, 2008), found that government plays both mandatory and facilitation roles for organisational CSR in the UK and SA. Sample organisations in the two countries consider government policy to be a key factor for CSR initiatives through legislation and other policy incentives. Although from analysis of annual reports and questionnaire responses, there is no specific regulation that appeared to be common for sample organisations in the UK, it is evident that sample organisations in SA considered specific regulation (BEE Act) in their CSR initiatives. This is also reflected by respondents in SA who ranked government policy as a key factor for CSR initiatives, higher than responses from the UK respondents. For SA, the key regulation that appears to be cited is the BEE Act that sets out policy towards economic empowerment of the disadvantaged population groups in South Africa. This mandatory role for CSR, (Fox *et al.*, 2002) appears to use what Albadera *et al.*, (2007) considered to be an outdated approach of hard power to influence organisational CSR as opposed to organisations voluntarily pursuing CSR related issues. Nonetheless, Joseph *et al.*, (2003) argued that the hard approach alone does not ensure the right response from business, especially in CSR initiatives. As sample organisations in both countries made reference to specific regulations they considered in their annual reporting of CSR initiatives, it is therefore possible to infer that legal compliance is a key motivator for organisational CSR for sample organisations in the two countries. . Other institutional factors that are evident from the analysis as key factors influencing CSR initiatives include national and industry standards; managerial competences; culture and public opinion on CSR. The findings reveal that institutional environment play a significant role in CSR initiative for sample organisations in both countries.

6.3 Stakeholder Analysis

This part of the investigation will analyse the key stakeholders for the organisations in the two countries. The investigation will identify the stakeholder groups that receive the greatest

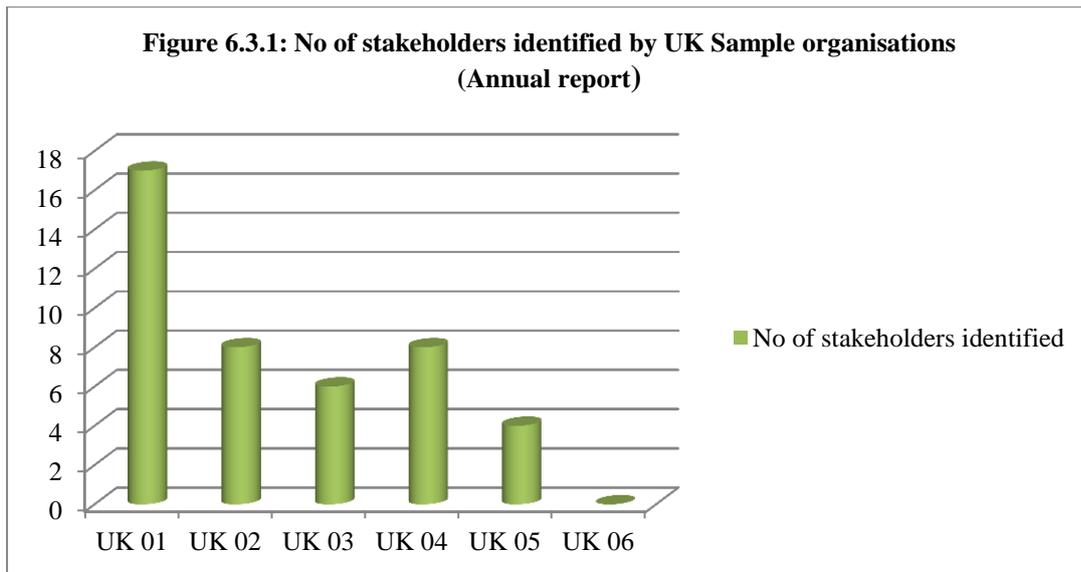
attention from sample organisations and whether there are any common groups for the organisations or industries across the countries. The key research questions are: *which stakeholders receive the greatest attention from sample organisations in the two countries?*

Subsidiary questions linked to this aspect are whether the stakeholders have been mapped²⁵ into specific categories and what dialogue methods are applied to engage stakeholders on material CSR issues.

6.3.1 Stakeholder analysis: UK

In order to answer the above questions, the investigation analyses the annual reports for sample organisations the UK. A wide range of stakeholders are identified by sample organisations in the UK (Annexure 10.8) with various dialogue methods also mentioned. Data from the annual reports was further analysed to identify the key stakeholders and dialogue methods used in prioritising material CSR issues. In Figure 6.3.1 below **UK01** identified the highest number of seventeen (17) stakeholders as compared to the lowest, four (4) for sample **UK05**. Sample **UK06** has not identified or made reference to any particular stakeholder in its annual report and it has not been possible to obtain a response from the questionnaire sent out to this sample organisation.

²⁵ Here the inquiry adopts the concept of stakeholder mapping as a collaborative process of investigation and discussion to determine a key list of stakeholders across the entire stakeholder spectrum of sample organisations.



This variation of numbers could signal the different levels of conceptualisation of CSR responsiveness. This is reflected in the extent of stakeholder management approach adopted by sample organisations, (Annexure 10.8). For example, sample **UK01**, a higher visibility mining industry organisation, has the highest number of stakeholders, with a clear mapping of these stakeholders showing the dialogue methods for each of the stakeholder, (See Figure 6.3.9). A further analysis reveals that the same organisation also has a high number of CSR issues than other samples in the country, (Section 6.4; Figure 6.4.9). Although the other sample organisations have lower numbers of stakeholders there is evidence of dialogue methods with the stakeholders groups. The listing of stakeholders alone would constitute the broad view of stakeholder theory where almost everyone has a stake in an organisation's operations as espoused by (Windson, 1992 and Mitchell *et al.* (1997). A further analysis of the stakeholders reveals that sample organisations in the UK have a set of key stakeholders that are common across the samples, (Table 6.3.1). This result is based on the number of counts that a stakeholder gets from the sample organisations, with a high count signifying how important a stakeholder is to sample organisations in the country.

Table 6.3.1: Stakeholders by count for sample organisations (UK)

United Kingdom: Annual reports	
Group	Count
Suppliers	5
Investors	5
Customers	5
Employees	4
Community	4
Partners	3
NGOs	2
Local government/Regulators/Government departments	3

A total of eight (8) stakeholders have been identified in at least two of the sample organisations' annual reports and for purposes of this inquiry these will be considered common stakeholders. These common stakeholders appear to link with the Clarkson's key stakeholders, (Clarkson, 1995) and are likely to be those stakeholders perceived to possess some form of power, legitimacy and urgency, (Mitchell *et al.*, 1997). For example, investors, suppliers and customers have been identified by at least five sample organisations whilst, community and employees were identified by four sample organisations in the UK. The identification of suppliers and customers by most sample organisations signifies the importance of the stakeholder group in CSR initiatives. For example, Sample **UK02** stated '*We consider our suppliers' social, ethical and environmental performance as a standard part of our sourcing process – both in selecting our preferred suppliers and in assessing their continued suitability*'. (UK02, Annual Report, 2011, pp. 38). This could support notions that there is a growing trend towards ethical purchasing and that buyers are also influenced by CSR performance of their suppliers, (Joseph, *et al.*, 2003). According to Joseph, *et al.*, (2003) suppliers, customers, employees and shareholders are considered to be important market actors. Employees are considered important especially as they drive implementation of strategies. Sample organisation **UK04** provides this insight into employees as a key stakeholder, '*Our employees expect to be treated fairly, offered secure jobs with training and the opportunity to develop their careers*'. (UK04, Annual Report, 2011, pp. 4)

Questionnaire Responses: UK Sample organisations

Questionnaire responses on key stakeholders revealed as shown in Table 6.3.2. Again only four respondents out of a possible 6 responded to the questionnaire sent out. The other two samples **UK05** and **UK06** referred the researcher to annual reports.

Table 6.3.2: Questionnaire Responses: UK Sample organisations

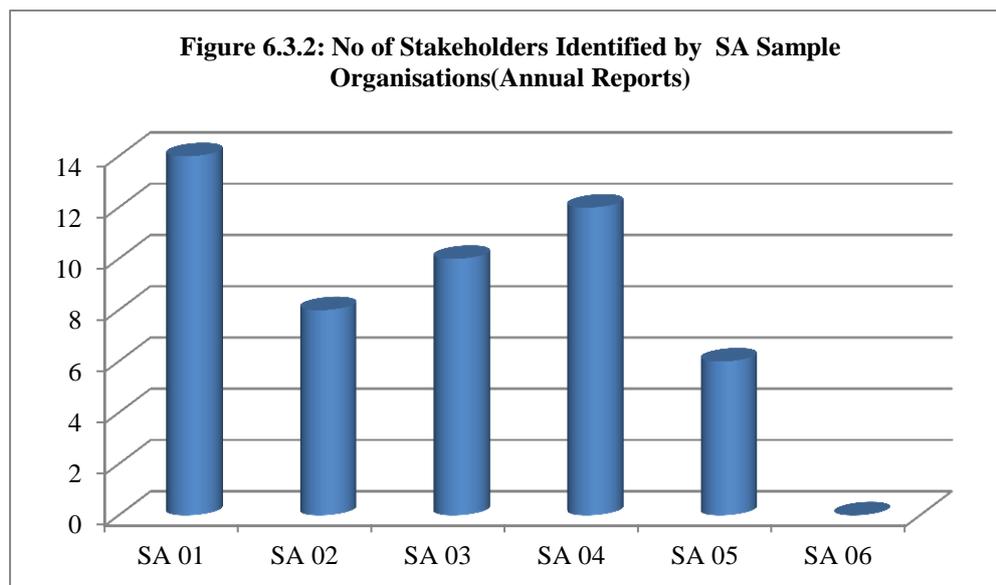
<i>Which of these are your organisations' key stakeholders? (tick as many)</i>	UK
Employees	4
Local communities	4
Suppliers	3
Shareholders	3
Government	2
NGOs	1
Media	1

The results reveal that employees, suppliers, shareholders and local communities are common for most of the sample organisations. Some respondents provided some explanation regarding the identified stakeholder. For example, in response to the question: 'Which of these are your organisation's key stakeholders, **Respondent UK02** had this to add *'We recognise our stakeholders play a crucial role in how we deliver our responsible business strategy. We don't have all the answers to the challenges we face and we, therefore, need to engage stakeholder groups who are the 'experts by experience'.* This statement appears to suggest that for this organisation the stakeholder perspective is instrumental, (Donaldson and Preston, 1995), paying more attention to only those groups of stakeholders considered important. This is illustrated from sample organisation, **UK02**, and Respondent **UK01** who corroborated that their organisation strategy is to *engage stakeholder groups who are the 'experts by experience'* (**UK02**), and. *'identify the material issues that impact the business'* (**UK01**) This could be a signal to move away from the broad stakeholder view to the narrow view, (Clarkson, 1995; Illia and Lurati, 2006) that is, of recognising the importance of the

organisation's stakeholders, but only engaging with important ones when it comes to materiality of the CSR issues, (Davenport, 2000; Hillman *et al.*, 2001).

6.3.2 Stakeholder analysis: SA

Analysis of SA sample organisations' annual reports reveals a wide spectrum of stakeholders that are identified by the organisations in their reports, (Annexure 10.9). Annual reports for sample organisations in SA reveal that sample organisation **SA01** has the highest number of stakeholders (fourteen) compared to the lowest number of six by sample organisation **SA05**, (Figure 6.3.2). It has not been possible to identify any stakeholders from **SA06** annual report. The range of stakeholders for sample organisations in SA is wide and varied across sample organisations.



Sample **SA01** is a mining industry organisation whilst **SA04** is a retail industry organisation. Mining industry organisations have historical contribution towards the country's economic performance and wide operational impacts on the local communities, (Hamann, 2003; Hamann and Acutt, 2003). This puts the organisations under some spotlight from local communities and civil societies and as alluded to earlier, the visibility of operations and impacts will affect an increased number of stakeholder groups.

Another look at the common stakeholders identified by the sample organisations in SA (Table 6.3.3), reveals that government, community, NGOs and shareholders are identified by five organisations. For purposes of this analysis, although government, regulators and local government were identified as separate stakeholders by some same organisations, these have been grouped together, making this group the highest count for sample units in SA.

Table 6.3.3: Stakeholder analysis (SA)

South Africa: Annual Reports	
Group	Count
Community	5
Shareholder	5
NGO	5
Government	5
Employee	4
Customer	4
Supplier	4
Media	2
Unions	2

For sample organisations in SA, nine (9) stakeholders were identified by at least two sample organisations and for purposes of this inquiry, these stakeholders will constitute the key stakeholders in the analysis. It is observed that Clarkson’s group of stakeholders (Clarkson, 1995) are amongst the key stakeholders identified by sample organisations in SA.

The identification of government as a key stakeholder by sample organisations appears to be a response from the institutional environment. For example, **SA03** stated in their annual report that it *'has aligned its efforts to the Department of Trade and Industry’s BBBEE Code of Good Practice to ensure that we contribute to a sustainable, equitable society'* (SA03 Annual Report, 2010, pp. 44) .Interestingly NGOs have been identified by five sample organisations together with communities, suppliers and customers. This would put these civil actors (NGOs) in the same importance level with market actors of customers and suppliers. This importance is demonstrated by **SA01** statement that *'Community members believed*

mining companies were only there to make the rich richer. We had to gain their trust and make them aware of the economic and social benefits that could ensue from the mine's presence' (SA01 Annual Report, 2010, pp. 13). This was corroborated by Respondent SA01 who also stated in response to questionnaire that government and local communities are key stakeholders as they provide the organisation the licence to operate. This clearly suggests an instrumental perspective to stakeholder theory, (Donaldson and Preston, 1995) because organisations appear to focus on securing their influence towards the success of the organisation, (Spitzeck and Hansen, 2010).

Questionnaire Responses: SA Sample organisations

Four sample organisations responded to questionnaires sent out. Sample organisations SA 05 and SA06 were reluctant to respond to questionnaires referring researcher to annual reports on their websites. The questionnaire results from respondents of sample organisations in SA is shown below, (Table 6.3.4). Data reveals that 'Suppliers' have the lowest count, with 'employees and local communities' having the highest counts.

Table 6.3.4: Questionnaire Responses: SA Sample organisations

<i>Which of these are your organisations' key stakeholders? (tick as many)</i>	Counts
Employees	4
Local communities	4
Suppliers	2
Shareholders	3
Government	3
NGOs	3
Media	3

When asked '**which of these are you organisation's key stakeholders?'** (Question 3, Questionnaire), **Respondent SA01**, identified employees, local communities, shareholders

and government, stating further that *‘in their operational environment government and local communities are the key stakeholder as they provide the license to operate’*. Although there could be inconsistencies between stakeholders identified in the annual report and respondents’, there is evidence to suggest that the CSR perspective for this organisation borders between Gariga and Mele’s political and integrative perspectives, (Gariga and Mele, 2004). The political perspective assumes that businesses are social institutions with power given and vested by society. The evidence derives from a broad range of stakeholders identified in the annual report that include traditional stakeholders like ‘Tribal Chiefs’ and other locally based stakeholders (for example, Environmental focus groups; NGOs; Local municipalities; Local/Host communities; Local community forums; local, District and local mayors; Local councillors). The stakeholder groups identified provide evidence of collaboration between the integrative and political perspectives in that survival of organisations is largely dependent on its interaction with key stakeholders at any given time, (Gariga and Mele, 2004). As highlighted by Respondent **SA01**, their stakeholder management and CSR approach is directed towards those stakeholders who provide the social licence to operate, (Carroll, 1979; Wartick and Cockrain, 1985; Wood, 1991). Dialogue methods have been clearly defined for four out of five case units. This aspect will be further investigated in other sections below.

6.3.3 Comparative Analysis of Stakeholders between UK and SA Sample Organisations

The number of stakeholders for both countries is shown in Table 6.3.5 below.

Table 6.3.5: Comparative Analysis: Annual Report Stakeholders

SA Sample	No of stakeholders	UK Sample	No of stakeholders
SA 01	14	UK 01	17
SA 04	12	UK 04	8
SA 03	10	UK 03	6
SA 02	8	UK 02	8
SA 05	6	UK 05	4
SA 06	0	UK 06	0

It would appear the stakeholder numbers increase within similar industry groups of sample organisations in both countries. For example, mining industry sample units in both countries have the highest number of stakeholders followed by Retail and then Telecommunication industry. A further comparison between samples in the two countries (Table 6.3.6 below) show that in the UK, seven stakeholders have been identified by two or more case study units, whilst in SA eleven stakeholders were identified by at least two study units. The highest counts are for shareholders, customers and suppliers for UK sample units, whilst in SA it is community and government. Notably for SA, shareholder and NGO have an equal count signifying the importance of NGOs in CSR reporting for SA sample units. The NGOs appear to emerge as a key stakeholder for sample organisations in SA and could be linked to the institutional settings where they play an essential role in the CSR related projects directed towards uplifting the livelihoods of local communities. Sample **SA03** stated that *'We mainly engage civil society through a funded NGO that funds different projects that are aimed at empowering different sections of our society'*, (**SA03**, Annual Report, 2019). This appears to confirm Sikkink and Smith, (2002) that NGOs are emerging as key entities working with businesses and governments towards CSR related initiatives. In this case NGOs' are seen as a conduit through which local development and service delivery to the disadvantaged is channelled, hence their significance for SA and not so much for sample units in the UK. Another two stakeholders in SA sample units that have not been identified as common for UK sample organisations are media and trade unions.

Table 6.3.6: Key stakeholders for the two countries

Stakeholder	UK Count	SA Count	Total
Community	4	6	10
Shareholder/Investors	5	5	10
Government/Local government/Regulators	3	6	9
Customers	5	4	9
Suppliers	5	4	9
Employees	4	4	8
NGOs	2	5	7
Partners	3	0	3
Media	0	2	2
Unions	0	2	2
Total key stakeholders	8	10	

It would appear that sample organisations in South Africa consider themselves accountable to more stakeholder groups than the sample organisations in the UK. The highest counts are in community and government for SA, whilst shareholders, customers and suppliers received highest count in the UK. According to Zadek (2004, 2008) one of the reasons for CSR growth in the UK is the expansion of ethical consumerism, which has driven organisations to adopt ethical practices to avoid consumer boycotts. This could be a key signal to why customers and suppliers are high in count for sample organisations in the UK, as they are likely to influence the reputation of organisations.

However, a further analysis of the stakeholders identified, reveals that government, regulators, local government as identified by sample organisations in South Africa, can be grouped into one stakeholder group, as identified by the UK samples units. Earlier we posited that the institutional environment for SA appears to reflect the historical legacies of apartheid, such that the CSR perspectives would tend to focus towards addressing this legacy. This would explain the split and differentiating of particular stakeholders into various levels, so as to integrate specific issues that will correct the perceived imbalances, (Illia and Lurati, 2006).

For example, extract in Figure 6.3.3 below, for sample organisation SA04 explicitly groups stakeholders in order to address specific issues related to specific stakeholders.

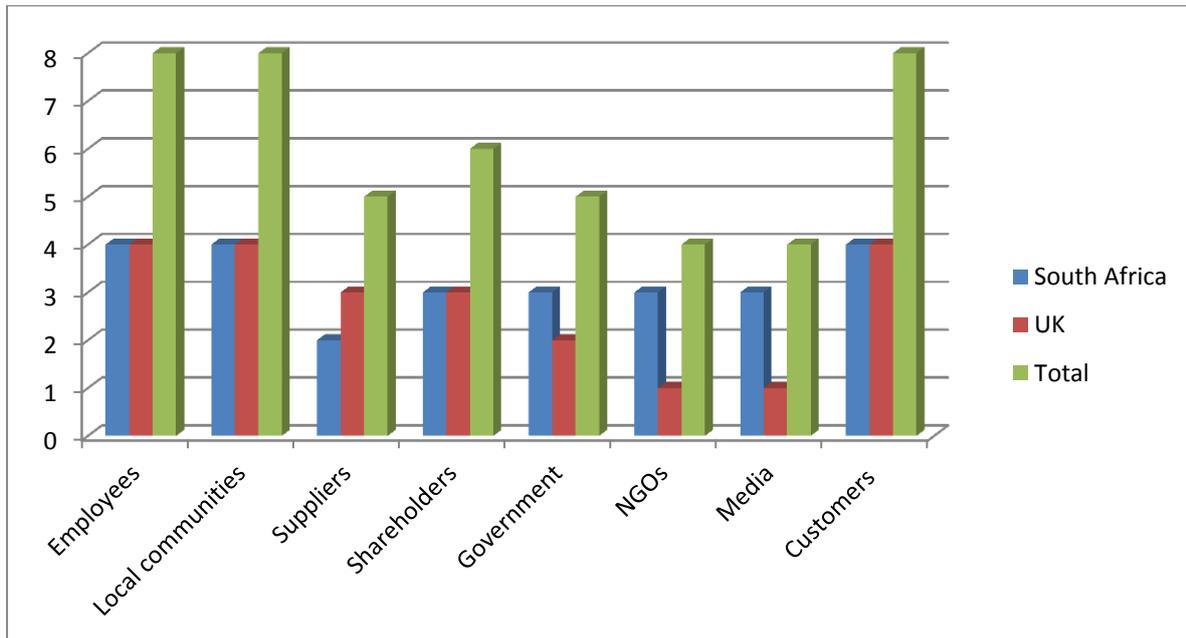
Figure 6.3.3: Stakeholder mapping, Extract from SA04

The following spread illustrates our stakeholder engagement programme in more detail:

Stakeholder group and why we engage	Key issues for engagement	How we engage	How we have responded/ adapted
<p>Customers:</p> <ul style="list-style-type: none"> - to understand our customer needs; enhance the Woolworths brand; and thereby grow revenue. - we have seen improvements in understanding measured via the customer tracking study. 	<ul style="list-style-type: none"> - Value - Customer service and rewards - Product choice and development - The Good Business Journey 	<ul style="list-style-type: none"> - Advertising and in store communication - Customer contact centre - Focus groups and surveys - Social media - Loyalty programme – W Rewards 	<ul style="list-style-type: none"> - Ongoing product development and innovation - Business focus on key issues, for example availability, product choice (bigger sizes), value, store location and service - Adopting methods of communication to meet customer preferences (increased social media)
<p>Employees:</p> <ul style="list-style-type: none"> - to share relevant information and get input and feedback, as well as to develop a high-performance organisation. - significant improvements in Let's Ask employee opinion survey results. 	<ul style="list-style-type: none"> - Communicating strategy and business developments - Reward and recognition - Training and development - Employee wellness - The Good Business Journey 	<ul style="list-style-type: none"> - Intranet, e-mail, store communications, Shoptalk magazine - Lets talk team meeting methodology - Lets Ask people survey 	<ul style="list-style-type: none"> - Focus on employee wellness–employee development, remuneration and benefits updated

Figure 6.3.4 below provides a comparative analysis of replies to questionnaire question *‘Which of these are your organisations’ key stakeholders?’* The finding corroborates the common stakeholders that have been identified from the annual report analysis, especially in that employees and communities appear to be considered as important for most of the sample organisations.

Figure 6.3.4: Comparative Analysis: Stakeholder Group (Questionnaire Responses)

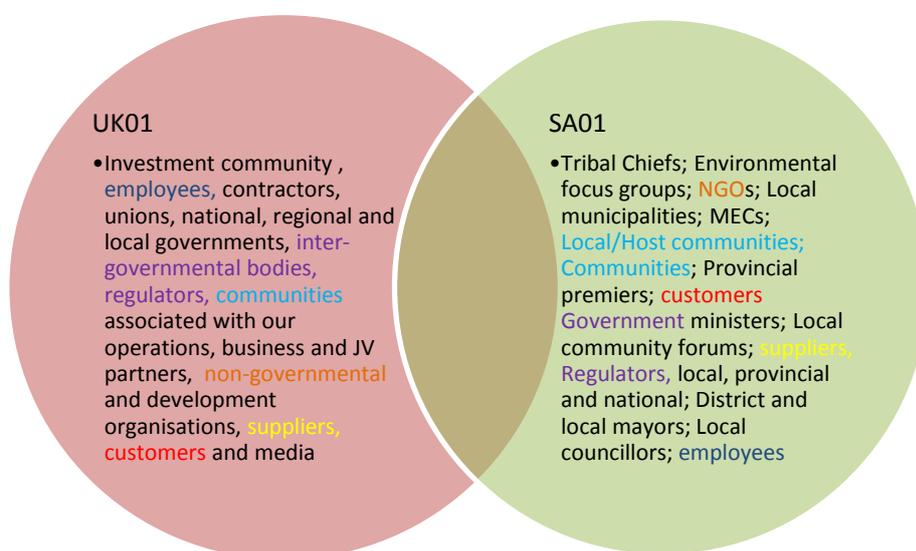


Questionnaire responses place customers, employees and local communities higher than annual reports that showed overall showed a high count for local communities and government. However, the same broad stakeholders are considered key stakeholders suggesting a possible focus of CSR initiatives towards these stakeholders.

6.3.4 Stakeholder analysis by industry category

In order to explore deeper into the stakeholder theory, analysis has been undertaken across the countries within the same industry to establish any patterns of identification and dialogue methods. This analysis investigates which stakeholders receive greatest attention based on annual reports for sample organisations in similar industries, that is, do firms in particular industries tend to emphasise responsibility towards certain stakeholders?

Figure 6.3.5: Mining Sector Sample Stakeholders (Annual reports)



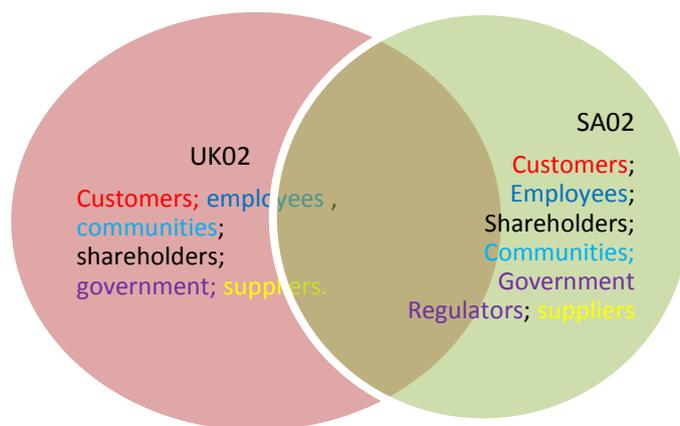
These two study units have a wider view of stakeholders (Fig. 6.3.5). The stakeholders appear to be similar, showing similar characteristics in spite of the country. With an overall highest number of stakeholders identified between them, a further analysis of this sector reveals that the following are common stakeholders for the two units:

- Customers; Employees; Suppliers; NGOs; Regulators/government and Communities

The number of stakeholders that have been identified by sample organisations here could signify the reason why mining industries have become high profiles cases for social and environmental issues, (Jenkins and Yakovleva, 2004). The reasons advanced for this high profile, range from a growing negative public opinion on the social and environmental performance by the industry, to pressure groups continuously targeting the industry both locally and internationally, thereby challenging the industry’s legitimacy, (Jenkins and Yakovleva, 2004). This implies a link between the institutional operational environments with stakeholder identification because mining operations tend to affect, or be affected, by more stakeholders due to the nature of operations, irrespective of the country or regions of

operations, (Widerlund *et al.*, 2014). It would also appear that the similarities of the stakeholder and their characteristics will result in similar CSR issues irrespective of country or region of operations. For example, for the two organisations, problems associated with the environment and community are likely to feature in their CSR responses. This will be explored further in the next section of this analysis.

Figure 6.3.6: Banking sector Sample Stakeholder

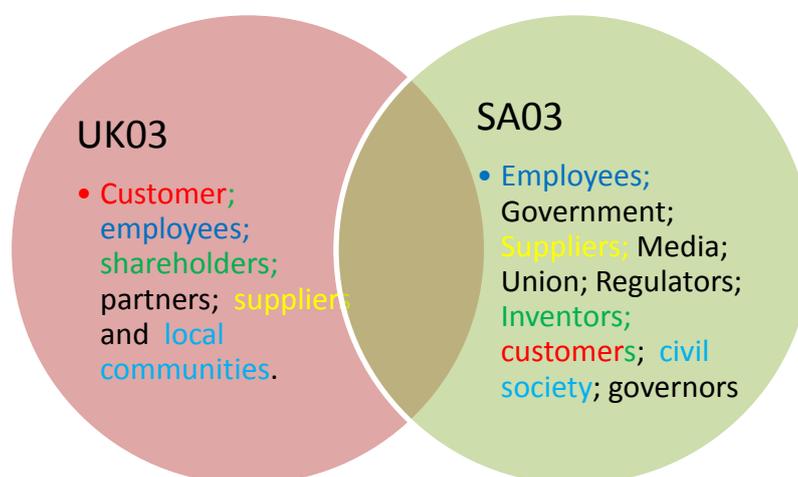


The comparative analysis between the two countries reveals that the banking sector units of analysis (Fig 6.3.6) have a smaller number of stakeholders identified than mining sectors. There appear to be an equal number of similar stakeholders suggesting a converging stakeholder perspective for sample organisations in this industry in the two countries. The following are identified as common stakeholders for the two study units:

- Shareholders; Customers; Suppliers; Community; Employees and Government

The identified common stakeholders are similar to those in the telecommunication sectors (See Fig 6.3.7 below).

Figure 6.3.7: Telecommunication sector Sample Stakeholders

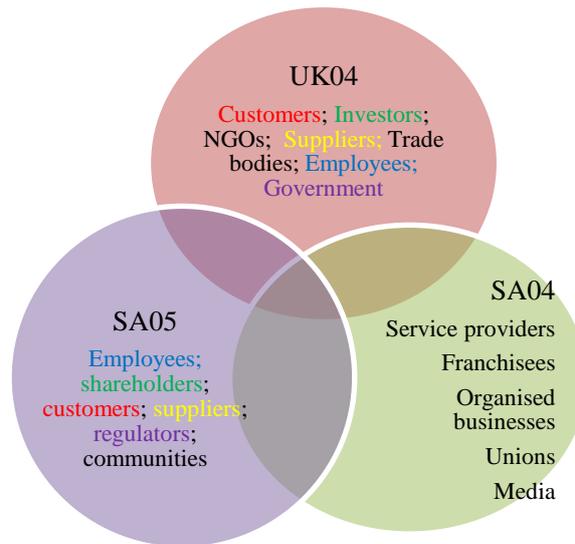


From the comparative analysis the telecommunication sector (Figure. 6.3.7) has a higher number of stakeholders than the banking sector (Figure. 6.3.6), but lower than the mining sector, (Figure 6.3.5). The analysis reveals the following common stakeholders:

- Shareholders; Customers; Employees; Suppliers; Community/civil society

For sample organisations in SA, government and media are considered to be key stakeholders but have not been identified by the UK sample in the same industry. Organisations with a history of state influences would have a higher propensity to respond to social issues, (Gao, 2011). The basis of this assertion is that social issues have been linked to political rhetoric during and after elections. This would imply that government, community, employees are more important stakeholders for these organisations. The comparative analysis herein would prove otherwise, as shareholders, customers, employees and suppliers are still important in addition to government and civil society. However, there is a reflection of the institutional environment, for example in SA, CSR issues are likely to reflect the historical imbalances and other legacy, although these may not necessarily be the same across the two countries.

Figure 6.3.8: Retail sector Sample Stakeholders



The study units for the retail sector reveal more stakeholders than for the banking and telecommunication sectors. For this sector (Figure.6.3.8), the study reveals the following common stakeholders for the two units:

- Customers; Employees; Suppliers; Investor/shareholder; Government/regulators

This sector has the same number of common stakeholders as the mining sector (Figure. 6.3.5). Sample organisations from South Africa appear to have more stakeholders than sample organisations in the UK, with media and unions featuring. It would suggest again that the historical legacies could be influencing the stakeholder selection and identification here. The other units have not been allocated a specific sector for further analysis, as it is believed they do not form into any particular industry and therefore the analysis may not provide any further insights than already revealed.

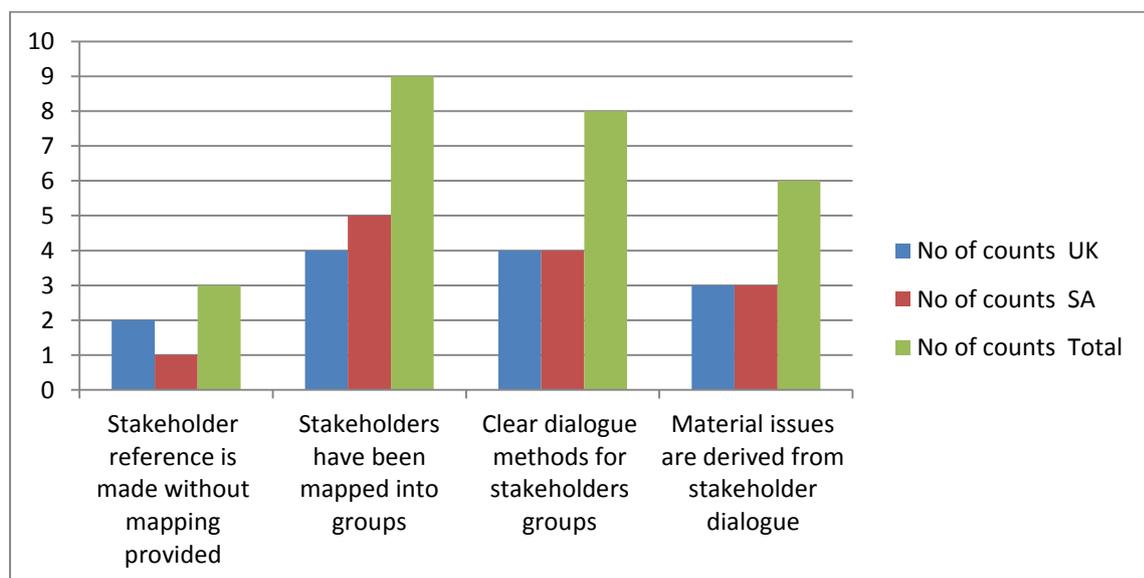
The analysis of stakeholders by industry sector reveals that the mining study units have the highest number of stakeholders followed by retail, telecommunications and banking industry. The challenge for organisations is not so much about who the stakeholders are, but rather on

the development of appropriate strategies for dealing with the various and sometimes conflicting demands from these different stakeholder groups, (Ayuso, *et al.*, 2006). The next analysis, in the section below, will explore the methods that have been employed to manage dialogue with the stakeholders and how these methods have facilitated the materiality of CSR issues for the organisations.

6.3.5 Stakeholder dialogue: Comparative Analysis UK and SA

The next question that the inquiry dealt with is ‘*How do organisations in the two countries go about maintaining dialogue to define the key CSR issues.*’ To answer this question the inquiry first established the stakeholder mapping for the two country sample organisations (Figures 6.3.9). There is evidence that sample organisations have mapped stakeholders into groups and various dialogue methods were used. For example, the analysis of annual reports revealed that focus groups, websites, open days and customer feedback have been cited by sample organisations as methods for dialogue with stakeholders. Further analysis of annual reports was undertaken to establish whether the dialogue methods resulted in selection of key CSR issues, Figure 6.3.9 sets out the results.

Figure 6.3.9: Stakeholder mapping and dialogue UK and SA



A total of three study units have made reference to stakeholders without mapping these into any specific groupings. However nine of the twelve units have mapped their stakeholders into groups, for example, employees, shareholders, and no attempt has been made to classify them further into primary or secondary stakeholder groups (Clarkson, 1995). Four study units from each of the countries present clear dialogue methods with their stakeholders, with three from each stating that material CSR issues are prioritised from these dialogues. Therefore, six of the study units report that material issues are derived from the dialogue with key stakeholders. For example, a sample organisation has used dialogue methods to prioritise CSR issues as shown from an extract below:

'....to identify issues for this report, we clustered those issues that stakeholders consistently tell us—through request for proposals, surveys and this interview process—are most important to them in assessing We then asked to rate these corporate citizenship issues according to how significantly they affect Finally, we considered whether this information taken together provides a complete picture of corporate citizenship....' (UK04 Annual Report, pp. 5)

Sample UK01 also grouped the stakeholders into levels with clearly defined stakeholder dialogue methods, (Annexure 10.8) stating that their *'stakeholder engagement is to be carried out in a fair, and culturally sensitive manner, with maximum transparency that is commercially achievable'*, (UK01 Annual Report, 2010, pp.20). This may link up with the identification of a unique key stakeholder group 'media' for this particular organisation.

For SA01 there is a clear dialogue method for each of the key stakeholders, with explicit areas where key issues are derived from the stakeholder dialogue, for example an extract of stakeholder dialogue methods is shown in Table 6.3.7 below:

Table 6.3.7: Stakeholder Dialogue Methods Extract from Annual Report (SA 01)
CONTRACTORS AND SUPPLIERS

Engagement process	Key topics and concerns	Useful references
<ul style="list-style-type: none"> • Company announcements • Integrated report • Participation in forums • Briefing sessions • Open days • Dialogue • Annual financial statements 	<ul style="list-style-type: none"> • Company strategy • Local/BEE procurement programmes • Preferential practices • Overall sustainability of company • Business training and support • Financial sustainability 	<ul style="list-style-type: none"> • Human rights SD Pages 62 to 63 • Economic transformation, procurement and supply chain SD Pages 38 to 41

MEDIA

Engagement process	Key topics and concerns	Useful references
<ul style="list-style-type: none"> • Company announcements • Company website • Online presentations • Interviews • Media site visits • Integrated report 	<ul style="list-style-type: none"> • Financial results • Corporate activity • Environmental issues • Marketing • Community development topics • Safety and health 	<ul style="list-style-type: none"> • Review by the chairman IR Pages 6 to 9 • Chief executive's review IR Pages 26 to 31 SD Pages 8 to 9 • Press releases and media coverage

The inquiry has not been able to establish whether the dialogue methods enable stakeholders to enter into CSR discourse to consider and select the key CSR issues. This aspect may require further research. However, there is evidence to suggest that the methods used to manage dialogue with the various stakeholder groups could signify what Ayuso *et al.*, (2006) implied, that organisations will attempt to adopt any of the approaches in responding to stakeholder expectations.

When asked ‘Which of the following methods is used to communicating CSR issues with stakeholders?’ respondents’ results are revealed as shown in Table 6.3.8 below.

Table 6.3.8: Questionnaire Responses on Stakeholder Dialogue Methods

<i>Which of the following methods is used to communicating CSR issues with stakeholders?</i>	South Africa	UK	Total
Regular briefings/meetings	3	2	5
Websites	4	1	5
Intranets	2	2	4
Other....	1	3	4
Codes	1	1	2
Help desks	1	0	1

SA appears to rely more on websites, regular briefings and meetings than in the UK sample organisations. Interestingly, websites require infrastructure for accessibility by stakeholders than meetings or briefings. This would imply that only stakeholders with capacity to access internet are likely to benefit from this dialogue methods. Internet access for some communities, especially in Africa, is limited due to network and infrastructure provision. Therefore, community as a key stakeholder, especially in SA, is not likely to benefit from websites as a dialogue method than other stakeholder groups. It would appear that other dialogue methods have been used, for example, one-to-one dialogue (SA02; UK04, SA05); open days (SA01, SA02); Focus groups; (customers/communities) (SA02; UK04); E-letters (UK04); Feedback from customers (UK04; SA02).

6.3.6 Common stakeholders

It is evident from the annual reports and the questionnaire responses that the sample organisations have identified several stakeholders normatively and, in some sample organisations, there are structures and policies for managing a variety of stakeholders in the process CSR initiatives. Out of the named stakeholder, the results reveal the following common stakeholders in Figure 6.3.10 below, for the sample organisations in the two countries



Figure 6.3.10.: Common Stakeholders for Both Countries

The groups appear to be in line with Clarkson, (1995) classification of stakeholders in that they have some claim of *'ownership, rights or interest in the organisation and its activities, past, present and the future'*, (pp. 106). When managers think in terms of stakeholders they can classify groups according to the stake, (Clarkson, 1995; Coombs and Holladay, 2012), so that for CSR, stakeholders are conceptualised in terms of concerns and interests, although in some cases influence and power, (Mitchell *et al.*, 1997). For example, some stakeholders shown above (customers, suppliers, employees and shareholders) are considered key market actors for sustainable strategies, (See Tables 5.3.1 and 5.3.2). According to Joseph, *et al.*, (2003) the market actors are essential stakeholders and are capable of withdrawing the flow of essential resources into the organisation, (Frooman, 1999; Yang and Rivers, 2009). The other civil actors, like NGOs, are concerned about depletion of natural resources (for example, NGOs) and for Respondent UK 02, NGOs are important as they stated that *'...We need to work with other businesses and NGOs to truly make a significant difference. We proactively identify opportunities to collaborate with external partners to drive positive environmental change.* As the above groups are common for sample organisations in the two countries, this would signify their importance and influence irrespective of the country context or industry.

6.3.7 Summary of findings on Stakeholders

Sample organisations have identified stakeholders and, in most cases, these have been mapped into groups or categories without assigning any value, for example in terms of power legitimacy, (Lozano, 2005). This tends to suggest a descriptive stakeholder perspective by sample organisations in both countries. The analysis results appear to corroborate Schlegelmilch and Houston, (1989) who found that many written policies on social and ethical responsibilities consist of clear statements of firms' responsibilities towards specific stakeholders. The comparative analysis reveals similarities and dissimilarities in number and

categories of stakeholders. Following on the stakeholder theory, the inquiry revealed various stakeholders are considered important to sample organisations in the two countries. There are stakeholders that are common for sample organisation in each of the country and also in the two countries. There are also similarities for stakeholders by industry type within the two countries, inferring that CSR issues will reflect the stakeholder perceptions as an important input into sample organisation's response, (Aguilera and Jackson, 2003; Matten and Moon, 2008). Although most of the organisations have a list of stakeholders, only a few, especially those in high visibility industries, like mining, retail and telecommunication, appear to have strategies on how to manage dialogue with the groups. It is possible to hypothesise that firms in high impact industries, like extractive and telecommunication industries, will attach importance to communicating with stakeholders and will therefore be more adept at identifying and prioritising their stakeholders, (Knox, *et al.*, 2005).

The analysis also revealed that some organisation have not clearly opened dialogue with their stakeholders to identify the key CSR issues. This would imply that some organisations have not clearly explored the different priorities of CSR from their stakeholders (Clark 2000; Crane and Matten 2004; Epstein and Roy 2001; Maignan *et al.*, 2002; Maignan and Ferrell, 2003; O'Riordan and Fairbrass, 2006); Stigson, 2002; Woodward *et al.*, 2002). From institutional and stakeholder perspectives, it would appear the burden of addressing CSR lies in the identification of the key stakeholders from a wide range, as shown in the inquiry results. The few organisations that have clearly defined stakeholder groups and dialogue methods are in industries with a likely high impact and visibility, which tends to support the view that businesses interact with their stakeholders according to how they are viewed and evaluated by institutional stakeholders, (O'Riordan and Fairbrass, 2006). As Ayuso *et al.*,

(2006) suggested, organisations are likely to use tactics that build stakeholder relationships that are reciprocal, thereby buffering against further demands from these stakeholders.

As revealed in the inquiry, sample organisations identified as leading in CSR have CSR principles and initiatives developed around categories of stakeholders. This tends to support the hypothesis that companies that lead in CSR identify their key stakeholders in order to prioritise CSR issues relevant to these stakeholders, (Donaldson and Preston, 1995; Knox *et al.*, 2006). For Oliver, (1991) organisations CSR choices are influenced and limited by the variety of external pressures, (Pfeffer and Salancik, 1978). As CSR is associated with institutional setting and stakeholder relationships, the next section explores the key attributes of CSR issues that sample organisations in the two countries are prioritising in their operations.

6.4 CSR initiatives

CSR initiatives are organisational strategies and practices that focus on CSR dimensions of economic, social and environmental issues, (Carroll, 1979; Dahlsurd, 2008). For purposes of analysis and quantification, four key CSR themes, namely workplace issues; market place issues; community and environmental issues have been created for the purpose and the results are revealed in sections that follow. First, organisational motivations for CSR are analysed, with definitions and CSR initiatives following later.

6.4.1 Organisational motivations for CSR

This section will describe the key motivational directions that have been identified by the organisations in the two countries. The inquiry will first establish whether or not sample organisations' annual reports imply orientations for their CSR strategies and the categories to distinguish the motivational categories are set out in Table 6.4.1 below. The investigation analysed the Chairman's or Chief Executive Officer's statements in the sample organisations' annual reports on the assumption that they provide the direction of organisational CSR which

then drives the actual CSR initiatives, (Graafland and Ven, 2006). This is also consistent with CSP model, by Woods, (1991) in that it is important the organisational CSR derive or emerge from environmental contexts, (Doh and Guay, 2006) and who would have a better appreciation of this business environment than the most senior in corporate hierarchies? The organisational motivations influence the responsiveness, that is, the specific responses or the actual CSR initiatives for the sample organisations in Section 6.4.

Organisational motivation for CSR Initiatives – UK (Annual Reports)

Table 6.4.1: Organisational motivation for CSR Initiatives – UK

Motivation	UK 01	UK 02	UK 03	UK 04	UK 05	UK 06	TOTAL
Performance driven CSR (an instrument to improve its financial performance and competitive posture).	Yes	Yes	Yes	Yes	No	No	4
Value-driven CSR (being part of the company’s culture or as an expression of its core values- image enhancement).	Yes	No	No	Yes	No	Yes	3
Stakeholder- driven CSR (a response to the pressure and scrutiny of one or more stakeholder groups).	Yes	No	Yes	Yes	Yes	Yes	5
Compliance to Government legislation	No	No	Yes	No	No	No	1
Community relations(integrating community perceptions into CSR policies and practices)	No	Yes	Yes	No	No	Yes	3
Risk management (mitigating internal and external threats to organisation and its future development.)	Yes	No	No	No	Yes	No	2

For the UK, the highest recorded driver is stakeholder responses which could signify the importance of stakeholders in formulating CSR initiatives. The other categories of performance, value and risk management are equally important to sample organisations’ CSR processes. There is also evidence of community relations in sample organisations in the UK. For example **UK02** clearly express that ‘*We also know that the success and sustainability of*

our business is linked to the prosperity of those communities'. (UK02, Annual Report, 2010, pp.1). It is not clear yet whether the community related perceptions are integrated into the policies and practices of the organisation. This will be explored further in terms of CSR issues to establish whether the organisation is looking more at the social contract, (Gray *et al.*, 1996; Donaldson and Dunfee, 1998) or merely legitimacy, (Lozano, 2005; Spitzack and Hansen, 2010).

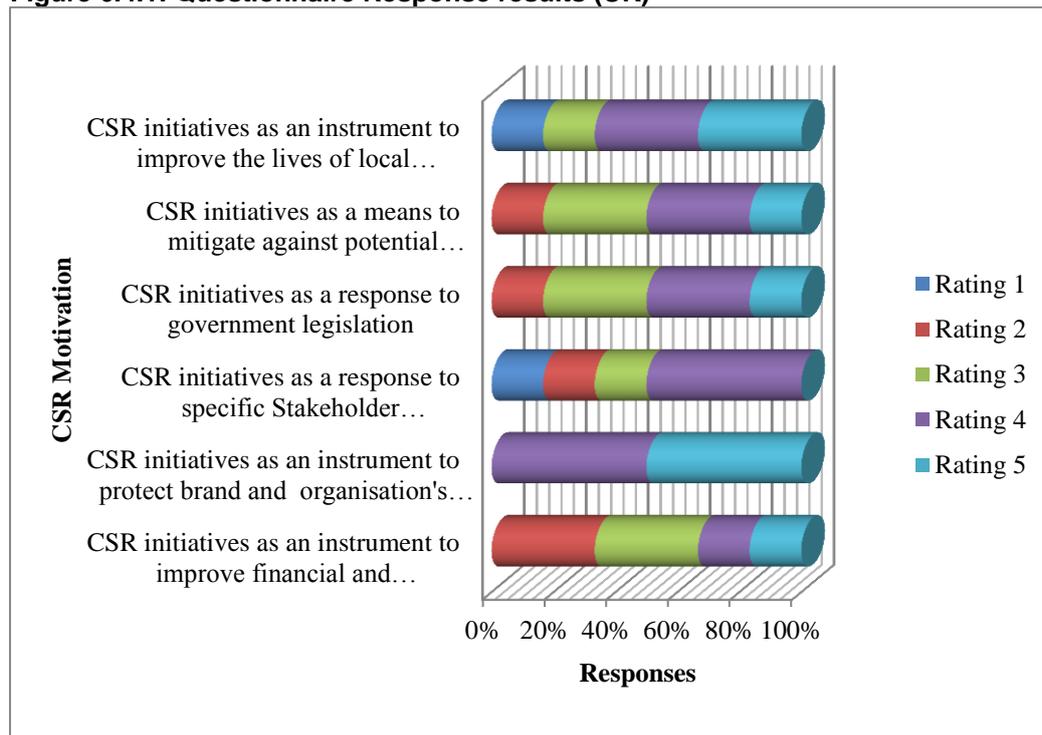
It is clear that sample organisation (UK01) uses CSR as a strategy to manage operational risks as evidenced from the caption '*..has a value-driven approach to risk management and a structured and comprehensive risk management framework and system has been implemented across the Group*', (UK01 Annual report, 2010, pp. 20). A further analysis of this sample organisation reveals that it has global mining operations and could infer the diversity of stakeholders and reputational challenges due to nature of operations. Others have argued that globalisation has created opportunities for new developments in CSR, (Chambers *et al.*, 2003) supporting the views that corporations going global are likely to use CSR as an opportunity for managing emerging and socially related risks, (Kyle and Ruggie, 2005; Story and Price, 2006).

Questionnaire Responses (UK)

Analysis of questionnaire responses to the question: '*Which of the following do you consider to be the focus of your organisation's CSR related activities?*' Respondents were also asked to rank the motivational factors from 1 – 5; where 1 being lowest motivator and 5 highest. The results as shown in Figure 6.4.1 show an inclination towards protection of brand and organisation's brand for most UK respondents. This could reflect the institutional results where respondents rated culture and public opinion to be a key factor for CSR initiatives in

the UK, implying that the CSR initiatives by sample organisations in the UK are likely to facilitate advantageous relationships with key stakeholders. Although receiving low ratings from some respondents, the other key motivation for CSR initiatives is the ‘CSR as an instrument to improve lives of local communities’ suggesting also that the CSR initiatives will reflect this motivation, (see section 6.4.3 for CSR initiatives).

Figure 6.4.1: Questionnaire Response results (UK)



All other motivations, except ‘CSR as an instrument to protect brand and organisation’s reputation’ received low ratings from respondents, with ‘CSR as an instrument to improve financial and operational performance’ receiving the lowest ratings of all.

Organisational motivation for CSR Initiatives – South Africa (Annual Reports)

Analyses of annual reports for sample organisations in the UK reveal a mix of motivations as shown in Table 6.4.2, below. For sample organisations in SA, ‘compliance to government legislation’ and ‘community relations’ appears to be a key motivator to all organisations. It is possible to group ‘value-driven CSR’ with ‘risk management’ which would make this aspect a key motivation for five SA sample organisations.

Table 6.4.2: Organisational motivation for CSR Initiatives – SA

Motivation	SA 01	SA 02	SA 03	SA 04	SA 05	SA 06	Total
Performance driven CSR (an instrument to improve its financial performance and competitive posture).	Yes	Yes	X	No	No	No	3
Value-driven CSR (being part of the company’s culture or as an expression of its core values – image enhancement).	Yes	No	No	No	Yes	Yes	3
Stakeholder- driven CSR (a response to the pressure and scrutiny of one or more stakeholder groups).	Yes	Yes	Yes	Yes	No	No	4
Compliance to Government legislation	Yes	Yes	Yes	Yes	Yes	Yes	6
Community relations(integrating community perceptions into CSR policies and practices)	Yes	Yes	Yes	Yes	Yes	Yes	6
Risk management (mitigating internal and external threats to organisation and its future development, l)	No	Yes	Yes	No	Yes	No	3

One sample organisation (**SA04**) stated that *‘The business’ unquestionable commitment and focus on what needs to be done as a contribution to South Africa’s socio-economic transformation has been reflected in the overachievement of our quantitative targets.’* (**SA04** Annual Report, 2010, pp.30), tending to focus more on the good corporate citizenship motives, (Hamann, 2003; Lynes and Andrachuk, 2008). Yet another sample organisation (**SA01**) presented this view in their annual report:

‘...we understand the importance and the business potential of working in partnership with our stakeholders to achieve and exceed our long-term goals, both for our company and for South Africa as a whole...’ (**SA01** Annual Report, 2010, pp. 14). This appears to present a stakeholder driven CSR perspective and this will be explored further when the CSR materiality of issues is analysed in the sections that follow.

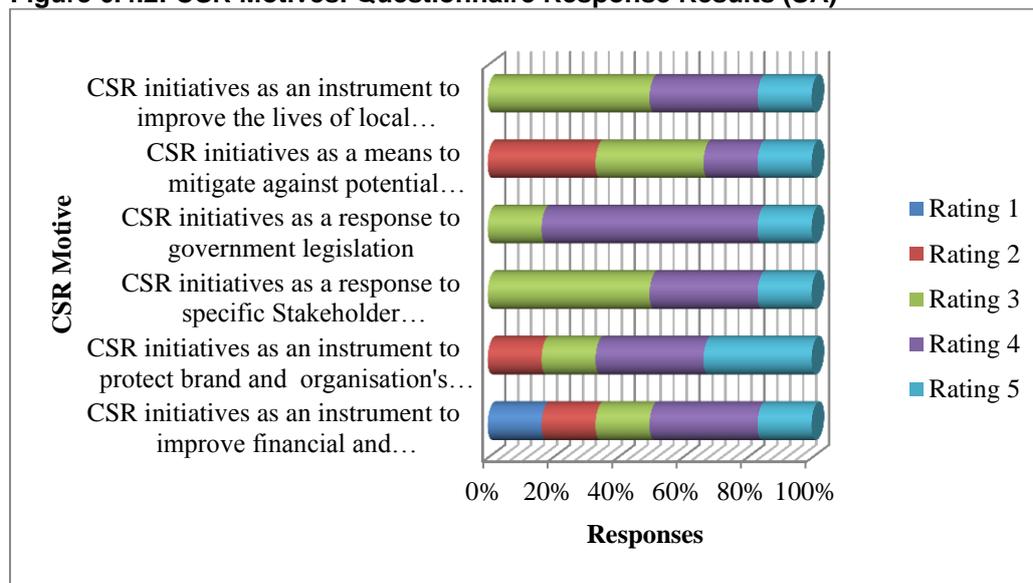
It would appear for SA03 CSR is driven by the desire to improve performance as this statement would imply, '*...our approach to sustainability stems from our fundamental intent to prosper as a business and to meet the human potential through connecting the present and future generations....*' (SA03 Annual Report, 2010, pp. 1)

For yet another sample organisation performance appears to drive CSR as the following statement would imply '*...Our aim is to ensure that the strategy and objectives as well as the performance of the group are evaluated with reference not only to its financial results, but to its overall performance...*' (SA04 Annual, Report, 2010, pp. 6). The same organisation would have a sustainable strategy under the banner of 'The Business Journey' stating that the organisations' sustainability is based on continuous performance improvement '*...as well as sustainable society and environment...*' (SA04 Annual, Report, 2010, pp. 6).

Questionnaire Response Results (SA)

Analysis of questionnaire results from respondents when asked '*Which of the following do you consider to be the focus of your organisation's CSR related activities*' reveal that response to government legislation is a key motivator for respondents in SA sample organisations. The other key motivator is 'brand and organisation reputation' followed by 'financial and operational performance'. The only motivator that did not receive a low rating is 'government responses with 'mitigation against potential internal and external threats' receiving the lowest rating of all, (Figure 6.4.2).

Figure 6.4.2: CSR Motives: Questionnaire Response Results (SA)



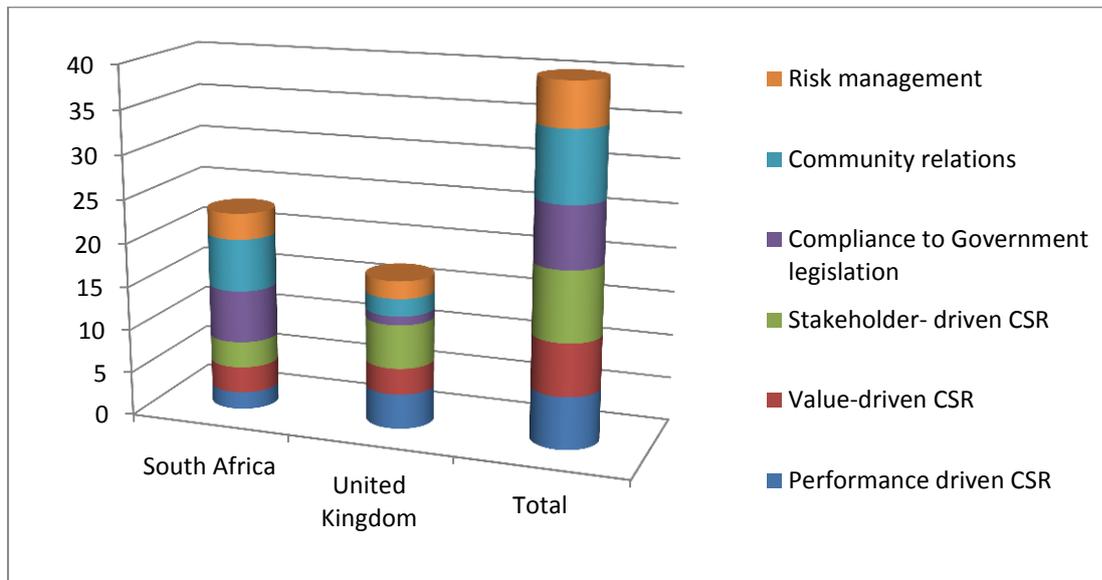
The results infer that sample organisations in SA are likely to focus their CSR initiatives more towards responding to government policy, with inclination also towards protection of brand and corporate reputation, more than the other motivation areas. These motivations appear to reflect the institutional environmental settings for SA where government policy, culture and public opinion are considered to be key factors influencing CSR initiatives.

Organisational Motivation: Comparison between SA and UK Organisations

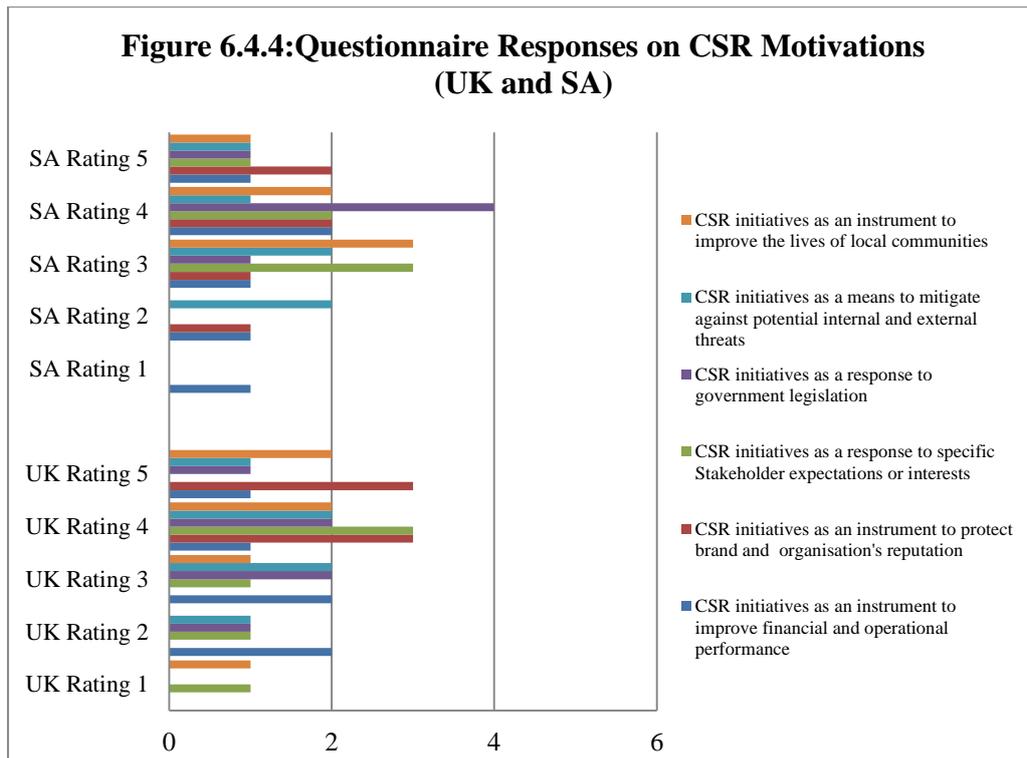
SA organisations appear to emphasise more on compliance to government legislation and community relations categories than UK sample organisations that tend to focus more on stakeholders, (Fig. 6.4.3 below). Overall, the CSR focus for the sample organisations in the two countries reflects an equal distribution across all motivations, although if value-driven motivation is grouped together with risk management this would become the key motivation for sample organisations in both countries. This could signify the assertion that organisations view non-compliance to CSR as a significant source for risk to their reputation (Mackenzie, 2007) such that CSR is used as a risk management tool, (Story and Price, 2006; Kytte and Ruggie, 2005). If risk management is to be reflected in the CSR initiatives, the key CSR

issues or sample organisations would tend to protect or enhance the organisation’s reputation or image towards key stakeholders identified earlier in the above section.

Figure 6.4.3: Organisational Motivation: Comparison between SA and UK Organisations (Annual Reports)



Analysis of questionnaire results (Figure 6.4.4) reveals similarities of motivations for respondents in both countries, that is, *‘protection of brand and reputation’* and *‘improving local communities’* although for SA *‘response to government regulation’* is another key motivation. Extensive discussion on factors driving and influencing CSR responsiveness and initiatives has varied (Knox *et al.*, 2005; Porter and Cramer, 2002), however this inquiry reveals that in some areas there are similarities in factors that drive and influence CSR initiatives.



The foregoing suggests a mixed variation of motivations for CSR initiatives in the two countries. This in itself could be a positive orientation for CSR in the two countries, as this could signal a wider perspective of CSR from what Jamali and Mirshak, (2007) termed the narrow perspective of corporate responsibility, simply entailing economic and legal responsibilities. Overall the motivations tend to be wide enough to reflect the main CSR domains of economic (financial and operational performance), legal (response to government regulations), ethical (business behaviour as expected by societies) and philanthropic (initiatives aimed at communities) as espoused by Carroll, (1979, 1991). The difference is the level of importance attached to each of the motivations between the sample organisations and in the two countries. In the following section, the definitions used to describe CSR by sample organisations in the two countries are explored, before proceeding further to explore the organisational CSR issues for the sample organisations.

6.4.2 Definitions

This analysis is essential in order to adequately engage with the phenomenon and also adequately enumerate the key CSR issues, (Carroll, 1979). It was decided to focus on statements at the highest level within organisations because developing CSR initiatives requires top level commitment (Lewis, 2003), in order to be translated into strategic and operational programmes, (Polonsky and Jevons, 2006). The analysis will triangulate this data with questionnaire responses on the same research question.

Question: How is CSR defined by organisations in the two countries?

In order to answer this question the inquiry analysed the statements provided in vision and mission statements by the Chief Executives or Board Chairperson as part of CSR annual reports.

CSR definitions UK Sample Organisations

The following were extracted from annual reports (Table 6.4.3) of sample organisations in the UK:

Table 6.4.3: CSR definitions Annual Reports UK Organisations

Organisation	CSR definition
UK01	‘create value for its shareholders in a sustainable manner, minimising our environmental impact, working in collaboration with communities and other groups and prioritising the health and safety of our workforce over production or profits.”
UK02	We want to be recognised and recommended as a trusted brand by customers , a good employer by colleagues and a valued contributor in the community .
UK03	‘...to grow our business profitably and sustainably by providing services and products that benefit our customers , society and the environment . Our business and our services also have environmental and social impacts and programmes to reduce these’
UK04	‘...we believe that good corporate responsibility (CR) is essential to the long-term success of our business. We remain committed to managing our impact on society and our environment , integrating this work into our day-to-day management of the business.
UK05	‘We are committed to behaving ethically, safeguarding the environment and using our skills to make a lasting contribution to communities . An active approach to CSR also helps us build valuable and trusted relationships with our people , our clients , our suppliers and society at large’
UK06	‘We are committed to being a good corporate citizen—dedicated to minimizing our environmental impact and helping individuals around the world build skills that enable them to participate in and contribute to the economy’

Applying an editing analysis approach (Robson, 2003), sample organisations’ annual reports in the UK appear to infer that CSR is integrated as a core value for business operations. This is particularly demonstrated when there is an explicit link of CSR initiatives to brand and corporate identify, a view also supported by Polonsky and Jevon, (2006). Environment and community issues are high on the CSR definitions for sample organisations in the UK, with sustainability a key element for only two of the sample organisation. CSR is also defined in

terms of stakeholders with some particular stakeholders appearing in most of the definitions. Based on these annual reports definitions, the stakeholders for sample organisations in the UK would appear to resonate with the common stakeholders identified earlier, (See Table 6.3.5). These definitions appear to focus on decisions and actions taken by the organisations whilst considering the effects or impacts on stakeholders and the environment , as previously defined by Davis, (1960) and Waddock (2004; 2006). This also resonates the normative nature of CSR in that organisations’ CSR policies integrate social and environmental concerns into business operations through interaction with their stakeholders, (Commission of the European Communities, 2002; Johnson, 1971)

Analyses of questionnaire responses on CSR definition reveal the following results (Table 6.4.4): *Question 1: Describe in your own words what you consider CSR to mean for organisations in your industry or country.*

Table 6.4.4: Definitions analysis: UK questionnaire responses

Questionnaire Respondents					
UK 01	UK02	UK03	UK04	UK05	UK06
ensuring compliance with existing health and safety legislation and environmentally friendly	being responsible business, making sustainable and positive contribution to the economy and society	demonstrating to outside world that we have a wider responsibility than just shareholder return	CSR is primarily related to workforce, within community in partnership with local government and people to ensure that work environments are well maintained and offer safe and happy work places	No response	No response

Respondent **UK01** describes CSR as ‘...ensuring work practice of a business complies with existing health and safety legislation and is environmentally friendly...’

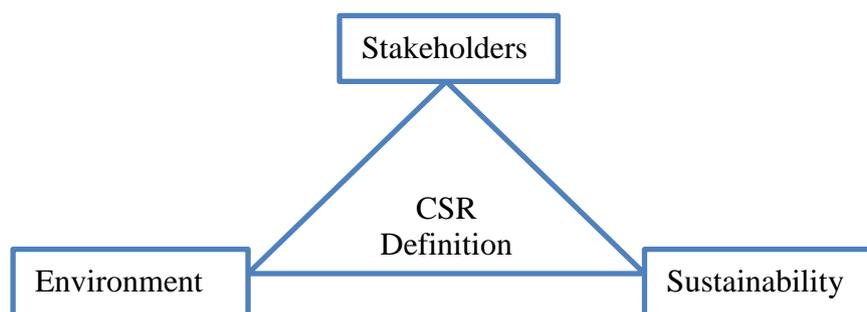
Respondent **UK02** ‘...CSR for us is about being a responsible business, making a sustained and positive contribution to the economy and society.’

Respondent **UK03** – CSR is ‘...demonstrating the outside world that we have a wider responsibility than just shareholder return...’ This inclusion of the phrase ‘demonstrating to outside world’ appears to reflect the dialogue methods that have been adopted by the same organisation. Of particular significance is the publication of the sustainability report in eight other languages in addition to the English version.

Respondent **UK04** ‘...in my opinion CSR should relate primarily to the workforce and any site within the community....such that the company works diligently in partnership with local government/people...’

When comparing definitions from annual reports with respondents’ definitions there is an attempt by some of the respondents to be more specific in the activities or initiatives that they are engaged in. This reveals that annual reports definitions appear to give general principles of CSR perspectives with respondents’ definitions focused more on the actions arising from the organisations’ CSR initiatives, for example, ‘CSR is primarily related to workforce, within community in partnership with local government and people to ensure that work environments are well maintained and offer safe and happy work places’, (Respondent **UK04**). However, there are some stakeholders that have been mentioned in some of the respondents’ definitions, although there was more stakeholder reference in annual reports definitions. In constructing the CSR definition from sample organisations in the UK and assuming that common words are used, this could be depicted as shown in Fig 6.4.5 below.

Figure 6.4.5 CSR Definition (Key words from UK sample organisations)



Although there is reference to stakeholders in terms of identification, mapping and dialogue methods, (Annexure 10.8), it is not evident how this has been addressed in policy documents for some sample organisations in the UK. There is also a link between organisational CSR motivations (Table 6.4.1 and Figure 6.4.1) with the definition construction above.

CSR definitions South Africa Sample Organisations

Table 6.4.5: CSR definitions Annual Reports SA Organisations

Organisation	CSR definition
SA01	Sustainable development – ‘its goals and aspirations in relation to safety and occupational health, social and community development, and environmental management.
SA02	‘..is firmly committed to advancing the principles and practice of sustainable development and takes its role as a leading and concerned corporate citizen seriously. Therefore, the Group has developed six themes to facilitate sustainable value creation for all its stakeholders.
SA03	Sustainability as a key driver to business strategy – meeting the expectation of a diverse range of stakeholders
SA04	The ‘Good business journey’ builds confidence in our brand and long-term strategy across a range of stakeholder groups. ‘... customers want to understand how products are brought to market and that this is done in a manner that supports local economic development in our communities and minimises any negative environmental impact’.
SA05	‘..to ensure that sustainable development underpins the business activities and that the Group acts in a socially responsible manner with its stakeholders, taking into account environmental, transformation and governance issues’.
SA06	‘..believes that the value of the business is best enhanced by respecting the interests of all stakeholders, and that the creation of long term financial returns is dependent, inter alia, on our effective management of social and environmental performance.

Analysis of annual reports definitions reveals that CSR is considered more in terms of ‘sustainable development’ for most sample organisations in SA. Sample organisations appear to engage in CSR to contribute towards sustainable development, defined earlier as

conducting today’s business operations without compromising the ability and capacity for the operations of future generations, (WCED, 1987). This appears to resonate with the notion that, in recent years the CSR has expanded in form to include sustainability and development (Idemudia, 2008; WBSCD, 1999; UN, 2008). The term ‘stakeholder’ appears in five of the six definitions for SA sample organisations, with ‘environment’ and ‘communities’ identified from four of the sample organisations. From the definitions it is possible to infer that sample organisations in SA consider stakeholder interests in their CSR initiatives.

An analysis of questionnaire responses from SA respondents is shown in Table 6.4.6 below:

Question 1: Describe in your own words what you consider CSR to mean for organisations in your industry or country.

Table 6.4.6: Definitions analysis: SA Questionnaire Responses

SA 01	SA02	SA03	SA04	SA05	SA06
Corporate social responsibility is the one instrument that companies can use to make a meaningful difference in the area that they operate. Not only for employees but also for communities. Investing in programmes that will build capacity in individuals and communities, as well as improving the quality of life of these individuals is actually indirectly investing in the sustainability of the company.	making business sense and it’s about sustainable development	demonstrating to outside world that we have a wider responsibility that just shareholder return	We believe in the power of partnership and understand that the collective impact of business, government and civil society is exponentially greater than the efforts of any single sector.	No response	No response

A manager in **SA01** stated that CSR ‘...is an instrument that companies use to make a meaningful difference in areas they operate not for employees but also for communities....’

This aligns with the rhetoric as shown from the Chairman’s statement in the annual report.

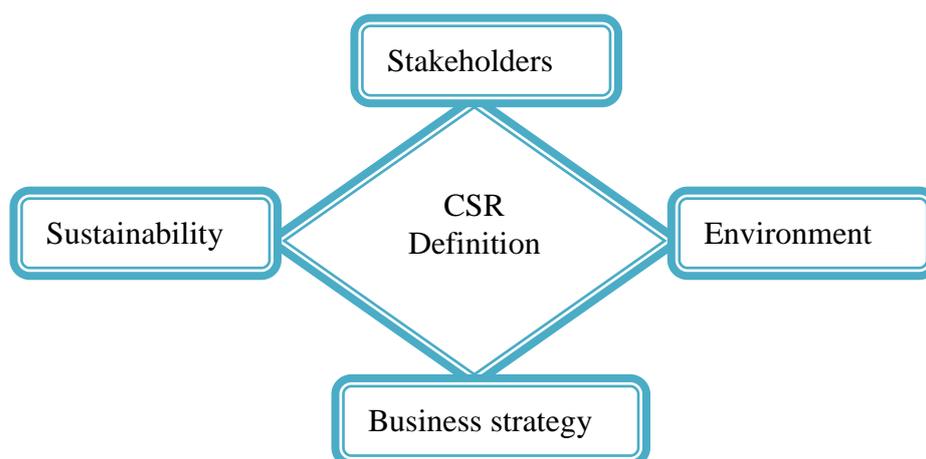
Respondent **SA03** *‘Investing resources into the upliftment of the communities where the company operates. Investing in schools, hospitals, roads etc. Ensuring the environment is taken care of during operations. Creating decent work for communities...’*

Respondent **SA04** *‘CSR is the continuing commitment by businesses to behave ethically and contribute to economic development, while improving the lives of employees and their family as well as local communities and society at large’*

Respondents have defined CSR in terms of key initiatives and actions that their respective organisations are engaged in, more specifically from a developmental perspective. There is also evidence of ‘sustainability’ in the respondents’ definitions, corroborating the annual reports definitions and tending to support the organisational motivation for CSR Initiatives, (Table 6.4.2 and Figure 6.4.2 above).

Using the above definitions from sample organisations it would imply that constructing a definition for sample organisations in SA would be represented as shown in Fig 6.4.6 below.

Figure 6.4.6: CSR definition (Key words from SA sample organisations)



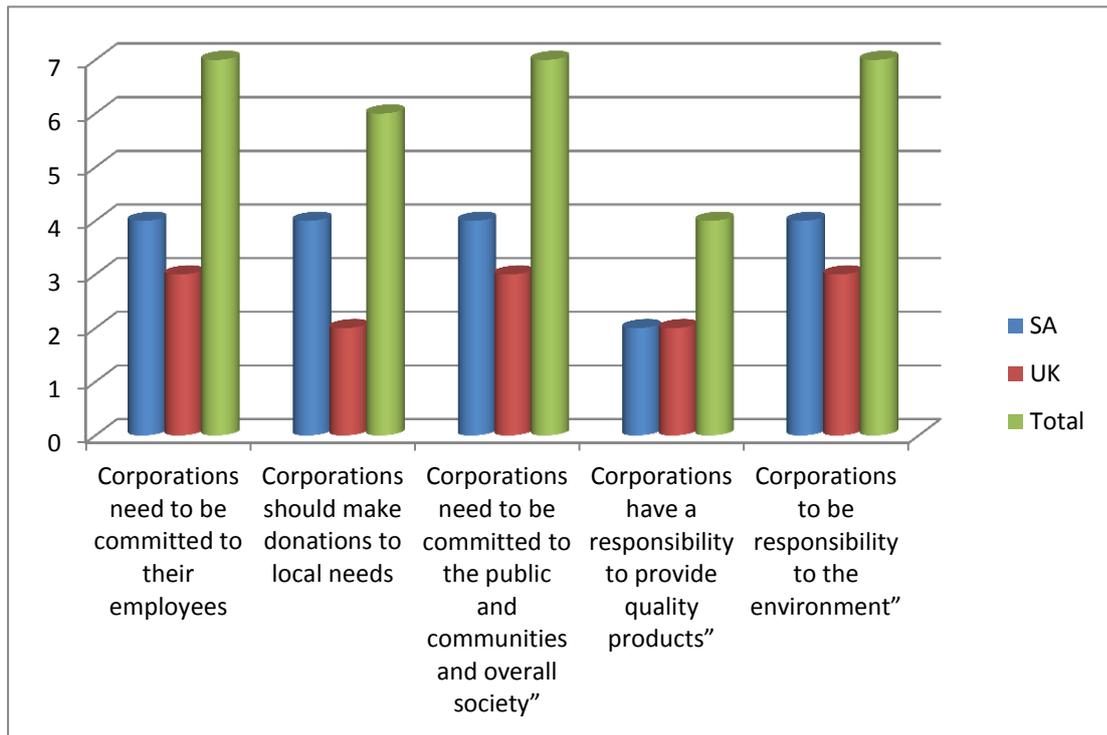
The key to this definition is the link between CSR initiatives and business strategy. The incorporation of CSR into business strategy indicates that CSR is viewed as a means towards

achievement of corporate objectives, thereby suggesting some elements of enlightened self-interest driving the CSR initiatives, (Branco and Rodrigues, 2007; Du *et al.*, 2007; Hamann, 2003). This in turn supports the business case for CSR, that corporations now consider CSR from a positive perspective, (Moon and Sochacki, 1996; Williams and Siegel, 2006), because CSR initiatives are likely to have a positive impact on performance thereby enhancing the position of the organisation on the market, (Barnett, 2007; Gray, 2002; Kotler and Lee, 2005; Muirhead *et al.*, 2002; Paine, 2003; Porter and Kramer, 2002).

CSR definition: Comparative Analysis (UK and SA)

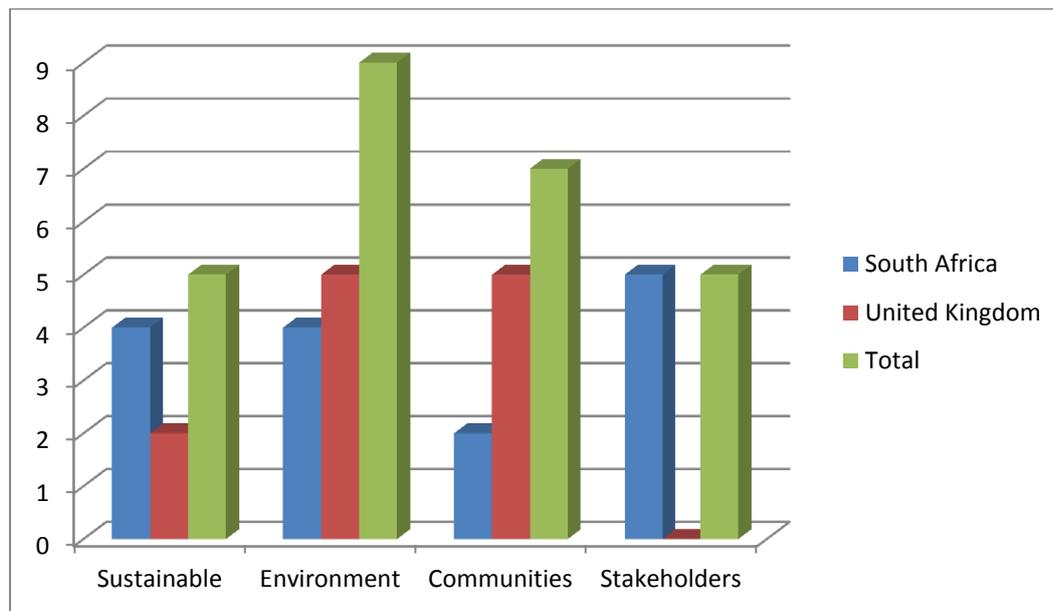
Respondents were asked '*Which of the following would be your best description for CSR? (tick as many)*'. An analysis from questionnaire responses from respondents in the two countries to this question reflects the following (Figure 6.4.7) below. From the results, it can be assumed that sample organisations in both countries place more importance on matters relating to the community, employees, and the environment. However the results appear to suggest that SA sample organisations give equal importance to the four aspects, unlike samples in the UK where there are variations across the four aspects.

Figure 6.4.7: CSR definition: Comparative Analysis



A further analysis of the common words used to describe CSR includes four common words, ‘sustainable, environment; communities and stakeholders that appear to feature in the definitions from sample organisations in the two countries. This may suggest tendency towards CSR-Community; CSR-Stakeholder; CSR- Environment and Sustainability (Torres, *et al.*, 2012). In both countries ‘environment’ appears to be the most common word, (Figure 6.4.8) further suggesting its dominance as a key area for CSR discourse. There is more reference to ‘sustainable’ and ‘stakeholders’ in South Africa than in the UK organisations. This could be a reflection of institutional setting for the two countries, with suggestions that there is collaboration between stakeholder management and CSR- environmental as a good tool for corporate environmental management, (Cheung, *et al.*, 2009).

Figure 6.4.8: Common Words used to define CSR



The UK sample organisations refer to ‘environment’ and ‘communities’ more than sample organisations in South Africa. The next part of this section will explore the CSR issues for sample organisations in the context of the institutional and stakeholder findings provided earlier in Sections 6.2 and 6.3 above.

6.4.3 Key CSR issues

From the definitions above, stakeholder variety and multiplicity of expectations, (Dawkins and Lewis, 2003; Goodpaster, 2003; Guay, *et al.*, 2004), the analysis will firstly list the range of issues and activities that sample organisations identify in their CSR reports. The key CSR themes are derived from extent literature for purposes of quantification and analysis with coding based on the dimensions used by Dahlsrud, (2008). Four key CSR themes are created from the CSR dimensions of economic, social and environmental issues (Figure 6.4.5 below), namely workplace; market place; community and environmental. In this case, this inquiry used the familiar CSR dimensions of economic, social and environmental. These are then split further into coding themes of workplace, market place community and environmental as

shown in Chapter 5, Table 5.4.3. The structure is also adopted by organisations like BiTC and will therefore:

- List CSR related issues, activities or initiatives by sample organisations for the two countries
- Classify the key CSR related issues into the theme framework (for purposes of the analysis key issues are those identified by more than one sample organisation).
- Make a comparative analysis between the two countries
- Make a comparative analysis by industry type between the two countries.

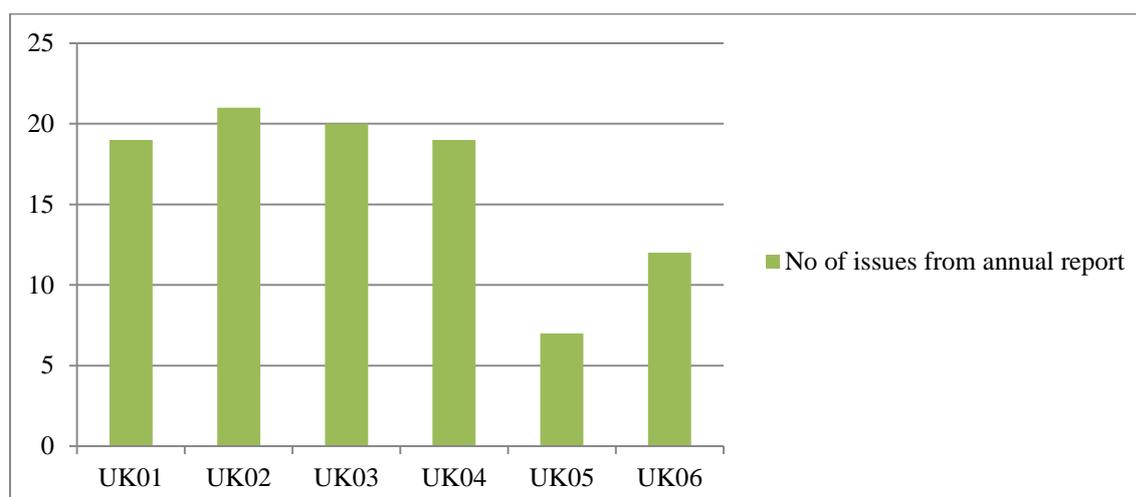
The key question is ***‘what are the key CSR issues that can be moulded into a best practice framework?’***

The investigation identified words and phrases from the annual reports that appear to denote CSR activity or initiative. The result is a menu or a list of various issues that sample organisations in the two countries considered as CSR issues (Annexures 10.11 and 10.12). Later in the analysis the issues are categorised in common domains for comparative purposes.

CSR issues for UK Sample Organisations

Analysis of annual reports of sample organisations reveals a large menu of CSR issues reported in the organisational initiatives and these are listed in Annexure 10.11. By using themes, words and phrases used by the sample organisations in reporting CSR action or initiatives, the author infers what constitutes CSR and, as shown in the Annexure, there is a range of issues that vary according to sample unit and in terms of number of issues (See Figure 6.4.9 below). This inventory of CSR issues, as Weyzig, (2008) called them, reflects the complexity of CSR or what it constitutes for organisations in the UK and, therefore it is necessary to conduct a further analysis of the data to explore and explain the common CSR issues for sample units.

Figure 6.4.9: Number of CSR issues from UK sample units



The above signifies that what constitutes materiality of CSR issues varies greatly by organisation. This would appear to suggest that there is a wide menu of CSR issues for organisational initiatives and, as noted by Matlay, (2009) and Sternberg, (2004), institutional settings and stakeholder expectations present challenges for organisations as they attempt to respond to a multiplicity of interests and demands. A further analysis of the issues is necessary to have a better picture of the common CSR issues for sample organisations in the UK. The analysis identified common issues that have been identified by two or more sample organisations in their annual reporting. The picture revealed of the issues identified by more than one sample organisation is shown in Table 6.4.7 below.

Table 6.4.7: Key CSR issues for UK sample units

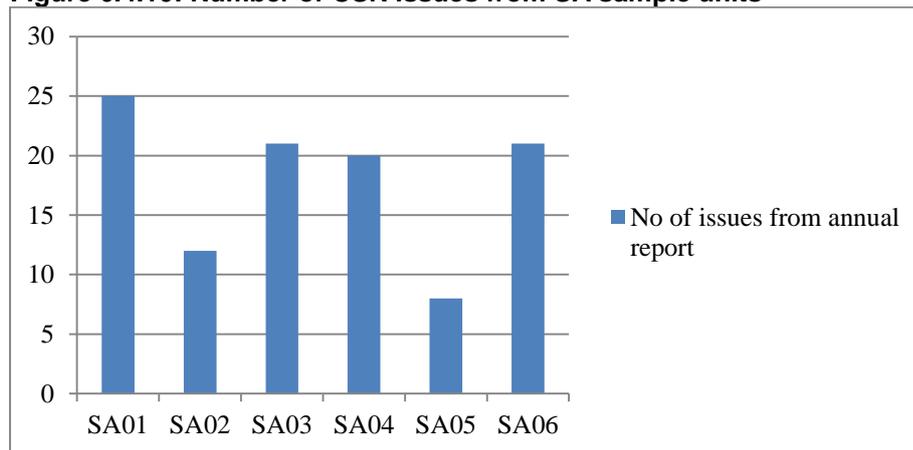
CSR Issue	UK01	UK02	UK03	UK04	UK05	UK06	Total Counts
Training and Development	√	√	√	√	-	√	5
Diversity	√	√	√	√	-	√	5
Ethics	√		√	√	√	√	5
Carbon issues	-	√	√	√	√	√	5
Charity donations	√	√	√	√	√	-	5
Health and Safety	√	√	√	√	-	-	4
Waste	√	-	√	√	-	√	4
Accessibility	-	√	√	√	-	-	3
Union Representation	√	√	-	-	-	-	2
Climate	√	-	√	-	-	-	2

The analysis reveals that, although there is a large menu of CSR related issues from sample organisations in the UK, ten appear to be common amongst the sample organisations. The range and scope suggest social or community, environmental, ethical and economic related issues, thereby a reflection of the broad scope and definition of CSR, (Crane *et al.*, 2008; Sethi, 1979; Van Marrewijk, 2003). Whilst there are suggestions that European countries see CSR specifically from an environment protection view, (Crane *et al.*, 2008), the inquiry results suggest a wider CSR orientations for sample organisations in the UK.

6.4.4 CSR Issues for SA sample organisations

The CSR related issues that have been identified from sample organisations' annual reports in SA are shown in Annexure 10.12, with total number of issues shown in Figure 6.4.10 below. Although the list does not provide more insights of the key CSR issues, it is clear that there is a diversity of initiatives reported by sample organisations in SA. Although the specific nature of the issues is varied, there could be a linkage towards more of socio- political history of the country. As alluded to earlier, the range and scope of issues is wide, confirming the notion that CSR is a wide and complex concept.

Figure 6.4.10: Number of CSR issues from SA sample units



In order to identify the key CSR issues for sample organisations in the SA, a further analysis reveals that some of the issues are common to more than one sample unit. These common issues ranking is shown in Table 6.4.9 below:

Table 6.4.8: Key CSR Issues for SA Sample units

CSR Issue	SA01	SA02	SA03	SA04	SA05	SA06	Total Counts
Training and Dev.	√	√	√	√	√	√	6
Health and Safety	√		√		√	√	4
Preferential Procurement	√		√	√		√	4
Community Investment	√	√		√		√	4
BEEE		√	√	√		√	4
Ethics	√	√	√				3
Union Representation	√		√	√			3
Carbon Disclosure		√	√	√			3
Environmental impact	√	√				√	3
Climate Change	√		√	√			3
Supply chain risks	√		√		√		3
Enterprise development	√			√		√	3
Compliance	√	√					2
corporate governance		√	√				2
HDSA	√					√	2
HIV/AIDS		√				√	2
Community Engagement	√			√			2

The above ranking suggests the importance of some CSR issues to sample organisations in Sate inference is that sample organisations appear to respond to the previous disempowerment of the majority blacks, through lack of or unequal access to quality education and skills necessary for effective participations in economic development. This also appear to be the same concern for other issues like, health and safety, preferential procurement and communities investment, all aspects of the BEE Act, requiring businesses to respond to addressing the imbalances of past institutional settings.

6.4.5 Comparative analysis of common CSR issues (Annual reports)

In order to gain a deeper understanding of the nature of these key CSR issues, the inquiry has mapped these issues using the coding in Table 6.4.7 above. The CSR dimensions of ‘economic’, grouped into CSR themes workplace, and market place; ‘social’ dimensions

grouped into theme of community issues and ‘*environmental*’ dimension also themed as environment issues. Adopting the CSR domains makes sense, in that the model has been used as a set of reporting guidelines for most organisations in Europe, (Moir, 2001) and also because workplace, market place, environment and community issues are interwoven, (Holmes, 1976; Wood, 1991). This further analysis is required in order to identify what could constitute common issues within these classification or dimensions. The following picture is portrayed (Tables 6.4.9 to Table 6.4.12 below) from the inquiry:

Economic domain
Workplace issues

Table 6.4.9: Comparison of Key CSR Workplace issues

South Africa		United Kingdom	
Issues	Count	Issue	Count
Work place			
Training and development	5	Training and development	5
Occupational health	4	Occupational health	4
Safety	3	Safety	4
Union representation	3	Ethics	3
Governance	3	Union representation	2
Employment equity	3	Flexible hours	2
Ethics	2		
HDSA	2		
Others Investors in people; BEE; reputation; employee engagement; fair employment		Others Attract and retain; employee assistance; equal and fair treatment; inclusivity	

For the two countries (Table 6.4.9) five common issues (training and development; occupational health and safety; ethics and union representation) are identified by more than one sample organisation in the two countries. A further three (governance, employee equity and HDSA) have also been identified by two or three sample organisations in SA, while the UK sample organisation identified one more issue, flexible hours. The ‘Others’ category concerns those issues that are identified by only one sample organisation and this category has a wide variety of issues. Therefore the common workplace issues for sample organisations in the two countries are mainly training and development, occupational health

and safety, union representative and ethics. Drawing upon the institutional and stakeholder theories, it would infer that organisations appear to respond to the coercive pressure from the legal environment, in earlier analysis for example, for SA the government identified key gaps and challenges to be poverty and inequality.

Market place issues

Table 6.4.10: Comparison of Key CSR Market place issues

South Africa		United Kingdom	
Issues	Count	Issue	Count
Preferential focus	5	Accessibility	3
Supply chain risks	3	Supplier diversity	2
		Responsible sourcing	2
		Ethics	2
Others Honesty; consumer education; reputation; high quality; non- discriminatory supply contracts; value creation; accessibility; student placement; local manufacturers; supplier relations; service enhancement		Long term investments; user friendly products/services; responsible lending; inclusivity; customer focus; sustainability of suppliers	

Analysis

The analysis reveals divergent market place issues with fewer common issues identified by more than one organisation in the two countries (Table 6.4.10). However, there are two issues (preferential focus and supply chain risks) identified by more than two organisations in SA and four common issues in the UK (accessibility, supplier diversity, responsible sourcing and ethics). There are twelve other issues in SA and seven other for sample organisations in the UK. Although there are more market issues for SA sample organisations, the focus appears to be directed towards inequality and preferential treatment, whilst the UK appears to have more market issues directed towards the customer than SA sample organisations. There is evidence to suggest reputation is a key issue for sample organisations, for example, supply chain risks, ethics and responsible sourcing are key reputational responses.

6.4.5.1 Environment Domain

There are five common issues identified by more than two sample organisations in each of the two countries, (Table 6.4.11). Eight other issues in SA and ten in the UK have also been identified. These are drawn from content analysis of annual reports.

Table 6.4.11: Comparison of Key CSR Environmental Issues

South Africa		United Kingdom	
Issues	Count	Issue	Count
Environmental impact	3	Climate change	2
Climate change	3	Emissions	2
Waste management	3	Carbon disclosure	2
Energy use	2	Energy use	2
Carbon footprint	2	Waste management	4
Others De-watering; compliance; greenhouse emissions; land management; animal welfare; organic and free range products; carbon disclosure; go green initiatives; awareness education		Others Product steward; bio-diversity; water use; Equator principles; carbon footprint; environmental footprint; renewables; packaging/paper recycling; WEEE; green buildings/operations	

It would appear legislation and international influences (Section 1 on Institutional Environment) could be influencing the CSR issues. For example, one sample organisation stated ‘...During the year, environmental legal compliance audits were conducted and considered the implication of international regulatory and technical developments,...’ (SA01 Annual Report, 2010, pp. 8).

‘... maintain our participation in Worldwide Fund for Nature’s (WWF) water balance programme by clearing alien and invasive plants species and releasing water back into the ecosystem...’ (SA04 Annual Report, 2010, pp. 9)

Another sample organisation in the UK stated that ‘...We maintained gold sector status in the Dow Jones Sustainability Index and Platinum Plus level in the Business in the Community Corporate Responsibility Index. We were sector leader in the FTSE4Good ESG Ratings, achieved joint first place in the Carbon Disclosure Project’s Leadership Index and won the

World Communications Awards Green Award and the CSR Procurement Leaders Award...

(UK03 Annual Report, 2010. pp. 1)

This appears to signify that some of the organisations have been influenced by factors on the international scene or, at least, the organisations desire to be seen as compliant with some of the international institutional framework. There is further evidence to suggest that the definitions provided in Table 6.4.3 earlier reflect the uptake of CSR issues in this category and vice versa.

6.4.5.2 Community domain

Table 6.4.12: Comparison of Key CSR Community issues

South Africa		United Kingdom	
Issues	Count	Issue	Count
HDSA ownership	5	Charity partnerships	2
Enterprise development	4	Community investment	2
Community investment	3		
HIV/AIDS	3		
Community partnerships	2		
Talent management	2		
Others Business support; uplifting standard of living; foundations; sponsoring; bursaries; schools donations; mentoring; vulnerable children; SME development; staff giving; community engagement; transforming of societies; twin-schools projects		Others Public health; indigenous people resettlement; human rights; charity giving; social banking accounts; volunteering; talent management; in-kind donations; investment in SMEs; community sports; ethics; community engagement; social inclusion; bursaries; disaster relief; privacy and data protection	

Only one common issue has been identified in organisations in the two countries, (Table 6.4.12). There are more issues that appear under different names across the two country's organisations and common issues are different due to societal expectations. The economic, political and social factors that formed the institutional environment for CSR perspective have in turn shaped the community related issues in the two countries. Applying what Kemp, (2010) called the three-dimensional approach to community issues the two countries appear to focus on:

- I. Community engagement as a way of bringing the community-organisation perspective through dialogue methods. For SA, corporate social investment appears to be a preferred vehicle for addressing the imbalances of post democratic elections of 1994. This may also appear to have a superficial effect as argued by Honke, (2008), that the domination of such charitable projects may only be intended to create a positive image to certain stakeholders.
- II. There is also evidence that sample organisations in the two countries adopt some community related development through corporate social investment, for example, some partnership arrangements and enterprise development projects.
- III. There is also evidence to suggest that organisations have adopted social responsibility in order to address the social ills affecting the community such as HIV/AIDS, transforming societies and donations towards charities, for example all sample organisations in SA have specifically identified aspects of HIV/AIDS and uplifting of local communities as key initiatives towards social responsibility.

A wide range of CSR issues are identified by sample organisations for this category, more than in other categories. The diversity of issues is a reflection of the institutional environments with differing societal expectations.

6.4.6 Comparing CSR Issues by Industry Sector

In order to gain further insights into the CSR issues, the inquiry attempts to establish if there is any commonality of issues across sample organisations' industry sectors in the two countries. A further analysis of key issues is made hereunder (Tables 6.4.13 to 6.4.17), to compare organisations from the two countries in similar industries. This resulted in nine units being grouped into four industry sector groups, that is, mining, banking, telecommunication and retail. Three other units (units **UK05**; **UK06** and **SA06**) have not been placed into any particular group due to their own uniqueness and as such, no

comparison is done for these. The analysis adopted the dimensions and themes adopted for CSR domains. The following are the results of the analysis:

Table 6.4.13: CSR Issues by Industry Sector (Mining)

Mining industry	Workplace	Market place	Environment	Community
UK01	Occupational health; safety; training and development; diversity; union representation; attract and retain; employee assistance	Long term investment; ethics;	Climate change; emissions; product steward; waste diversity; water use	CSI; public health; indigenous people resettlement; in kind donations; human rights
SA01	Ethics, occupational health; safety; training and development; HDSA; Union representative	Ethics; honesty; non-discriminatory in supply contracts; preferential focus; supply chain risks; value creations	Environmental impact; energy use; de-watering; climate change; water management; greenhouse missions; land issue	Enterprise development; business support; community partnership; uplifting of living standards; HDSA

As can be seen, there are three similarities in workplace issues of occupational health and safety; training and development and union representation. For market place, the only similarity is ethics, which appears to be important for both organisations in this industry. Other similarities are in the environment, the main issues being climate change, emissions and water use featuring for the industry. A wide range of varying issues under the community related group of materiality have been identified. In SA there appears to be more focus on developmental and uplifting of living standards than for the UK organisations where CSI and human rights feature prominently. The key issues appear to link with the key stakeholder identified for this industry sample organisation, that is, employees, suppliers, NGOs, regulators, communities and government, (Figure. 6.3.6). Another observation is the multiplicity of issues or responses for this sector, which tends to reflect the stakeholder groups that were identified (see Table 6.3.6). It is therefore obvious that the nature of operations of this sector places certain pressures and expectations from a multitude of stakeholders suggesting a diverse range of initiatives in order to be seen to be responsive, (Sethi, 1979).

Table 6.4.14: CSR Issues by Industry Sector (Banking)

Banking industry	Workplace	Market place	Environment	Community
UK02	Union representation; health and safety; WLB; talent management	Accessibility; free-to-use ATMs; SME support; responsible lending; inclusion	Carbon disclosure; Equator Principles; carbon foot print; renewables	Investment in SMEs; community impact; charity partnerships; social banking accounts; community school/sports; talent management; bursaries.
SA02	BEE; reputation; governance; compliance; employee engagement	Accessibility; service enhancement; reputation; consumer education;	Environment impact	BEE; community investment

There are more diverse issues for sample organisations in the banking industry, than exposed for the mining industry for this group in all categories. Only accessibility and community investment issues appear common for the banking industries in both countries, but other issues are either addressed in different terminologies (for example, SME support versus BEE) or there is a different focuses altogether. BEE appears to be important for workplace and community categories. The issues tend to lean towards the stakeholders identified earlier, especially for this industry sample organisations (shareholders, customers, suppliers, communities and employees), with sample organisations also identifying government and regulators in addition to the above, (see Figure. 6.3.6).

Table 6.4.15: CSR Issues by Industry Sector (Telecommunication)

Telecommunication industry	Workplace	Market place	Environment	Community
UK03	sustainability training; ethics; skills development; diversity; flexible hours; health and safety	Customer sustainability assistance; product/services; procurement processes; accessibility; inclusivity	Energy use; carbon emission; waste management; climate change;	disaster relief; charity support; investment in community; ethics; privacy and data protection
SA03	Occupational health; corporate governance; employment equity; training and development; union engagement; ethics	Preferential procurement; supply chain risks; customer satisfaction; compliance; education	Energy use; waste management; climate change; carbon footprint	Foundations; partnerships; sponsoring; HIV/AIDS; BEE; talent management; SME development

Occupational health and safety including skills development are key workplace issues for the two organisations in the telecommunication industry. No real similarities have been identified in market place although it can be assumed that customer satisfaction and customer sustainability could be one and the same issue here. It appears there is more focus on preferential procurement in South Africa and as opposed to the procurement process itself as in the UK. Again preferential procurement is aimed at redressing and responding to a key institutional demand, that is, redressing the historical imbalances from a previous political set up. For the UK, organisations procurement process focused more on the ethics of buying as dictated by consumer perceptions. There are common environmental issues of energy use, carbon emissions and climate change. There appears to be similarities here with the mining industry in this category.

Table 6.4.16: CSR Issues by Industry Sector (Retail)

Retail industry	Workplace	Market place	Environment	Community
UK04	Diversity; health and safety; learning and development; equal and fair treatment	Customer focus; responsible sourcing; ethical trading; accessibility	Energy use; waste management; carbon reporting; packaging and paper recycling; WEEE	Literacy championing; charitable trusts; books/resources in hospitals
SA04	Employment equity; skills development; diversity; union representation	Preferential procurement; supplier relations	Bio-diversity; water; carbon footprint; animal welfare; organic and free range; climate change	CSI; schools donations; vulnerable children; enterprise development; BEE; ownership schemes; staff giving; community engagement
SA05	Training and development; workforce equity; health and safety; HIV/AIDS	Local manufacturer; supply chain risks	Carbon disclosure	Enterprise development

There are more similarities in the retail industry (Table 6.4.16) with four common issues for workplace, that is, diversity, health and safety, skills development and employment equality. There are a few similarities for environment category with common issues of carbon footprint and community issues like charitable trusts and donations. Again for this category, there are no similarities, notably for SA, the focus appears to be on preferential procurement and supporting local manufacturers, whilst in the UK the organisations in this industry identified customer focus and ethical trading as key issues.

6.4.7 Comparative analysis of CSR issues (Questionnaire responses)

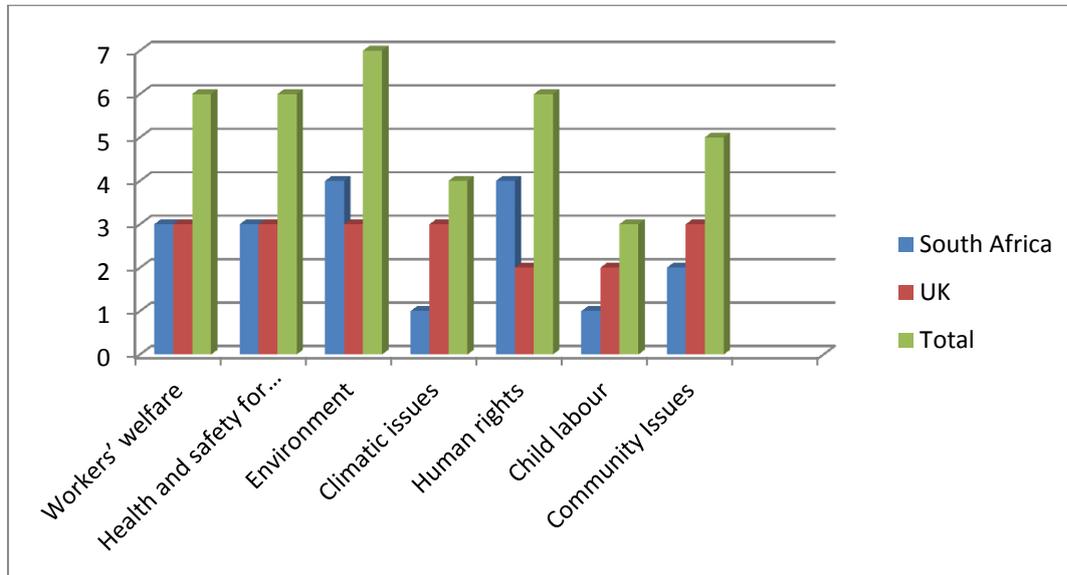
In analysing the questionnaire responses on this aspect of CSR issues the following is revealed:

Question: *Which of these do you consider to be the current major CSR issues for organisations in your industry?*

It is evident from responses (Figure 6.4.11) that environmental issues appear to be high as a CSR agenda issue for most sample organisations in the two countries. There is some disparity as far as human rights as a key issue is concerned, with more respondents in SA sample

organisations identifying this as a key issue than in the UK. The questionnaire results support earlier findings above where we grouped issues into BiTC’s four main categories of ‘workplace’, ‘marketplace’, ‘community’ and ‘environment’ issues.

Figure 6.4.11: Key CSR Issues: Questionnaire Responses



6.4.8 Common CSR issues

In the table below (Table 6.4.17) there is evidence that SA sample organisations have identified more CSR related issues in each of the themes than UK sample units. There is also evidence that sample organisations in SA have identified more stakeholders than in the UK, so as to infer that the number of CSR issues is influenced by the number of stakeholders that organisations identify as key to their operations.

Table 6.4.17: Common material issues from the two countries sample organisations

South Africa		UK	
<i>Dimension/Issues</i>	<i>Count</i>	<i>Dimension</i>	<i>Count</i>
Workplace		Workplace	
Training and dev.	5	Training and dev.	5
Occupational health	4	Occupational health	4
Safety	3	Safety	4
Union Rep.	3	Ethics	3
Governance	3	Flexible hours	2
Ethics	3	Union Rep.	2
Employee equity	2		
HDSA	2		
Market place		Market place	
Preferential focus	5	Accessibility	3
Supply chain risk	3	Supplier diversity	2
		Responsible sourcing	2
		Ethics	2
Environment		Environment	
Env. Impact	3	Emission	2
Climate change	3	Climate change	2
Waste management	3	Waste management	4
Energy use	2	Energy use	2
Carbon foot print	2	Carbon disclosure	2
Community		Community	
HDSA	5	Charity partnership	2
Enterprise dev.	4	Community investment	2
Community investment	3		
HIV/AIDS	3		
Community Partnership	2		
Talent Management	2		

The common CSR issues from sample organisations are mapped against common stakeholders in both countries, (Table 6.4.8). There is evidence to suggest that more of the common issues would reside within community groups, especially the environment and community elements. The common issues are only representative of a few of the main CSR issues for the two countries. This is further evidence that the nature and scope of CSR is dependent on the institutional and stakeholder expectations.

6.4.9 Summary

This inquiry reveals that sample organisations consider CSR as an important activity and have adopted some reporting mechanism in these areas. There is evidence that sample organisations have in place strategies and policy directed towards CSR, although the main focus varies in terms of key CSR issues and stakeholders. Definitional constructions for CSR incline similarly towards same issues. For UK sample organisations, there is more emphasis on community, environment and sustainability in their perceptions of CSR; this is reflected in their mission statements or corporate philosophy towards CSR. The analysis reveals more focus on stakeholder dialogue as is reflected in the stakeholder identification and dialogue process that appears to be more comprehensive for SA sample organisations. CSR issues from sample organisations in SA appear to be a response to socio-economic development and this has been a key focus of specific legislation. There are many regulations in the UK that deal with some aspects of CSR for example, equality, health and safety in workplaces. This tends to support the Carroll's hierarchical view of CSR that legal compliance is a key CSR domain that should be satisfied before moving to the next levels of CSR. The assumption therefore, is that sample organisations in SA view legal compliance as a key CSR issue. Does this infer therefore that the propensity for non-compliance is higher in SA than it is in the UK? This could be an area for future research.

Drawing upon Sethi, (1975) CSR activities may be stable but the nature and expectations vary from country to country and industry to industry. Likewise the management and orientations of CSR initiatives across the two countries is likely to be different (Bagnhn *et al.*, 2006); Welford, 2005). Sample organisations in both countries appear to respond to institutional environment in their CSR practices and communication. The CSR menu for sample organisations in SA is much wider than that for UK sample organisations. The tools employed to make inference were

based on the BITC framework of CSR issues groupings of market place; workplace; community and environment. By adopting the BiTC framework it was possible to analyse the CSR into a matrix so as to answer the key questions like:

- I. What is CSR?
- II. Responsibility for what and to whom?
- III. What are the key CSR issues?

According to Moir, (2001) answers to the above questions will contribute to the CSR debate and are considered fundamental to unearth the CSR phenomenon. CSR issues for sample organisations fit well into the four categories, although the results depict some variations that could emanate mainly from the institutional and stakeholder expectations. These variations have also been traced against industry groups of sample organisations and are consistent with institutional and stakeholder theories as applied in CSR Analysis. For example, there is more workplace and community issues for SA and UK sample organisations than there is for market place and environment. However, the CSR issues that sample organisations have prioritised appear to resemble expectations of key stakeholders previously identified. There is evidence that sample organisations in SA have shaped their CSR responses towards the BEE Act, 2003, a key national context influence.

What appears to drive CSR perceptions and issues is the nature of operations. For example, in the mining industry sample organisations, there is a diversity of community issues for both countries. This would support the notion that social issues will reflect more with the institutional setting in which organisations are operating. For example, it was anticipated that as the institutional environmental for SA placed more emphasis on inequalities, organisations are obliged to reflect this expectation in their CSR philosophy and initiatives.

There is a tendency towards good corporate citizenship for sample organisations in SA, a key observation from the institutional environment which tends to support the notion that organisations may use CSR as a means to bridge or compensate for institutional voids by creating some form of relationships with institutional stakeholders, (Jackson and Apostolokan, 2010). This also supports the view that businesses and society are interwoven, (Wood, 1991) and, as such, business has an obligation to work towards social betterment.

In conducting this inquiry a framework (Fig.6.4.6) combining CPS Sethi, (1975); Carroll, (1979, 1991) and Wood, (1991), depicts that corporate social responsiveness can only be achieved through a variety of steps or stages in the process of identifying the key CSR issues within given contexts. This is based on the notions established during the research that CSR is considered to be a management approach that should encompass key steps in order for organisational initiatives to be seen or perceived to be fully responsive to expectations.

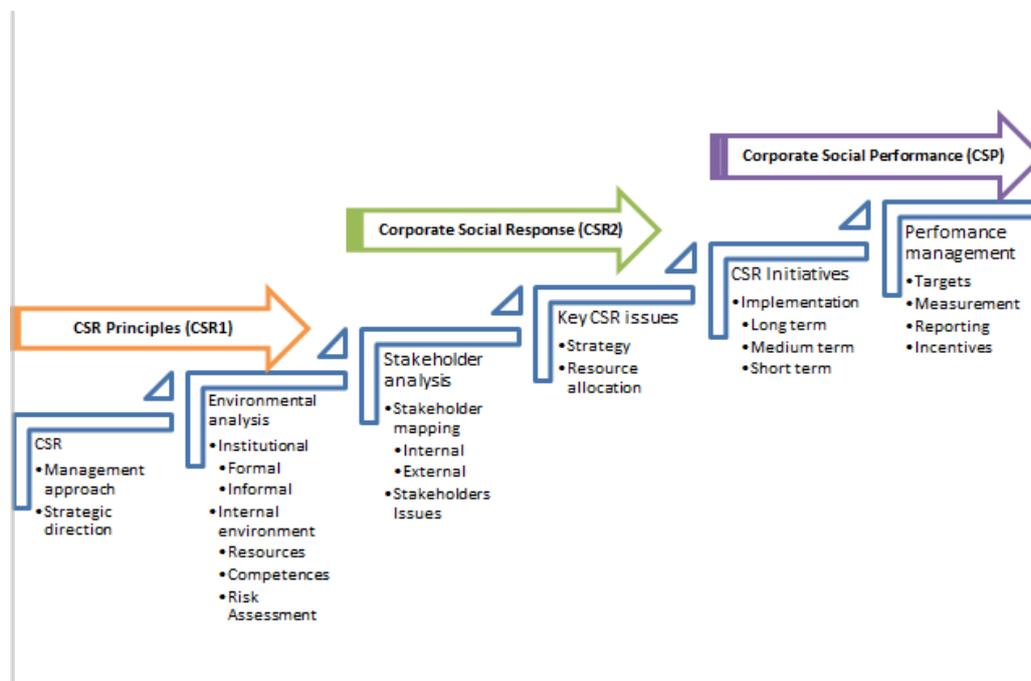


Figure 6.4.12: Framework for Analysing CSR

Defining of Materials issues: Comparative analysis between the two countries

The inquiry revealed that there is a wide range of stakeholder groups that organisations in the two countries have identified. Although there are similar stakeholder groups in the two countries, there is no doubt that the expectations and needs are varied as shown in the list of CSR issues reported by sample organisations. These stakeholder groups are diverse, requiring a system that identifies and prioritises the CSR initiatives. Accordingly, the first step towards this aspect is to identify and group stakeholders, their interests and influences, although this is considered to be a wide-angled approach that may be impractical, (Zadek and Merme, 2003).

It can there be assumed that the relationship between organisations, the nature and pressures from the internal and external environments, for example, institutional factors, have a big bearing on the material issues that are considered important for organisational CSR initiatives.

6.5 Conclusion

This chapter has explored the factors likely to influence CSR perspectives in the UK and SA. These have been explored in terms of formal and informal institutional settings in the two countries. The key findings show similarities in the institutional environment for the two countries, mainly in the formal legislated areas of environmental and workplace issues.

The key stakeholder groups for sample organisations appear to resemble those that Clarkson, (1995) categorised as primary and secondary stakeholders, although there are more groups identified for sample organisation in SA than in the UK. While the menu for CSR is wide for sample organisations in the two countries, the inquiry revealed that some CSR issues are common for sample organisations in the two countries. The key differences relate to the fact that there are more workplace and community issues from SA sample organisations than sample organisations in the UK. The significance of this is the institutional environment that

has been explained earlier, that is, focusing more on workplace, community and environment for SA tends to lean towards more moral and ethical arguments for CSR.

For the UK, there appears to be more focus on workplace, environment and markets thereby tending to lean towards ethical and economic arguments for CSR (Weyzig, 2008). However, sample organisations in the UK and SA seem to mimic each other in workplace issues, especially training and development, occupational health and safety issues. In the following chapter we will discuss the implications of the findings in terms of existing literature.

Chapter 7

7 Discussion

7.1 Introduction

The results of the investigation were presented in Chapter 6 above. This chapter brings all previous chapters together and discusses the key findings of the inquiry in relation to the overall aims and objectives, that is, understand the institutional and stakeholder factors that have influenced organisations CSR in UK and SA. The discussion links these findings with existing literature showing those aspects that are considered supportive and not supportive to the existing body of knowledge. Specifically the purpose and objectives of this chapter are:

- To map out the contributions of this study according to the overview presented in Chapter 1.
- To further discuss the detail of these contributions, linking the different ideas and components together.
- To reiterate each contribution with the literature to which it makes a contribution.
- To provide implications for management, limitations and areas of further research.

7.1.1 Context of CSR

The steady interest amongst business, government, civil society and academic researchers in the debate surrounding the role of business in society (Maignan and Ralson, 2002), appears to have created challenges for CSR definition and what really constitutes CSR performance, (Dahlsrud, 2008; Roberts, 2006; Sethi, 1979; Van Marrewijk, 2003; Wartick and Cockran, 1985). This is mainly because the context of CSR can only be understood by considering the institutional environments that organisations operate within, including the demands and expectations from the stakeholders, (Clarkson, 1995; Doh and Guay, 2006; Freeman, 1984;

North, 1990; Preston and Post, 1975). Whilst CSR has become an all-encompassing ‘buzzword’ for a phenomenon that appears to have different configurations and meanings, (Van Marrewijk, 2003; Dahlsrud, 2008), there are arguments that CSR perspectives evolve within various socio-political contexts, timescales and different pressures from the perceived stakeholder groups (Carroll, 1979; Clarkson, 1995; Frynas, 2005; Margolis and Walsh, 2003; Preston and Post, 1975). The growing expectation for organisations to behave in ways perceived to be socially responsive to a multiple of stakeholders is evident, both from the on-going debate on the phenomenon, and from the extent of the coverage of the CSR issues in organisations’ annual reports as businesses attempt to communicate their CSR initiatives, (Mullins, 2013). This inquiry confirms that institutional settings and stakeholder demands determine the CSR perspectives and resultant organisational CSR motivations and initiatives, (Lozano, 2005; Sison, 2008; Ulrich, 2008; Branco and Rodrigues, 2007; Mitchell *et al.*, (1997). This part of the thesis discusses the key institutional factors, stakeholders and CSR initiatives that influenced organisational CSR perspectives in the UK and SA. Because of the variations in what constitute CSR and the wide variety of CSR initiatives, (Baku and Palazzo, 2008; Crane and Matten 2004; Fairbrass *et al.*, 2005; Van Marrewijk, 2003; Welford, 2004), it is imperative that the discussion begins with definitional constructions for CSR in the context of the investigation. This is also based on Idemudia, (2008) who argued that any analysis of CSR should start with some definition in order to adequately engage with the key determinants of the phenomenon,

7.1.2 Definitions

The literature review revealed that due to the contextual nature of the CSR phenomenon, there is no single definition that can be universally accepted (Ackerman and Bauer, 1976; Dahlsrud, 2008; ORiordan and Fairbrass, 2006; Sethi, 1979; Van Marrewijk, 2003; Visser, 2006; Wartick and Cockran, 1985; Wood, 1991) suggesting that conceptualisation of CSR

remains ambiguous (Woods, 2012). Whilst acknowledging that there are numerous definitions for CSR (EU, 2001; Meehan *et al.*, 2006; Sethi, 1979; WBCSD, 1998), the main focus of this inquiry does not seek consensus on definitions, but rather on understanding the CSR perspectives and nature of initiatives for sample organisations in the UK and SA.

It has not been possible to establish a single definition for CSR for sample organisations in the two countries, however there is evidence to suggest that data analysis of annual reports tended to define CSR in more normative terms, that is, more of the general principles of CSR, than the respondents' definitions that were more specific to include the activities or initiatives that the respective organisations are engaged in. For sample organisations in the UK, annual reports definitions appear to focus on decisions and actions taken by the organisations in integrating the effects or impacts on stakeholders and the environment into business operations, thereby resonating definitions as defined by Davis, (1960) and Waddock (2004; 2006). The link between CSR initiatives to business strategy is also evident from SA sample organisations' annual reports, suggesting that overall CSR for sample organisations in the two countries is viewed as a means towards achievement of corporate objectives, thereby implying some elements of enlightened self-interests driving the CSR initiatives, (Branco and Rodrigues, 2007; Du *et al.*, 2007; Hamann, 2003). There are more of similarities than dissimilarities in the construction of the CSR definition by respondents in sample organisations in the two countries. For example, the use of words like stakeholder, environment, sustainability and community issues for CSR definitions in sample organisations in the two countries, suggest orientation towards CSR-Community; CSR-Stakeholder; CSR- Environment and Sustainability (Torres, *et al.*, 2012). There are views that there is collaboration between CSR- stakeholder and CSR- environmental as good strategic tools for corporate environmental management, (Cheung, *et al.*, 2009). In both countries

'environment' appears to be the most common word, (Figure 6.4.8) further suggesting its dominance as a key area for CSR discourse. However, there is more reference to 'sustainable' and 'stakeholders' in SA samples than in the UK. In view of the foregoing, it is possible to construct a definition for CSR from this analysis as *'business operations that comprise of organisational policies, actions and practices that improve workplace, market place, the environment and communities in a sustainable way of operations'*.

Now that a definition has been constructed, the institutional and stakeholder influences are discussed in the following sections.

7.2 Institutional environment

The research aim is to investigate the institutional factors that have influenced the nature of corporate social responsibility (CSR) in United Kingdom (UK) and South Africa (SA). *The key research questions are what institutional factors are evident in the UK and SA countries that are likely to influence organisational CSR responses? How do these factors manifest themselves in CSR initiatives of sample organisations in the two countries?*

As suggested earlier, the institutional theory provides a coherent framework of analysing the different dimensions within and between geographical units that have influenced organisational practices, (DiMaggio, 1988). This analysis has been based on the theme which is echoed and accepted in the field of CSR, that for a better and deeper understanding of the CSR phenomenon the analysis should be conducted in specific national contexts (Jamali, 2008; Meehan, *et al.*, 2006; Egri and Ralston, 2008). By adopting the institutional theory the premise is that organisational CSR responses are influenced by the institutional environment surrounding their operations, (DiMaggio and Powell, 1983; Hawley, 1968; North, 1991, 1994). For purposes of the investigation, the inquiry identified six main institutional factors that North suggested to be key components of an institutional environment, namely, government policy through legislation and other incentives, national and industry standards,

awareness and promotion of CSR, international CSR related conventions, voluntary CSR schemes and education and training in CSR.

7.2.1 CSR Institutional Factors: UK

The results of this inquiry reveals some evidence of the formal and informal factors, as suggested by Campbell, (2007); North (1991, 1994) and Scott, (1987) in organisational CSR for sample organisations in the UK. Although CSR is often defined as a voluntary “beyond compliance” corporate strategy concerning environmental and social issues, (Commission of the European Communities, 2001), sample organisations in the UK endorse the influence of government policy on organisational CSR through legislation and other incentives on CSR policies. This supports the notions of the role of national governments in mandating and facilitating CSR (Fox *et al.*, 2002) through adopting hard and soft policies towards organisational CSR, (Albadera *et al.*, 2007; Joseph *et al.*, 2003). In the UK, government has provided various guidelines through legislation and fiscal policy requiring businesses to take steps in areas like health and safety of workers, consumer related good practices, environmental and employment related matters. Earlier in the literature review (Chapter 4), it was revealed that there is explicit policy in the UK towards CSR related issues through various legislation and incentives, (Tables 4.2.1 to 4.2.7) suggesting both mandatory and facilitation roles (Fox *et al.*, 2002) of the UK government to organisational CSR. Although there is no specific regulation that is commonly identified by sample organisations in the UK, it is evident that these organisations have considered regulations concerning environmental, social and employee issues in pursuit of their business objectives. This would infer that legal compliance is considered a key CSR issue for sample organisations as argued by Carroll, (1999). While legal compliance could be considered a mandatory for CSR, (Fox *et al.*, 2002) this approach, in view of Albadera *et al.*, (2007), is an outdated approach because it uses the

hard power to influence organisational CSR, as opposed to the soft approach of voluntary CSR..

It would appear from questionnaire response analysis, UK respondents ranked national and industry standards; managerial competences; culture and public opinion as having the greatest influence on organisational CSR, rather than government policy. Therefore this thesis posits that whilst government policy is a key driver for CSR, other institutional factors have influenced organisational uptake of CSR. Government's facilitation role is evident from UK government policy incentives directed towards CSR related initiatives. For example, the provision of tax incentives for community related investments especially for the disadvantaged communities; tax incentives for better energy use or waste disposal have been identified by some sample organisations (**UK02** and **UK03**) in the UK in their organisational CSR initiatives. Other incentives include funding for initiatives in ethical trading, development of tools earmarked at raising awareness and promotion of CSR amongst small to medium enterprises. This is evidence that government appears to complement the hard power (mandatory) approach by providing these incentives, what Joseph *et al.*, (2007) referred to as the soft approach as a supplement to legislation. Fox *et al.*, (2002) argue that this facilitation role encourages organisations to voluntarily engage in CSR initiatives, as observed in the analysis of sample **UK03** annual report that tax incentives would stimulate demand for green initiatives, a key environmental CSR issue.

Questionnaire responses ranked 'managerial competences' as having a high influence on CSR initiatives for the sample organisations in the UK (Figure 6.2.3). One sample organisation in the UK (**UK01**) stated in its annual report that senior executives participate in the CSR related programme, facilitated by London Business School implying the importance

of managerial competences in facilitation of CSR initiatives. On the education and training category, (Chapter 4, Table 4.2.5) it is revealed that 13 of the top universities in the UK have CSR related content in their degree programmes. This is considered a significant institutional factor (DiMaggio and Powell, 1983) considering that traditionally, these institutions of higher learning have been accused of advancing a narrow shareholder view of the organisation, (Mattern and Moon, 2004). The notion advanced now is that adoption of CSR concepts into business strategies is influenced by the skills and values of individual managers working in these organisations, (Lacy and Salazar, 2005), implying that education and training in CSR is a key driver for uptake of CSR initiatives (Hemingway and Maclagan, 2004). The availability of CSR programmes within higher institutions of learning acts not only to enhance awareness of CSR issues, but also to support capacity building for the adoption and implementation phases of CSR initiatives.

Further analysis of sample organisations' annual reports appears to use participation in voluntary CSR related schemes for advancement of organisational CSR initiatives. For example, Ethical Trading Initiative (ETI), Carbon Disclosure Project, Business in the Community is cited by most of the sample organisations in their CSR reporting. Questionnaire responses also identified voluntary schemes as a key factor that influences uptake of CSR initiatives. According to Meyer and Rowan, (1977) these voluntary schemes and standards display strong evidence of mimetic isomorphic response to institutional pressures as organisations adopt and incorporate practices and procedures that are defined by institutional environments prevailing. A good coalition of voluntary schemes is evident in the UK (See also Table 4.3.6) that arose from collaboration between business associations and government. For example, the Business in the community (BiTC) is a charity-based organisation in the UK set up to mobilise businesses to embed sustainability in their business

practices. A key initiative of the BiTC is its CR Index that was set up in 2002 to be used as the CR Index benchmark to assess how organisations have adopted CSR initiatives in their business operations. Other institutionalisation of CSR is that organisations from FTSE350 and Dow Jones have participated on a voluntary basis to be assessed on their CSR initiatives against a relevant Index. Seitanidi and Crane (2009) postulate that these voluntary schemes are becoming essential institutions for cross-sector assessment of CSR performance, thereby creating opportunities for organisations' societal legitimacy, through mimetic isomorphism (DiMaggio and Powell, 1983).

7.2.2 CSR Institutional Factors: SA

The inquiry reveals that government policy, rated highly by respondents, is a key institutional factor influencing organisational CSR initiatives for sample organisations SA. Specifically most sample organisations in SA appear to refer to Black Economic Empowerment (BEE) Act, implying this to be a key institutionalisation of CSR for SA sample organisations. This act provides a framework for developing resources for the different elements of black economic empowerment by local enterprises, through addressing social responsibility issues in areas of human resources, employment equity, enterprise development, preferential procurement, investment ownership and control of enterprises. This is also evident in the CSR reporting by the sample organisations in SA where BEE compliance appears to be a key benchmark. This legislation coupled with other institutional initiatives requires organisational transformation to devise strategies consistent with social responsiveness, thereby presenting coercive institutional pressure to organisations, (Matten and Moon, 2005; Jamil and Sidani 2008; Powell, 1983).

However for Banerjee, (2008) laws and regulations represent the minimum standards and usually they do not provide sufficient protection of stakeholder interests, because of the

inability of the laws to anticipate every social evil. As has been highlighted in the discussion above, legislation provides more of government's mandatory role for CSR, (Fox *et al.*, 2002) which may be viewed inadequate and an outdated approach to CSR institutional pressure (Albadera's *et al.*, 2007). This suggests that other incentives are required to influence voluntary organisational CSR, in their view Albadera *et al.*, (2007), a soft approach to CSR would complement regulation. There are arguments that voluntary CSR arising from the 'business case' for CSR has not contributed fully to organisational CSR commitment in SA, (Hamman, 2004). This argument is based on the notion that corporations have defined CSR in terms of charitable donations without considering the full impacts of operations on local communities. Hamman therefore argued that the business case for CSR requires state intervention to shape the CSR context. The extent of organisational compliance to some of these rules and regulations is questionable and beyond the scope of this thesis. However, legal compliance is a key CSR domain and one criterion for social responsiveness, (Carroll, 1979; 1991).

Formal institutions, through government intervention, were essential in the context of SA to influence the definition of CSR, in order to foster change from the previous institutional environment, (Hamman, 2004; Hamman *et al.*, 2005). According to Hamman, the institutional change for CSR in SA by way of legislation is essential for organisations to address the historical and spatial legacy from the apartheid period. This is based on the notion that the apartheid period was characterised by laws that prohibited black workers access to trade and skilled work, thereby creating an under skilled workforce, (Horwitz *et al.*, 2002). In areas of social inclusion and living standards the apartheid, system promoted racial segregation in the ownership and participation in the economy, resulting in widespread poverty of the majority black population , (World Bank, 2007); with suggestions that these

factors have also contributed to significant health challenges, foremost of which is the HIV/AIDS epidemic, (Hamman, *et al.*, 2005).

This institutional change is also supported by Scott, (2001) who noted that change may be necessary in some contexts to shift interests and focus towards particular stakeholders (Oliver, 1992). Given this fact, it would appear the regulatory environment in SA placed more focus on BEE policy to act both as mandating and facilitating CSR (Fox, 2004). The empirical evidence supports the view that organisations use the BEE policy to package and brand their efforts of responsible business as illustrated by extract SA02 below:

Extract from SA04

'...CSR initiatives in this report have been strongly influenced by the GRI G3 and the Department of Trade and Industry's Codes of Good Practice on Broad-Based Black Economic Empowerment (B-BBEE), and our Carbon Disclosure Project (CDP) ...'

As can be noted from the extract above, it would follow that the organisation has adopted CSR initiatives as a response to specific requirements of the institutional setting. In other words compliance to BEE requirement as a CSR initiative supports Carroll's legal domain of CSR. This is a specific reference to transformation as a key initiative directed towards institutionalised uneven distribution of resources as part of the apartheid system (Percival and Homer-Dixon, 1998; Ramphele and McDowell, 1991; Beall, *et al.*, 2000).

As the socio-political and economic environment for SA is characterised by a high level of unemployment, poverty and inequality affecting the black majority of the country, (World Bank, 2007; Hamman, *et al.*, 2005), the inquiry reveals that the institutional environment for CSR in SA is driven mainly to address the imbalances caused by a long period of apartheid.

The post-independence period created perception gaps between businesses and local communities; for example, the general population expected changes in working conditions and living standards, in addition to creation of employment opportunities. In an environment with negative historical legacies perceived to have been perpetrated by businesses, organisations may find this as an opportunity to be seen to be responding to the demands of the new era.

There are perceptions that government, communities and businesses are likely to interpret CSR expectations differently, (Hamman, 2004) and therefore may affect materiality of CSR issues (Fig, 2005). For instance, Visser, (2006) argued that economic responsibility for businesses is considered far more important especially in an African context where poverty is widespread. So for governments in Africa, contribution towards economic development could be high on its relationships with businesses in order to create employment and provide essential products and services to the population. Societies on the other hand have expectations beyond the economic contribution that include wage increases, working conditions and for SA, redressing of previous imbalances.

The inquiry reveals some awareness and promotions for social responsibilities that have been cited in sample organisations' annual reports. For example one sample organisation, **SA04** stated that they provide input into new policy and legislation via its membership of business and retail-specific organisations, such as Business Unity South Africa (BUSA), the Retail Association and the National Business Initiative, (NBI). There is less evidence from data sources that government provides **CSR incentives** to encourage CSR. This aspect is considered a key weakness as highlighted by Fox *et al.*, (2002) and that the mandatory role of laws and regulations could be complemented by incentives that facilitate organisational

voluntary engagement in CSR initiatives, (North, 1990). There is evidence of **awareness and promotion** of CSR through partnerships between government, civil society and business. These partnerships provide platforms for multi-stakeholder consultations or negotiation of environmental and social issues. Beyond state regulation is also an attempt by organisation to create self-regulation through some **industry standards**. For example, frameworks like JSE SRI, require organisations on the Securities market to benchmark reporting of CSR initiatives in environmental, social and economic practices including corporate governance. This supports the notions that markets are likely to use business association networks to embed socially responsible behaviour, (Brammer *et al.*, 2012). A total of 10 out of 20 top universities in SA provide CSR related programmes and according to Brammer *et al.*, (2012), this is a key institutional influence within **education and training**, essential for management training and the application of concepts CSR.

7.2.3 Comparative analysis of institutional factors between the two countries

The analysis uses the same categories that have been used to identify the formal and informal factors and provide a snap shot of these factors by inferring whether influence can be low, medium or high, based on the analysis of annual reports and questionnaire responses, (Table 7.2.1). Using Fox, *et al.*, (2002) CSR roles by government, the analysis reveals a mixture of mandating and facilitating roles for both countries, although the UK government appears to play more of the facilitation role, especially in the provision of incentives. Table 7.2.1 shows a stronger political structure and will for the UK than in South Africa, for example, the appointment of a CSR Minister²⁶ in the UK, although both countries have a strong regime of regulations towards certain aspects of CSR. There is more awareness and incentives provided

²⁶ The position of CSR Minister in the UK has since been abolished since the coalition government formation in 2010.

towards the promotion and encouragement of uptake of CSR into the operations of organisation in the UK, with a more voluntary approach.

Table 7.2.1: Formal Factors: Comparative Analysis

Institutional Factor and Rating	UK			SA		
	Low	Medium	High	Low	Medium	High
Government policy through Legislation		Medium				High
Government policy through other incentives		Medium			Medium	
National Standards of responsible behaviour			High			High
General awareness and promotion of CSR			High		Medium	
Industry standards and codes of practice			High		Medium	
Voluntary CSR schemes		Medium		Low		
International conventions on CSR		Medium			Medium	
Managerial competencies in CSR			High		Medium	
Culture and public opinion about CSR			High		Medium	

There are strong influences of national standards for sample organisations in both countries, with government considered to be significant factors in SA. The UK government appears to play a facilitator role as far as international CSR related institutions are concerned for example, the European Union and OECD²⁷, which advocate policy formulation that promotes rather than coerces uptake of CSR initiatives, (OECD, 2012). This government role also aligns with the notion that government, as an actor within institutional settings, is a significant influence of social, political and economic life in any country, (Arya *et al.*, 2008; Fox, *et al.*, 2002; Kherallah and Kisten, 2002). Although it can be assumed that Africa is the recipient to most of the CSR sustainable development initiatives from a global perspective, (World Bank, 2004), SA’s organisational CSR environment is also influenced by international factors similar to the UK. The World Summit for Sustainable Development was

²⁷ As one of the founding member of the OECD, the UK issues Guidelines to Multinational Companies, published in 2009 to raise awareness and has become a useful CSR tool for organisations doing business across the borders of the country, (OECD, 2010). the EU which commission also participates in the OECD has provided various forums for promotion of CSR.

held in Johannesburg SA, in 200 and issues arising out of the summit, that is poverty reduction and social inclusion, are key policy areas for the SA government. The UN Global Compact and Global Reporting Initiatives have been cited by sample organisations as benchmarks for organisational CSR for both countries, especially in areas of stakeholder consultations and reporting.

Although no specific incentives were identified from data analysis of sample organisations in SA, respondents in both countries considered these factors to be important, with potential medium influence on uptake of organisational CSR (Table 7.2.1). Awareness and promotion is facilitated mainly by civil society although the government has put in place administrative platforms for multi-stakeholder consultations, especially in the area of environmental issues. On the international influences, SA appears to integrate with key CSR related influences. For example, SA is one of the five OECD Partners where as a key Partner, the country is expected to foster forms of partnerships and collaboration with OECD countries in terms of corporate governance, environment, labour and other areas, (OECD, 2012).

National and industry standards

The analysis suggests a more structured institutional framework for both countries although the UK appears more voluntary in nature than the SA policy approach. This is based on the notion that in South Africa, businesses appear to be responding to BEE Act, requiring organisations to participate in addressing poverty and other inequalities inherited from the previous institutions under the apartheid regime. For both countries, businesses appear to have adopted what Campbell, (2007), observed in that business organisations may establish own regulations or socially acceptable behavioural standards or codes of conduct, (North, 1993). According to Kolko, (1963), this may be done in anticipation of, or in order to avoid, future state regulation, (Schneiberg, 1989). It would appear both countries have institutions

that influence socially responsible investments (SRI), for example, in SA and the JSE SRI Index providing benchmarks for companies to demonstrate socially responsible performance, whilst in the UK indexes like FTSE4Good also aims at increasing accountability and change towards corporate social performance. It is likely that investors and potential investors will use, in addition to financial performance, social and environmental performance in investment decisions, (Collison *et al.*, 2009).

Education and training

The provision of CSR related programmes within the education and training institutions in the two countries appears to be a key institutional factor considering the views above. This also signifies the importance that is being placed on CSR practices in the two countries through education and training. CSR education is important especially in the argument that institutions of education are accused of brainwashing students towards shareholder value ideology (Matten and Moon, 2004) and biases against and discouraging business ethics as a study field (Hosmer, 1999). This institutional factor is considered a key catalyst to CSR activities and programmes, (Pfeffer and Fong, 2004; Cornelious *et al.*, 2007) because as Matten and Moon (2004) noted, criticisms have been levelled against Business Schools for only focusing on the narrow shareholder value ideology. There appears to be more CSR related programmes in the UK than in SA, for example, 10 of 20 top universities in SA compared to 13 of top 20 in UK offering CSR related degree programmes²⁸ (Table 6.2.2). The argument put forward is that the extent to which educational and training institutions embed CSR thinking into their curriculum is important for the effect of these programmes in equipping students with the right posture to influence CSR thinking (Matten and Moon, 2004; Person, 2012). This is an opportunity for future research.

²⁸ The analysis did not go further to identify the content of the programmes in terms of the most popular terms used to describe these programmes. This could be an opportunity for future research as this was outside the scope of this research inquiry.

International Influences

Although governments in the two countries are key drivers for CSR through policy, legislation and other promotional activities, sample organisations in both countries seem to engage with broader international standards concerning CSR (such as the UN Global Compact, the OECD's Guidelines and the ILO's guidelines). A variety of key international influences appear to feature for the two countries' institutional settings, but the key ones are the UN Global compact; International Labour Organisation; Organisation for Economic Co-operation and Development (OECD), Global Reporting Initiatives, (GRI). For example, the Global Compact, ILO and GRI have been used by sample organisations to benchmark performance and reporting, whilst in others the international institutions have influenced the national institutional setting. At an aggregate level, the inquiry results reveal that CSR in the two countries tends to have been shaped and influenced by national as well as international institutional settings. Below are extracts from sample organisations in SA showing international influences into corporate mission and practices. The foregoing would corroborate other studies, (Midttun, *et al.*, 2006), where national contexts have been modelled around regional or international settings, mainly because stakeholders are no longer localised but have become international in nature, (Wanderley *et al.*, 2008). However, it has been argued that the initiatives arising from such international conventions are perceived inherent weaknesses in that they are voluntary initiatives presenting challenges in implementation, monitoring, accountability and lack of enforcement capabilities (Kell, 2005; Vormedal, 2005). Notwithstanding the weaknesses above, reporting standards for universal CSR domains, for example, human rights, labour and the environment have all been subjected to international scrutiny irrespective of activities of the operation, (Amnesty, 2002; Guthrie and Parker, 1990; OECD, 2000; Trotman, 1979; WCED, 1987; UN Global Compact, 1999). There is sufficient evidence therefore to corroborate Chen and Bowvain, (2009) in that organisations are responding openly by reporting on the social and environmental impacts of

their operations using a variety of global reporting standards, such as the Global Reporting Initiative and the UN Global Compact, a clear signal of converging of CSR issues from this aspect. Although Chen and Bouvain, (2009) argued that in some regions CSR is converging, whilst in yet other regions there could be a diverging trend the inquiry results appear to show converging of CSR perspectives towards reporting standards, an institutional isomorphism from the external force, (Aldrich, 1979; DiMaggio and Powell, 1983). The converging or diverging of CSR depends to a large extent on the influences from the international scene, an argument raised by Risse, (2007) that international programme and standards have created an environment for CSR responsiveness.

Summary

The institutional theory has illuminated the cross-country CSR perspectives, from an institutional environment, the research considered prerequisite for understanding organisational CSR in the two countries. This is supported by Brammer *et al.*, (2012) who noted that comparative studies for CSR requires insights into institutional environments under which organisational CSR are developed. In the context of the institutional perspective, the inquiry has revealed that formal and informal systems in the two countries have influenced and, in some cases, exerted pressure on organisations behaviour in socio-economic and environmental issues. What is likely to emerge out in the ensuing discussion is the extent to which organisations respond, conform to, or the strategies adopted for CSR responsiveness will differ from organisation to organisation and country to country (North, 1990; Oliver, 1991; Scott, 1990). Clearly governments in the two countries play a significant part in institutional environment for CSR. Whilst proponents for CSR have emphasised voluntarism in organisational CSR, this thesis has revealed and supports notions of a new role played by governments as posited by Fox *et al.*, (2002), that is mandatory, facilitation,

partnering and endorsing. Governments have influenced CSR through legislation (mandatory) incentive, education and promotions, facilitation, partnering with business and civil organisation and provided some tools as a benchmark for monitoring CSR initiatives. National and international standards have also had significant influences on organisational CSR in both countries.

It is possible that other factors that influence organisational behaviour or organisational response to CSR could be a product of stakeholder influences, (Preston and Post, 1975). The relationship between the institutional theory and stakeholder theory, in this view, is that these institutional settings have been able to exert pressure on organisations to be accountable to a multiplicity of stakeholders, (Gray, *et al.*, 1996). The institutional settings have also created space for stakeholders to demand certain actions from organisations and this brings this discussion to the aspect of stakeholder theory.

7.3 Organisations' stakeholders

The key research questions are which stakeholders receive the greatest attention from sample organisations in the two countries? Do firms in particular industries across the two countries tend to emphasise particular stakeholders and CSR issues?

Earlier in the literature review, it was noted that organisations' success and performance in CSR initiatives depends on and is influenced by the organisations' actions and relationships with their stakeholders (Blowfield and Frynas, 2005). The inquiry adopted the stance that there can be no CSR without stakeholders (Lindgreen *et al.*, 2009; Sethi, 1979; van Marrewijk, 2003), and that organisations face challenges in prioritising material CSR issues as they attempt to balance the diverse interests of various stakeholders, (Hillman and Keim, 2001; Mitchell *et al.*, 1997; Pfeffer and Salancik, 1978; Freeman, 198; Gray, *et al.*, 1996) The question then is who these stakeholders are for sample organisations and which of these

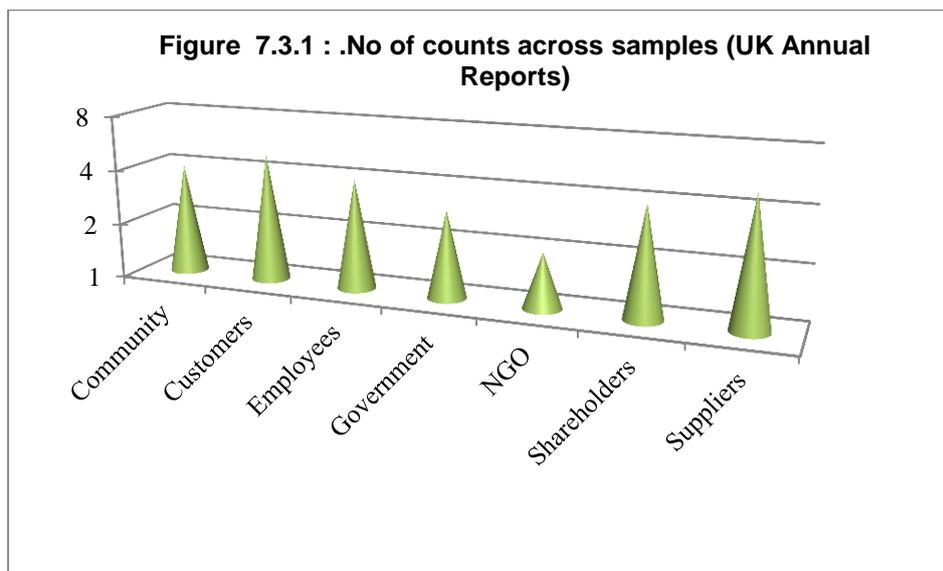
are key stakeholders or group of stakeholders likely to influence organisational CSR initiatives. Sample organisations in the two countries have explicitly identified stakeholders that are considered essential in their CSR initiatives; this in itself is evidence to support the notion that organisations recognise the importance of stakeholders in their CSR strategies, (Branco and Rodriguies, 2007; Clarkson, 1995; Freeman, 1984; Xhaufclair and Zune, 2006). However, identification of stakeholder alone without interpretation of their expectations may not constitute social responsiveness, (Clarkson, 1995; Donaldson and Preston, 1995; Lindgreen *et al.*, 2009; Werther and Chandler, 2011). The level of conceptualisation of CSR responsiveness is reflected in the extent of stakeholder management adopted by sample organisations.

7.3.1 Stakeholders for UK sample organisations

From a large listing of stakeholders (Annexure 10.8), the inquiry results reveal that the sample organisations in the UK have a set of key stakeholders that are common stakeholders (Figure 7.3.1) across the samples that also reflect the primary stakeholders, (Clarkson 1997; Hillman and Keim, 2001). There is a wide variation in the numbers of stakeholders identified by sample units and this is reflected by the sector or industry of operation. Sample units are located in different industries and there is evidence to suggest that organisations in some industries perceive to have more stakeholders than others. For example, high visibility industry organisations, like mining and retail, have the higher number of stakeholders with dialogue methods for each of the stakeholders clearly set out, (See Annexure 10.8). This aspect will be discussed further in section 7.3.3, that compares stakeholders for different industries and countries that follow. Although the other sample organisations have lower numbers of stakeholders, there is evidence of dialogue methods with respective stakeholders groups. This is evidence that sample organisations appear to maintain some dialogue with

these primary or key stakeholders inferring an attempt to developing some relationship with these stakeholders.

If this group is considered to be the key stakeholders for the sample organisations, then this would tend to enhance the stakeholder theory that suggests that organisations are likely to develop some relationships with critical stakeholders in order to generate long term value, (Carroll, 1989; Freeman, 1984; Elkington, 1998; Grayson and Hodges, 2004; Post *et al.*, 2002; Willard, 2002; Zadek, 2004, 2008). There is also a growing attention towards ethical purchasing to an extent that buyers are also influenced by CSR performance of their suppliers, (Joseph, *et al.*, 2003).

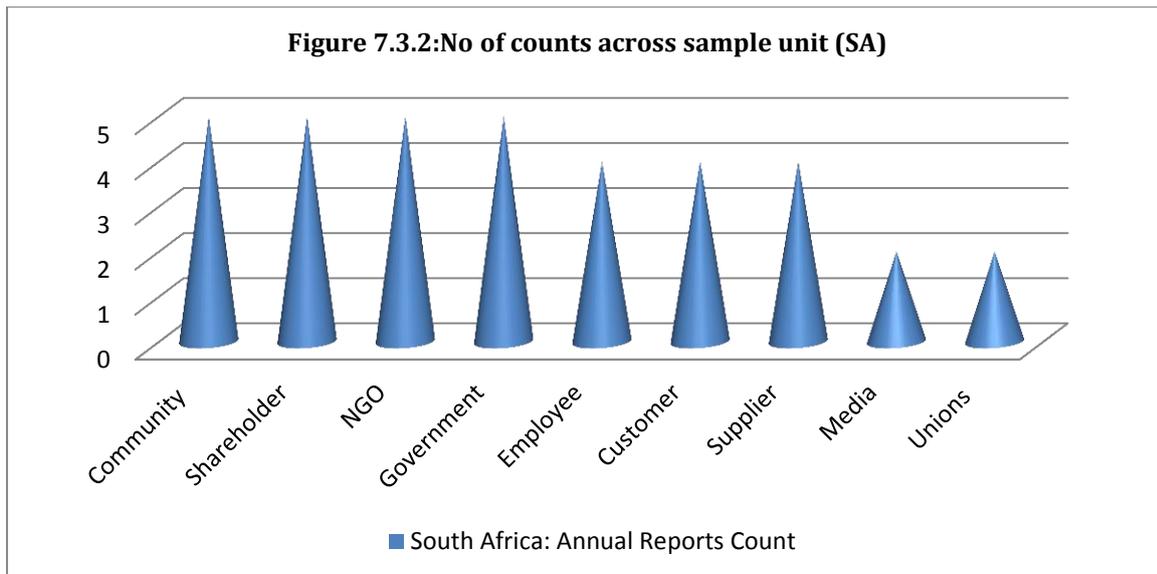


There are arguments also that employers with a bad reputation are unlikely to attract and retain competent and skilled employees, (Joseph, *et al.*, 2003). For example, a study conducted by Draper, (2002) revealed that over 70 per cent of highly skilled employees stated that they would consider social and ethical initiatives in selecting a prospective employer. Analysis reveals that only NGO as a secondary stakeholder is common for sample organisations in the UK. Although not transacting directly with the organisation as primary stakeholders would, NGOs, media and other interest groups have the capacity to affect the

long term reputation of the organisation, (Freeman, 1984; Gao and Sirgy, 2006; Wheelan and Hunger, 2006). In fact, according to Wheelan and Hunger, secondary stakeholders present the most effective source for reputational risk for organisations due to the absence of a formalised monitoring system. This would imply that when things go wrong it may be too late for corporate image and sample organisations in the UK may be exposed to this risk, due to the growing activism against perceived irresponsible behaviour (Rowe, 2006; Lewis, 2003).

7.3.2 Stakeholders for SA sample organisations

The results reveal variations in the number of stakeholders per sample units in SA. This also reflects, as in the UK, the different sectors that sample units' operations are located. Sample Figure 7.3.2 below, provides a summary of the stakeholders identified by at least two sample units from analysis of the annual reports, with nine stakeholders appearing to be common for the sample units. The group of stakeholders comprise of primary, (community, shareholder, government, customer, suppliers) and secondary (NGO, media, Trade Union) stakeholders, (Clarkson 1997; Hillman and Keim, 2001). The analysis reveals that **SA01** has the highest number of 14 (fourteen) stakeholders with the lowest number of six for sample organisation **SA05**. It has not been possible to identify any stakeholders from **SA06** annual report. A further discussion will ensue on comparative stakeholders between industries and countries in section 7.3.3 below. A further look at the common stakeholders identified by the sample organisations in SA (Figure 7.3.2) reveals that government and shareholders are identified by five organisations, whilst community, customers, suppliers and NGOs are common for four sample organisations.



Government is a key stakeholder for sample organisations in SA and this appears to reflect the institutional environment discussed earlier. Earlier in this thesis the institutional environment seems to be reflected by the stakeholders that are identified as common for sample units, this will be discussed further in the section below.

7.3.3 Comparative analysis:

It is evident from the annual reports and the questionnaire responses that the sample organisations have identified several stakeholders normatively and, in some sample organisations, there are structures and policies for managing a variety of stakeholders in the process CSR initiatives. From a variety of stakeholder identified, the results reveal a set of stakeholders to be common to the sample organisations in the two countries as shown in Figure.7.3.3.



Figure 7.3.3: Common stakeholders for sample organisations in both countries

The groups appear to be in line with Clarkson, (1995) classification of stakeholders in that they have some claim of ‘ownership, rights or interest in the organisation and its activities, past, present and the future’, (pp. 106). When managers think in terms of stakeholders, they can classify groups according to the stake, (Coombs and Holladay, 2012), so that for CSR, stakeholders are conceptualised in term of concerns and interests, although in some cases influence and power, (Mitchell *et al.*, 1997). For example, some stakeholders shown above (customers, suppliers, employees and shareholders) are considered key market actors for sustainable organisational strategies. According to Joseph, *et al.*, (2003) the market actors are important stakeholders as they are capable of withdrawing the flow of essential resources into the organisation, (Frooman, 1999; Yang and Rivers, 2009). The other civil actors like NGOs are concerned about depletion of natural resources. As the above groups are common for sample organisations in the two countries, this would signify their importance and influence irrespective of the country context or industry.

There is evidence that some of the common stakeholders are a reflection of institutional environment. The **shareholder**²⁹ has substantial influence and is interested in the CSR initiatives of the organisations mainly from SRI and brand reputation perspectives, (Yang and Rivers, 2009). For organisations in SA, shareholders are considered influential from the perspective of SRI screening organisations on JSE for social responsiveness. (Van de Ven, 2005; KCCG, 2002). The King Report 111, (2009), SA, requires organisations to embed social and environmental issues in their annual reporting, suggesting that responsible governance is part of any CSR analysis (Ralston, 2008). The Companies Act 2006 in the UK creates an environment where shareholders and investors become interested parties for organisational CSR. Although the sample organisations from the UK have not been selected from similar constituents like the JSE SRI, (for example, FTSE4Good Index), organisations in the UK have still identified the ‘shareholder’ as a key stakeholder in their CSR reporting. It is reported that more people in the UK are now concerned about how their money is invested (Friedman and Miles, 2006), whilst reputational risks arising from how organisations manage environmental, ethical and social reputation has become a key corporate governance issue.

The identification of **employees** as a common stakeholder for sample organisations appears to support the view that employees can affect or be affected by the direct actions of the organisation’s operations. It has been noted earlier that health and safety of employees took priority over any other issue for some sample organisations. In some cases employees appear to be given priority over other stakeholders as stated in CSR definitions for **UK01** *“create value for its shareholders in a sustainable manner, minimising our environmental impact, working in collaboration with communities and other groups and prioritising the health and safety of our workforce over production or profits.”*. This supports Lau and Duthie, in

²⁹ The shareholder (SA) and investors (UK) have been grouped together and for purposes of this discussion the term ‘shareholder’ is used to denote the above.

Allouche (2006), that employees are one of the most important stakeholders for CSR initiatives with a majority of initiatives directed to target this group. Again the institutional environments for both countries appear to influence organisations to consider employee related issues in their CSR initiatives. For example, governments in both countries have mandated through legislation, employee related issues like health, safety, equality and working conditions. Sample organisations appear to respond to this aspect as evidenced by extracts below:

‘Our employees expect to be treated fairly, offered secure jobs with training and the opportunity to develop their careers’. (UK 04 Annual report, 2010)

‘Our inclusive approach is designed to ensure a rich diversity to our employee base, and to foster a culture that is not only innovative, entrepreneurial and performance-driven, but also based on integrity, fairness and mutual respect. We have a zero tolerance policy towards discrimination and we protect the rights of employees to collective representation’. (UK01, Annual Report 2010)

This is because human resource is a key asset and organisations cannot afford to be seen or perceived as doing some harm to people, (Welford and Frost, 2006).

The **customer** featured as a key stakeholder for most of the sample organisations in both countries, except for sample organisations in the mining industry for SA. Although Sample **UK01** and **SA01** identified ‘customer’ as a stakeholder, there is no evidence of explicit CSR stakeholder strategy for customers. These organisations focused more on health and safety of operations, environmental and community development issues. Clearly other sample organisations have explicitly stated importance of ‘customer’ as a key stakeholder for the strategies. For example, **UK02** stated ‘Our aim is to put our customers first. This means thinking about customers first in everything we do, understanding and anticipating their needs, and delivering on our promises. This approach is core to the success of our business strategy, so that we build strong and long-term relationships with our customers’ (**UK02**

Annual Report, 2010, pp. 14). Another example is provided **SA03** when they stated that *'Customer satisfaction and defending profitable revenue through customer retention and loyalty are our primary concerns when engaging with customers....our aim is committed to meeting customers' needs at every level and we monitor customer satisfaction throughout the business using various mechanisms.'* (**SA03**, Annual Report 2010, pp. 34). It is evident for these sample organisations that customers are central to their business strategies, supporting Joseph, (2003) who observed that customers are key market actors for the survival of organisations. By focusing on the customer as a key stakeholder, sample organisation **UK02** attempts to maintain or establish long term relationships and influence perceptions regarding the image of the organisation.

The **government** is perceived to play a significant role in influencing CSR through various mechanisms for example, legislation and other tangible incentives for initiatives or penalties for non-compliance in some cases. Sample organisation **SA04** observed that *'In addition there has been significant legislative development in South Africa around climate change and the green economy in the last few years. The Group's corporate governance processes have been reviewed to ensure adherence with these changes and to maintain best governance and reporting practices'* (**SA05** Annual Report, 2010, pp. 8). It was revealed earlier that governments in the two countries have clearly set out legislation in some aspects related to CSR and by identifying government as a common stakeholder would imply a response to institutional pressure.

It can be argued that the more rules and regulation there are in an environment towards CSR related issues, the more likely those organisations will behave in socially responsible ways, a view supported by (Hamann, (2004) and Stone *et al.*, (2004). Governments that enact CSR

regulations are effective in establishing social expectation about corporate responsible behaviour and also promoting the idea that corporations have an important role to play in addressing social problems, (Aguilera *et al.*, 2007; Arya and Zhang, 2009). This corroborates with literature that corporations adopt CSR in order to secure legitimacy (Bansal and Hunter, 2003; Waddock and Grove, 1997) and some of the sample organisations demonstrate this by continuing to monitor the legislative environment in order to ensure compliance. Our findings that place government as a key stakeholder are also consistent with Runhaar and Lafferty, (2008) who advanced the view that governments continue to play a major role for promoting and enhancing CSR. There are arguments that with or without legislation, organisations can still engage in CSR, especially in relation to good and effective corporate governance, (Borzel and Risse, 2010). It is also evident from the analysis that the traditional instruments of legislation are in the forefront in both countries, although the challenge is in the capacity for enforcement, especially for organisations operating in countries with a weak legislative environment.

The **non-governmental organisation (NGO)** has emerged as a key stakeholder for four sample organisations in the two countries. For sample organisation **UK02**, it is evident that they consider NGOs in developing some of the CSR related initiatives as per this statement, *'...participating in industry-wide forums and discussion groups such as the NGO Forum, on environmental risk, ...'* (**UK02**, Annual report, 2010, pp 34). Sample **SA03** stated that *'We mainly engage civil society through a funded NGO that funds different projects that are aimed at empowering different sections of our society'*, (**SA03**, Annual Report, 2010, pp. 34). This appears to confirm Sikkink and Smith, (2002) that NGOs are emerging as key entities working with businesses towards CSR related initiatives. The advancement of human rights has seen NGOs becoming key social forces over the last decade. For SA the role of the NGOs

from a government perspective has changed from unfavourable in the apartheid period up to 1994 to a favourable relationship with current government. (Habib and Taylor, 1999). The actions of the NGOs in campaigns against foreign investments in SA placed the NGOs at loggerheads with the apartheid regimes (Coombs and Holladay, 2012; Lashgari and Gant, 1989). However the role of NGOs has shifted since the mid-1990s in that previously they targeted government and are now targeting businesses, especially MNCs, to be more responsive towards social and environmental issues, (Doh and Guay, 2006; Scherer and Palazzo, 2010).

The Sullivan Principles and other NGO initiatives have become key indicators of CSR performance from a global perspective, thereby raising the status of NGOs, (Rolland and Bazzoni, 2009). This is consistent with the findings that this group of stakeholders has been considered a core group by some sample organisations in the two countries due to its ability to utilise the power of the media to lobby, activate dialogue and in some cases expose what can be perceived to be unethical behaviour by some organisations, (Sending and Neumann, 2006; Lester and Hutchins, 2009). The NGOs' role as a key stakeholder is then seen as a conduit through which local development and service delivery to the disadvantaged is channelled, mainly in the set-up of education centres, rural clinics and literacy campaigns, especially from a South African perspective. The same group has deliberately partnered with other key stakeholders, for example, donor organisations in Europe and the UK in particular, in the provision of public services in South Africa, thereby gaining the trust of communities in areas of operations. Although perceived to receive substantial funding from Western or European countries, many NGOs have grassroots beginnings, (Robins, 2008), for example, the South African Homeless Peoples Federations and the Treatment Action Campaign for AIDS related victims. Because of these external funding structures, some of their efforts

have been caught up in political conflicts when working with local communities, reinforcing the point that stakeholder interests may be conflicting at times, (Mitchell *et al.*, 1997).

The **community** has also been identified as a key stakeholder by most sample organisations in the two countries which claim to engage and respond to the needs of their respective communities. Earlier we observed that CSR models that place initiatives directed towards the community are grouped as philanthropic acts (Carroll, 1979, 1991; Matten and Moon, 2005; Waddock, 2004). In some cases CSR is perceived as a synonym for philanthropic acts (Meehan *et al.*, 2006; Zadek *et al.*, 2002). The question that Durham *et al.*, (2006) posed was on the definitions of ‘community’ as a stakeholder. Noting that community is no longer restricted to geographical locations due to technological developments, organisations will do well in classifying this group further to ensure that engagement methods are appropriate. For example, for geographically located communities, an organisation may adopt a negotiation style based on a strategy with selective information sharing with the local community. For example, Respondent **UK01** state *‘that dialogue methods must be clear in many forms at site and commodity levels as these are considered to be equitable, culturally sensitive, transparent, and commercially possible’*. Another sub-group of community is ‘community of interest’ Durham *et al.*, (2006) and this would require a different approach to dialogue methods. Although the negotiation could still adopt a ‘win-win’ strategy, information sharing requires a continuous dialogue with the objective of seeking cooperation from this particular group.

Another key stakeholder identified by sample organisations in both countries is the **supplier**. More organisations in the UK sample identified supplier as a key stakeholder than those in SA. It would appear that sample organisations in the UK are more focused on the risks

associated with global supply chains in terms of labour practices, human rights and environmental issues. This appears to be in response and adherence to international practices requiring organisations to do business with suppliers and subcontractors who embrace high standards of business conduct (OECD, 2006). For organisations in South Africa, the focus is on preferential procurement, that is, the policies those suppliers adhere to in the selection and award of contracts, this includes adherence to regulations like BEE act of 2003.

Dialogue approaches

There is evidence that in some cases the sample organisations have adopted some mechanism of dialogue with their key stakeholders. The analysis reveals that eight of the sample organisations in the two countries have clear dialogue methods with key stakeholders, with six reporting that materiality of issues is derived from this dialogue. The essence of their approach appears to be demonstrating that all stakeholders have been mapped in order to select the best alternative dialogue methods, while recognising the diversity of stakeholders and their expectations. Dialogue methods identified include codes of conduct, regular briefings, meetings, help desks, intranets and websites. It has not been possible from this inquiry to establish the effectiveness of these dialogue methods in the selection and prioritisations of the key material issues. Stakeholder dialogue is a key phase for social responsiveness, so that its absence from existing models renders CSR initiatives questionable and incomplete. The thesis supports the notion that the only way an organisation can claim responsiveness to CSR is by adopting a systematic method for identifying key stakeholders, with dialogue methods for identifying the key material issues with clear reporting to demonstrate performance.

Reporting is a key stakeholder and CSR issue because the institutional environments have created the need for accountability in specific areas, (Dawkins and Ngunjiri,2008). This would imply that organisations are expected to demonstrate their accountability to CSR expectations through this feedback loop. A notable institutional environment for sample organisations in the two countries is adherence to the GRI principles of reporting which principle states that '*a primary goal of reporting is to contribute to on-going stakeholder dialogue...*' (GRI, 2002, pp. 9) and the AA1000, which also states that '*...reporting process over time of the aspirations and needs of all stakeholder groups....*' (AccountAbility, 1999, pp. 7). In this respect eight of the sample organisations from both countries have adopted GRI and AA100 principles in their reporting structures. Although voluntary in nature (EU, 2002), public pressure and civil society have been a vehicle bringing pressure on corporations to respond in the way they are reporting in their CSR reports (Lund-Thomsen, 2005). These and other standards, like the Global Compact; Global Reporting Initiative (GRI); OECD principles and Ethical Trade Initiatives (ETI) in the UK, appear to provide and play a validation role for those organisations that claim to be socially responsible (Meehan *et al.*, 2006).

There are similarities and dissimilarities in a variety of disclosure of CSR activities through publication of reports by sample organisations in the two countries. The inquiry establishes that, firstly, although there is no standard reporting structure for CSR between organisations in each of the two countries, there are clear attempts to disclose CSR information in some form. Secondly it is also clear that CSR reporting by organisations tend to adopt the mimetic isomorphism (Campbell, 2007), in that reporting has been framed towards compliance to local industry standards and global reporting indices. While there is a difference between organisations in relation to type of reporting and size of the reports, the reporting trend

signifies a willingness to inform a variety of stakeholders about the key CSR activities by the organisations (Idowu and Papasolomou, 2007). For example, one sample organisation in SA stated that they *'To provide stakeholders with an integrated and succinct view of the Group's sustainability performance...'*, (SA03 Annual Report, 2010, pp. 2), yet another sample organisation (SA01), stated that it produced an integrated report as a primary vehicle for communicating with its broad range of stakeholders. Another in the UK stated that the *'....report is about the actions we are taking and contains examples of our commitment from right around the business...'* (UK03 Annual Report, pp. 1).

The challenge associated with the application of the stakeholder theory to CSR is how organisations can respond to the multiplicity of the stakeholders and their seemingly conflicting interests and expectations (Sternberg, 2004). As Matlay, (2009) noted *'stakeholders' expectations are complex and varied; reflecting a heterogeneous range of individual, group and community needs'* (pp.355). This multiplicity of interests and expectations reflects the famous definition referring to stakeholders as individuals or groups who are affected or can affect the organisation (Freeman, 1984).

The views of stakeholder theory by Donaldson and Preston, (1995) are evident in the application of the stakeholder model from the sample organisations in that all sample organisations appear to have adopted a normative nature to the stakeholder model (Donaldson and Durfee, 1999; Donaldson and Preston, 1995; Evans and Freeman, 1988; Freeman and Phillip, 2002). A wider range of stakeholders has been identified and in some cases dialogue methods appear to be standard across all groups. Although the investigation revealed that organisations that have more stakeholder groups appear to have clear policies and procedures

for dialogue with the respective groups, there is no evidence to suggest a stakeholder analysis.

It can therefore be argued here that the stakeholder model has provided organisations in the two countries opportunities for improving dialogue and relationships with key groups that impact on the organisations' objectives, (Cooper and Owen, 2007; Kay, 1997). The characteristics and nature of expectations differ across countries and this is due to the institutional environmental setting and timescales. Organisations in our inquiry have used the stakeholder theory applying all perspectives, that is, the normative, descriptive, instrumental and managerial perspective. In some cases it has been noted that due to the institutional settings, sample organisations have explicitly categorised some stakeholders to be more important than others, (Illia and Lurati, 2006)

It can therefore be deduced that that managing stakeholder interests and influences will enable organisations to direct CSR initiatives to achieve organisational objectives and maximise organisations' performances, (Agle *et al.*, 1999; Berman, *et al.*, 1999; Welcome *et al.*, 2003). The thesis observed that the challenge for the organisations is in the application of the stakeholder theory within institutional settings that may present varied and conflicting stakeholder interests and expectations. It can be noted that sample organisations have varied approaches to this aspect. This could be attributed to the ability of organisations to integrate stakeholders' theory into their CSR strategy and this depends to a large extent on the capabilities of the managers in these organisations. For example, Ayosu, *et al.*, (2006) identified two capabilities that organisations' managers must demonstrate in order to benefit from stakeholder value or gain competitive advantages. These are capability to interact with stakeholders and the

capability to assimilate insights from the stakeholder analysis. In order to achieve desired results and to demonstrate these capabilities the thesis proposes the following approach:

- Stakeholder identification
- Stakeholder mapping
- Stakeholder dialogue methods
- CSR issues management

Based on Bower and Mahajan, (2012, it is possible to hypothesise those organisations that:

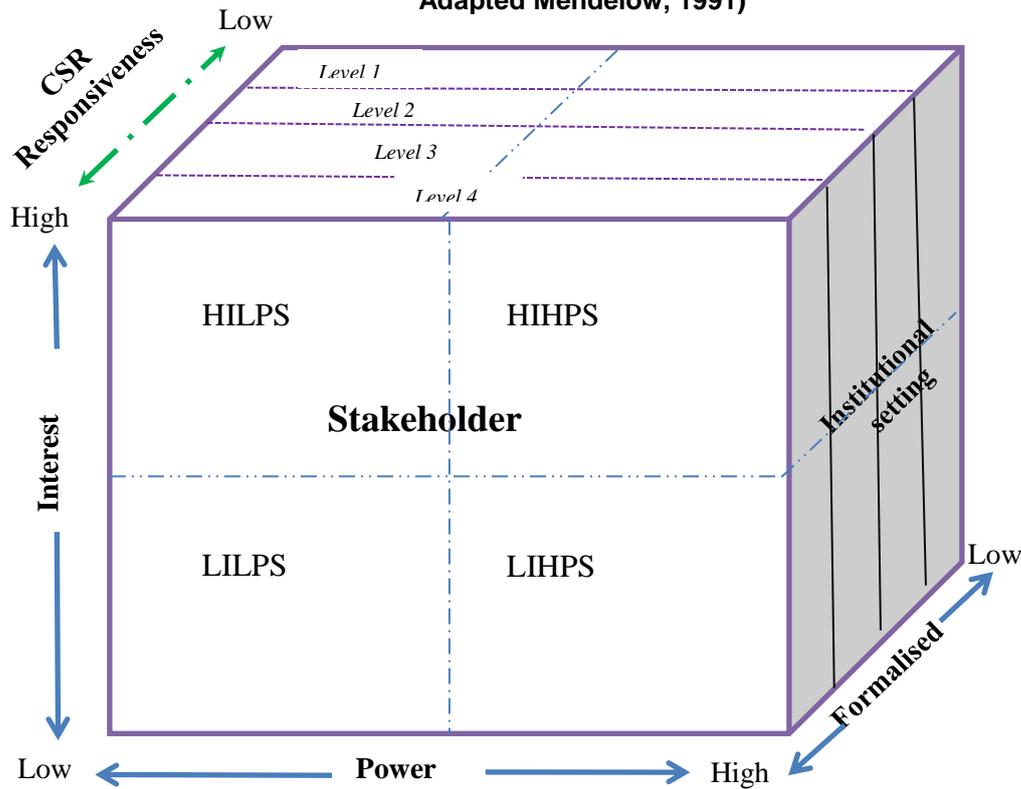
- Have greater sensitivity to stakeholder needs face greater diversity to stakeholder demands;
- Have greater diversity to stakeholders demands encounter greater degree of scrutiny/risks from stakeholder actions
- Encounter greater scrutiny from stakeholder actions have greater depth of CSP in response to stakeholder landscapes, (Bower and Mahajan, 2012).

Therefore this would suggest that organisations must develop a model for analysing and assessing needs of the various stakeholders. For instance, which stakeholders or group of stakeholders and what are the needs or demands from these stakeholders in order to be able to respond to these demands. It should be noted that stakeholder management is also influenced by the prevailing institutional environment. For example, the institutional environment for UK and SA appears to facilitate and encourage stakeholder engagement which has been formalised in the UK and SA. The assumptions made from the above are based on the hypothesis that more formalised institutional environment would tend to present higher CSR opportunities, as organisations respond to institutional pressures and stakeholder demands. The organisational responsiveness and material CSR issues are therefore based on organisational perceptions of stakeholders' influences within prevailing institutional environments. It is possible to hypothesize that in less formalised institutional environments, comprising of for example, less legislations in social responsibility issues; lower levels of

CSR awareness and promotion; less CSR related training programmes, will likely result in lower uptake of organisational CSR initiatives.

In adopting Mendelow, (1991), four key categories of stakeholders, can be identified, i.e. High Interest- Low Interest, (HILP-S); High Interest - High Power (HIHP-S); Low Interest - High Powerful (LIHP-S); Low Interest --Low Power (LILP-S). The absence of clear assessment criteria of the stakeholders would compromise the organisational CSR responses due to the multiplicity of stakeholder demands and expectations, (Wood and Jones, 1995). As an alternative, this thesis proposed a tool that aims to consider and assess stakeholder's influence towards CSR in the context of institutional settings. Figure 7.3.4 below builds on the notion of a combination of stakeholder influences within multi-level institutional contexts with varying organisational social responsiveness. In this model, whilst stakeholder analysis is central to CSR issues prioritisation, the interests and power of these stakeholders are also influenced and determined within respective institutional settings, a view also supported by Mitchell, *et al.*, (1997) and Dunham *et al.*, (2006) who argued that power, interest and urgency of stakeholders are dependent on specific factors of an institutional nature.

Figure 7.3.4: CSR Box of Opportunities (Source: Author Adapted Mendelow, 1991)



In this thesis, institutional setting is considered influential for organisations stakeholder relationships and CSR initiatives with formal institutions considered key influences on these relationships or dialogues. This view, also supported by Brammer *et al.*, (2012), infers that organisational CSR responses are a reflection of the institutional setting. The thesis therefore supports the notions of stakeholder mapping but argues that such mapping is influenced by particular environmental settings, wherein highly formalised institutional setting is likely to present more demands and stakeholder expectations for uptake of organisational CSR, than less formalised institutional environments. This is also in line with Campbell (2007) who suggested that organisations are likely to respond in socially responsible ways in environments where there are strong legal institutions, high NGO activism and industrial self-regulation systems. Therefore, as depicted in Figure 7.3.5 above, less formalised institutional setting is likely to result in lower levels of CSR responsiveness. In all levels of responsiveness above, the

stakeholder level of power and interest are assumed to be dependent largely on the institutional setting and can be different, i.e., between low formalised and high formalised institutional setting.

Summary

The inquiry results support the above notion that the sample organisations identified who their stakeholders are, although in some cases the stakeholders' key attributes were not clearly set out. There is evidence to suggest that sample organisations in the two countries adopted CSR practices with reference to who they considered to be key stakeholders and what they considered to be the perceptions of these stakeholders. For example, there is evidence that sample organisations developed dialogue methods to interact with specific stakeholders, (Brammer and Millington, 2003). As has been noted earlier, the inter play of key actors has been influenced by institutional change in the countries, confirming that external pressure can play a significant part in stakeholder perceptions in different countries (Oliver, 1992). For example, the demand and pressure for organisations to demonstrate sound management practices from regulatory scrutiny (Company Act, 2010, UK) and other institutional mechanisms ((BEE Act, 2003), in SA) results in corporations demonstrate social considerations and environmental performance in their economic pursuits. Although stakeholder groups vary in numbers by sample, there is evidence that specific stakeholders were common for sample organisations in the same industries across the two countries. The inquiry has revealed a common stakeholder group for sample organisations in the two countries that reflect Clarkson's (1995) primary and secondary groups of stakeholders. In developing further CSR perspectives, this thesis concludes that stakeholders are essential influences to CSR issues identification and implementation, a view also advanced by Silverton and Warren, (2007). By adopting clear stakeholder identification and mapping

process, the organisation is building on a network of social capital derived from the relationships that it creates through the chosen CSR responses, (Maak, 2007). Mapping is not only essential to create systems and structures for transparent methods of stakeholder dialogue with appropriate feedback, but also creating strategic options in response to specific needs and expectations of the stakeholder groups.

7.4 CSR perspectives

The key research questions for this discussion are what CSR issues are prominent from sample organisations and how are these prioritised? Do the same issues resemble or manifest themselves in sample organisation within industry groups and across the two countries? To what extent can the common issues be modelled into a framework for communicating and implementing CSR by organisations and their supply chains?

The ensuing discussion focuses on what CSR issues are prominent from sample organisations and how these are prioritised from an institutional stakeholder perspective. The discussion assesses whether or not CSR issues resemble or manifest themselves in sample organisations within industry groups and across the two countries, with the intention of creating a framework model for communicating and implementing CSR by organisations and their supply chains.

7.4.1 CSR Motivations

For purposes of discussion, the thesis uses ‘perspective’ to denote the nature of organisational CSR from the view of sample organisations that were used for data collection and analysis, that is, the understanding of the phenomenon from the impressions derived out of data analysis. This is also in line with Gariga and Mele, (2004) who classified CSR views into four classic perspectives. The CSR perspectives are reflected in the organisational responses, the institutional environment and the stakeholder influences on the CSR initiatives, (Branco

and Rodrigues, 2007; Lozano, 2005; Mitchell *et al.*, 1997; Preston and Post, 1975; Silverton and Warren, 2007).

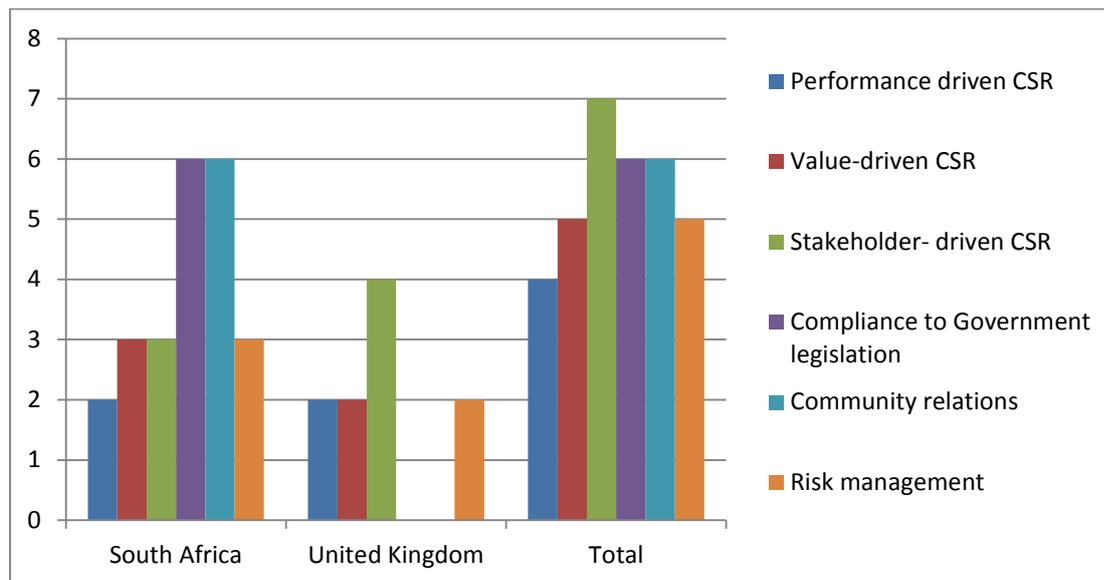
This research inquiry revealed that CSR is a significant strategic issue for sample organisations in the UK and SA with evidence from annual reports and questionnaire data indicating that CSR is an acceptable concept for organisations in the two countries. Clearly, the growing attention to CSR as a global phenomenon (Matten and Moon, 2004) is evident in this inquiry, with some explicit CSR statements made and related organisational initiatives taken by sample organisations in both countries. The nature and context of organisational CSR perspectives in sample organisations reveals some similarities in motivations. Basing on Gariga and Mele, (2004), the motivations reveal more of the instrumental and integrative CSR perspectives for both countries (Figure 7.4.1). The instrumental perspective is on the view that sample organisations have explicitly linked success and sustainability of their business operations to CSR initiatives. It is inferred that the initiatives are believed to be in the best interest of the organisation, while motivation aligns to the notion of enlightened self-interest, (Branco and Rodrigues, 2007) where organisation's CSR initiatives are a means towards profit and shareholder value maximisation, (Friedman, 1970; Jones, 2000; Gariga and Mele, 2004). The integrative perspective is evident from the data analysis in that sample organisations appear to interact and respond to expectations from the institutional environment. The notion of integrative perspective in this thesis is based on the inquiry's categories of stakeholder – driven, compliance to government and community relations motivations, (Table 7.4.1) that suggests attempts by organisations to balance the interests and expectations from the environment, (Ackerman, 1973; Jones, 1980; Sethi 1975; Vogel, 1986; Wartick and Mahon, 1994). These aspects of the integrative perspective, support arguments that CSR, particularly in developing countries like SA, has considerable scope to contribute

towards addressing social issues, (Mele, 2002; Kaku, 1997) and upholding economic empowerment expectations, (Crane *et al.*, 2008; Hamman, 2004).

Earlier in this thesis, it was observed that organisational CSR responses are dependent on the prevailing institutional environment that comprise of the stakeholder interests and influences, (Dacin *et al.*, 2002; DiMaggio, 1988; Meyer and Rowan, 1977; Parson, 1956; Zucker, 1977). The CSR perspectives and motivations alluded to above support this notion, although the specific attributes of the CSR responses are dependent on the quality of institutional settings, (DiMaggio and Powell, 1983; Meyer and Rowan, 1977). According to Oliver, (1991) organisational responses to institutional pressure can be grouped into five strategic responses. Three of these five strategic organisational CSR responses to institutional pressures are positive responses, that is, (1) acquiesce through compliance to the prevailing rules and societal norms; (2) compromise responses through some dialogue methods to balance the multiplicity of expectations from a variety of stakeholder; and, (3) manipulate response by attempting to actively change or exert power over the institutional constituents. There is evidence from the inquiry results that sample organisations in the two countries appear to adopt two of the positive social response strategies alluded to above (acquiesce and compromise), rather than negative irresponsive strategies of defying or avoiding the institutional and stakeholder pressures. In this case, the compliance, value and risk management motivations, (Figure 7.4.1) are positive acquiesce responses because organisations are compliant with the prevailing rules and social order, (DiMaggio and Powell, 1983; Oliver, 1991). The acquiesce strategies and the actions arising from these motivations enhance an organisation's legitimacy, an essential aspect of the integrative CSR perspective, (Garriga and Mele, 2004; Wartick and Cockran, 1985; Wood, 1991; Swanson, 1995). It is also evident that sample organisations attempt to balance expectations from stakeholder

groups, a strategy that Oliver called compromise strategies. The stakeholder and community driven motivation advances the foregoing argument, in that sample organisations engage in some dialogue with stakeholders in shaping the materiality of CSR issues, supporting the stakeholder view for social responsiveness, (Agle, *et al.*, 1999; Mitchell *et al.*, 1997; Rowley, 1997).

Figure 7.4.1: CSR Motivations: Comparison



The inquiry results support the notion that institutional factors shape CSR perspectives, (Campbell, 2007) and that the stakeholder theory can be applied as the measure of organisational social responsiveness, (Carroll, 1979; Sethi, 1975; Wartick and Cockran, 1985). Although, for some time now, CSR has been defined in terms of voluntary actions and contributions by organisations to the betterment of societies and cleaner environment (COM, 2001; 2002; Henderson, 2002; Kotler and Lee, 2005), it is also evident from the results that the CSR concept is a strategic management tool for achievement of long term corporate goals, (Garriga and Mele, 2004; Luo 2007; Margolis and Walsh, 2003). This has been expressed in annual report statements and by respondents, confirming the perception that CSR has become a key priority for sample organisations in the two countries, although with

varied organisational motivations. The main perspectives based on motivations for CSR in the two countries are therefore instrumental and integrative perspectives. Whatever the motives or driving forces, this thesis revealed that CSR is now one of the key board room agenda items for the sample organisations, irrespective of the nature of business and location of operations. This is based on the supporting statements by CEOs and Chairpersons in sample organisations' annual reports on CSR. Whilst CSR has its roots in North America, this thesis reveals that it is an accepted philosophy in the two countries investigated. Although there are still arguments why organisations embrace CSR, the inquiry results corroborate existing literature in a variety of ways that will be discussed further.

7.4.2 CSR issues

The nature of CSR initiatives is bound to be varied, due to the overlaps in the concepts and definitions as shown earlier in the literature review. CSR is viewed to include economic, ethical, legal and philanthropic actions, (Carroll, 1979); stakeholder obligations, (Blowfield and Frynas, 2005; Burchell and Cook, 2006; 2008; Lee, 2008; Ricart, *et al.*, 2005 Russo and Perrini, 2010), voluntary and philanthropic actions, (Zadek *et al.*, 2002; EU, 2002). As a result of these overlaps and varied institutional contexts, the integrative and instrumental perspectives have revealed a wide menu for social responsiveness for sample organisations in the two countries.

CSR issues: UK Sample Organisations

The suggestion that European countries view CSR specifically from an environment protection perspective, (Crane *et al.*, 2008), is not reflected for UK sample organisations as the initiatives include actions in other aspects than environmental issues. In fact it would appear sample organisations in the country view training and development, diversity and charitable donations as equality important with environmental issues. Although the inquiry results reveals a large menu of CSR related issues in the UK, (Table 5.4.5), there are some

initiatives that are common for all sample organisations, suggesting these to be the key CSR issues for sample organisations in the UK. This inventory of CSR issues reflects very broad scope and context of CSR, supporting notions of the complexity of materiality of CSR issues and what it constitutes for different organisations in the country (Crane *et al.*, 2008; Sethi, 1979; Van Marrewijk, 2003; Weyzig, 2008).

CSR issues: SA Sample organisations

Similar to UK, a broad menu of CSR initiatives has been revealed in this thesis, again suggesting as in above, the complexity of material CSR issues. There are more CSR issues for sample organisations in SA than in UK with a wide scope of what constitutes CSR. For Hamman, (2004) the broadening of the CSR concept has increased the scope for organisational responses as can be revealed in this thesis. The context of CSR in South Africa in general is complex, presenting challenges not only for definition and traditional CSR model relevance, (Hamann, 2006), but also for CSR initiatives, and practices, (Visser, 2006). The contextual demands and stakeholder expectations present challenges related to prioritisation of CSR issues, although as argued, the socio-economic deficiencies, that are evident in SA, present opportunities for organisational CSR initiatives (Visser *et al.*, (2006). These opportunities are likely to turn out to be challenges for the organisations in terms of issue materiality and prioritisation of initiatives. From the list of common issues training and development, health and safety, preferential procurement, community investment and BEEE appear to be priority issues for sample organisations in the country. From the institutional theory, (Dacin *et al.*, 2002; DiMaggio and Powell, 1983; Meyer and Rowan, 1977; Parson, 1956; Zucker, 1977), it would appear that these issues reflect the organisational responses to the institutional settings, especially regarding government policy on some aspects of the initiatives above. Considered a key institutional change in SA, (Hamman, 2004; Dawson and

Ngunjiri, 2008), government policy played an important role in shaping CSR in SA. The wide scope of initiatives is also a reflection of the large number of stakeholders that have been identified by sample organisations in the country, with Dawson and Ngunjiri, (2008) arguing that emerging markets appear to be receptive to more stakeholder influences than in leading economies.

Comparison between UK and SA

Although the results of this inquiry support the notion that CSR is an all-embracing phenomenon, sample organisations in the two countries use similar and dissimilar language to describe or refer to it. In the final analysis, a framework was used to classify CSR issues into the four main themes combined issues from samples organisations in the two countries (Summarised in Table 6.4.17, pp. 275) reveals more CSR issues for SA than UK sample organisations. This has also been linked to the number of stakeholder identified within the two countries, where SA sample organisations identified more stakeholders than UK sample units. However, there are more similarities or converging of environmental issues than community and market place. Common CSR issues are evident in the four themes used in the analysis and these are shown in Figure 7.4.2 below. What emerges from the inquiry is that environmental responsibility is part of doing business for sample organisations in the two countries. It would also appear that organisations are responding to the regulatory institutional environment, for example, in SA, the NEMA Act of 1998, established a lead agency to monitor environmental issues in the country.

There is a suggestion that the increased organisational attention to this aspect is related to the increased power of NGOs as a stakeholder, who have managed to mobilise public opinion and influenced government regulations in this area, (Crane *et al.*, 2008). In addition to

prevention of pollution, waste management, sample organisations also consider climate change as a key social responsibility area. This thesis supports previous observations that environmental issues have taken centre stage in most organisations' corporate agendas (Fiksel, *et al.*, 2004; Fairbrass and Beddewela, 2006) because these issues are considered common for sample organisations in the two countries. Lockett *et al.*, (2006) observed that CSR research has been dominated by environmental and ethical issues, arguing that these issues are more developed management issues. Another view is that environmental issues provide organisations with opportunities to improve stakeholder relationship (Sharma, 2000). It has been argued that without an active environmental management system, an organisation's legitimacy would be in question, (Bausal and Roth, 2000; Sharma, 2000).

Significantly, there are more workplace and environmental issues that are common for all sample organisations in the two countries, with training and development a key workplace issue for in the two countries. There are suggestions that reputation of organisations appear to rest on how they treat their employees, (Crane *et al.*, 2008; Guthrie and Parker, 1990; Trotman, 1979) and that good employment practices and working conditions enhance staff morale, thereby improving productivity, (Welford and Frost, 2006). Topping the list of CSR issues in the category is training and development suggesting the notion that this employee relations is now considered a key CSR issues for organisations, (Dawkins and Ngunjiri, 2008). This issue therefore provides evidence that sample organisations are targeting employees, as a primary stakeholder group (Clarkson, 1995), and this links well with the economic performance of an organisation, through improved productivity and value creation for shareholder or investor, (Kotler and Lee, 2005). This corroborates with the economic responsibility for (Carroll, 1979; 1991) as a key CSR domain as employee skills are essential for economic performance of an organisation.

Another workplace issue is occupational health and safety, also common for the sample organisation in both countries and across different industries. This appears to be an implicit CSR initiative, with organisations explicitly responding legislation. For example, in the UK, the Health and Safety at Work, (HSWA), (1994) has formed the backbone for programmes aimed at maintenance of safety in the work environment in all industries. For SA, the Constitution of 1996 and the Mines Health and Safety Act, (1974) regulated the requirement for organisations to ensure a safe and healthy work environment. There is evidence that sample organisations in the industry are reporting on this aspect of the requirement with specific targets and performance measures. This corroborates the legal responsibility (Carroll, 1979; 1991) as another key domain for CSR initiatives. Union representation and ethics have also been identified as common material issues for the sample organisations in both countries.

Figure 7.4.2: Common CSR Issues



Considered an important area for CSR scrutiny, (Crane *et al.*, 2008), market place has a number of CSR issues that sample organisations identified in the two countries. The argument for importance of market place is that consumers and other stakeholders are capable of placing demands on organisations for social responsiveness by threatening to retract or boycott the organisations and its products. The suggestion is that market place issues are likely to be adopted by organisation from an instrumental perspective as organisation may link them to market performance. There are fewer common issues for market place category in both countries. There is convergence of CSR issues for market place although under a different brand name, for example SME support is a key CSR issue for UK sample organisations, whilst for South Africa it is preferential focus. Organisations in SA are expected to give preference to local manufacturers, sometimes referred to as the historically disadvantaged South Africans, (HDSA). This issue is also enshrined in the regulations by industry standards created to measure performance in the area, the BEE Scorecard. There are arguments that although this regulation is provided, there is no evidence that the intended results have been achieved, with suggestions that only a few in the intended groups have actually benefited since the enactment of the regulations.

The inquiry reveals only one common issue (community investment) from the sample organisations under this category of community. It also emerged that there are more issues that organisations have identified around community. One reason for the variation could be the diversity of the social and political environments. For SA, there is pressure on organisations to respond to the political pressure towards the uplifting of standards of living in communities in which they operate. There is equally pressure to redress the perceived imbalances created by the previous political set-up prior to 1994. There are issues like community investment, donations and public health, HIV/AIDS, staff giving, ownership

schemes among others that provide a wide menu for philanthropic acts. This would corroborate the discretionary domain of CSR (Carroll, 1979; 1991). Although Carroll's CSR domains are reflected in most of the initiatives, these do not appear to reflect the hierarchy as depicted in the model.

As for the perspectives of CSR initiatives in sample organisations in the two countries, this inquiry revealed a general conceptualisation of CSR in very broad terms. The general definitions and global perspectives of CSR appear to influence and model perspectives for the countries, especially for those issues that assume a global label. For example, environmental and worker related issues have been influenced by international institutional environment and stakeholders, although the impacts and initiatives are considered to be localised. This tended to be reflected in CSR definitions used by sample organisations. While organisations in SA defined CSR in terms of responding to stakeholders, particularly communities, there are variances in the dialogue methods, as reflected in company policy statements and annual reports. For example, some sample organisations' annual reports are more detailed than others, and in others details containing images and examples of CSR initiatives carried out during the period are also provided. It is evident that there cannot be a single and one fit for all definition for CSR, (Blowfield and Murray, 2008; Carroll, 1999; Dahlsrud, 2006; Matten and Moon, 2008; Snider *et al.*, 2003) so that the question is so not much about the CSR definition, but more on the nature of CSR initiatives. Notwithstanding the above, similarities for sample organisations' definitions in both countries have highlighted community, sustainability and the environment aspects.

The CSR perspectives guide organisational policies and strategies towards addressing these stakeholder perceptions and perspectives within prevailing institutional environments. These

perspectives are reflected in the rhetoric regarding organisations' actions although these may not necessarily reflect the actual implementations. For example, while organisations claim through their annual reports and questionnaire responses, that they have stakeholder dialogue methods, the inquiry has not established, precisely, how these dialogue methods resulted in prioritisation of material CSR issues. Notwithstanding the foregoing, the CSR initiatives are represented by the specific actions that operationalise the policies and strategies that, in turn, have been shaped by the CSR perspectives. A key component for social responsiveness is the monitoring and reporting which should provide respective stakeholders with an opportunity to evaluate the CSR initiatives in light of the context and perspectives of CSR, (Carroll, 1979; Sethi, 1979; Wood, 1991).

SA and UK have similar market based economies with clear understanding of concepts of profit and shareholder wealth, and customer focus. As noted in the earlier sections of this chapter (6.3 and 6.4) both countries have an institutionalised CSR largely facilitated by government regulation and incentives, for example, mandating, facilitating, partnering or endorsing CSR initiatives, (Fox, 2004). The inquiry analysis has established other similarities and dissimilarities in the organisational CSR in the two countries. There is convergence within countries and divergence across countries. These similarities appear to be driven because SA has significant experience with capitalism and historical commercial ties with European countries for example, Dutch, British, German including the USA (Gilroy *et. al.*, 2001). Although variations of institutional factors in UK and SA, as well as at organisation level, have been revealed, there is evidence to suggest that organisations in the same industry collaborate and create institutions that support or align with their interests. This is evident both at country and across countries and this appears to support DiMaggio (1988) and Dacin,

et al., (2002) who argued that organisations can shape or be shaped by institutional factors that relate to their operations (Townley, 2002).

For example, one organisation in the UK has stated that ***'We want to be recognised and recommended as a trusted brand by customers, a good employer by colleagues and a valued contributor in the community'*** This appears to signal an urge towards loyalty and positive attitudes from key stakeholders, (Pirsh, *et al.*, 2007; Turnban and Grening, 1997). Positive image becomes a key driver arising out of the perception that CSR creates the brand of a good corporate citizen, (Davis, 1973; Rondinelli and Berry, 2000), also providing a buffer for the organisations against perceived supply chain related crises, (Pirsh *et. al.*, 2007; Smith and Stodgill, 1994). This implies that organisations use institutional and stakeholder lens to see and interpret CSR expectations that are important to the level of commitment, (Lynes and Andrachuk, 2008). These findings provide further evidence that CSR motivations cannot be universally applied, especially in isolation to country, cultural and social context.

The inquiry also establishes evidence to suggest that organisations in the two countries expect to attract and retain the right skilled employees as a benefit derived from CSR initiatives (Fombrun and Stanley, 1990. The thesis also argues that organisations have responded to political pressure arising from certain legislation enacted to address perceived 'rights' and 'obligations' relating to historical legacies. This brings into question whether current definitions and models for CSR are relevant in different countries. Arguments against Carroll's definition for CSR constructs (Jongh and Primsloo, 2005) and Visser, *et al.*, 2006) are based on the notion that these definitions and constructs are only relevant within particular contexts. In applying Carroll's framework, one would assume that the first responsibility or focus for an organisation is economic responsibility and then legal, ethical

and finally discretionary. In the model the assumption is that the levels are hierarchies of importance or levels of essentiality, (Carroll, 1991) with economic the foundation and ultimately discretionary or philanthropy the desired or ultimate stage for best CSR practice, (Geva, 2008). Rather than trying to find the exact definitions or constructs for CSR, this inquiry focused more on describing the reality of CSR perspectives and initiatives in the two countries.

The nature and application of CSR initiatives in the organisations studied has revealed a varied scope for CSR, material issues and implementation practices. For example, sample organisations use different terms to refer to CSR in their reports and policy statements, for example, sustainability, corporate citizenship, corporate responsibility or good business. The perception, therefore, is that there is consensus on the notions of the role of business although the actual CSR perspectives differ from region to region and country to country (Mattern and Moon, 2008; Zadek, *et al.*, 2002). The structure and constructs of CSR initiatives by organisations operating in different countries have tended to embed the initiatives within the context of the institutional environments, due to the experience and different cohesive pressures (Maignan and Ralston, 2002). On the basis of evidence from the literature review the hypothesis is that the nature and context of CSR is largely dependent on the institutional environment as organisations tend to respond to these forces.

One organisation that tend to support the hypothesis, has adopted CSR as a ‘strategy to respond proactively to changes in the legislative environment’ making specific reference to ‘securing a licence to operate’ (**SA01**). The assumption is that the organisation would act in a desirable and legitimate manner within the remit of legislation. Davis (2005) suggested that CSR programmes are tactical and defensive in nature and here is a perspective that critically

assumes some form of struggle between the organisation and its key stakeholder (Hills and Jones, 1992; Kochan and Rubinstein, 2000; Post *et al.*, 2003), in this case, the government through its legislative instruments.

In another organisation, focus is more on corporate governance *'to create sustainable value for shareholders and key stakeholders, through effective structures, policies and practices that improve corporate governance and create sustainable values for shareholders...'* (SA04). This managerial perspective supports the views that some organisations are concerned with creation of systems and structures for managing a variety of stakeholders, (Agle, *et al.*, 1999; Carroll and Buchholtz, 2011). This view of stakeholder management assumes a dimension that has been associated with responsibility for coordinating the company's political activity, (Fooks, *et al.*, 2012). By making public statements on CSR activities (through annual report, website and other forums), organisations are able to subsequently justify the use of CSR as a tool of stakeholder management aimed at diffusing the opposing political constituents of public.

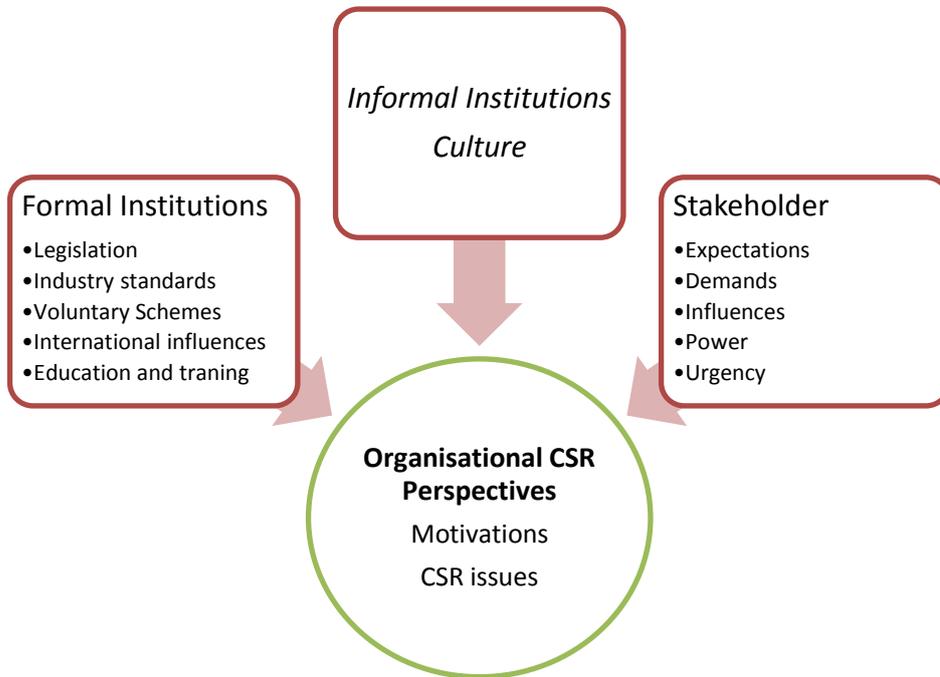
An interesting perspective is provided by one organisation which stated that they aim *to* *'...Create value for **shareholders** in a sustainable manner minimising impact... in collaboration with communities and other stakeholders'*. They went further to state that *'... in doing so they will prioritise health and safety of our **workforce** over production or profits...'* (UK01). This perspective tends to give prioritisation to a set of stakeholders, for example, shareholders and employees, a group that may be considered to have the power to withdraw or withhold resources essential for the organisation's success (Frooman, 1999; Pirsh, *et al.*, 2006; Yang and Rivers, 2009). This tends to support the instrumental view of stakeholder theory where organisations are assumed to respond only to those stakeholders

they perceive to influence performance even at the expense of other stakeholders (Donaldson and Preston, 1995; Spitzeck and Hansen, 2010). There is evidence that the multiplicity of stakeholders for some of the sample organisations will present challenges for prioritising their specific demand and expectations. It therefore implies that some organisations are using the notions of CSR through the stakeholder concept to design a strategy for balancing and prioritising from these multiple demands and expectations, (Lindgreen, *et al.*, 2009; Whetten *et al.*, 2002; Maak, 2007). This approach has been labelled a narrow view of CSR as it tends to focus more on those initiatives and outcomes directed towards only primary areas of involvement (Wood, 1991).

7.5 Conclusion

This discussion has critically evaluated the institutional and stakeholder factors that have influenced the perspectives and CSR initiatives for sample organisations in the UK and SA. In conducting this research, the purpose of the comparative analysis was to find similarities and dissimilarities in what organisations are actually doing within the CSR environment prevailing in the two countries. The research has adopted an exploratory inquiry by comparing the scenarios from the two countries and selected organisations. CSR has spread beyond original boundaries of USA and UK, (Brammer *et al.*, 2012), to other global locations like South Africa, although the inquiry results show some different meanings and nature of initiatives. The study started with theoretical investigation underpinning the CSR phenomenon; and there are differences that are revealed in this thesis. A further analysis of these differences revealed that the institutional factors and the perceived stakeholder expectations influenced the organisational choices of CSR initiatives in the two countries. This inference supports the institutional and stakeholder theories that organisations will structure their actions within the institutional setting and contexts that they are operating in, (Doh and Guay, 2006; Meyer and Rowan 1977).

Figure 7.5.1 Context of CSR Practices (Source: Author)



Building upon this inference, the context for organisational CSR can therefore be a product of the key institutional factors and the organisational stakeholder perceptions as illustrated in Figure. 7.5.1. The thesis also argues that stakeholder influences to organisational CSR are dependent on how formalised the institutional setting is. What is evident from the analysis is that there is a general appreciation of the CSR phenomenon in the two countries suggesting that the role of business in society is not contested but actually is accepted and expected. However, what appear contestable are the variations in the CSR initiatives by organisations within the countries and across industry boundaries, a view that supports previous contributions, (Matten and Moon, 2008).

First variations are evident in how CSR is communicated and defined by the sample organisations. Notably is the content of information in annual reports that ranged from low, that is, only 8 pages dedicated for CSR information to very extensive, that is over 100 pages

dedicated for CSR information. In spite of the variation there is evidence that sample organisations have adopted a practice of communicating their CSR initiatives to a variety of stakeholders through annual reports. Second, the definitional constructions for sample units is also varied and this is consistent with previous contributors' findings that there is no precise definition of what constitutes CSR, (Dahlsrud, 2008; Scherer and Palazzo, 2007; Van Marrewijk, 2003). Third, the stakeholders identified by sample organisations vary in terms of numbers and dialogue methods. Fourth, the CSR initiatives or CSR issues also vary in terms of number and diversity and reflect the institutional settings and organisational perceptions of stakeholders.

Notwithstanding these variations, there are a number of key characteristics that can be identified from analysis of definitions and CSR motivations. For example, sample organisations that pursue CSR with long term value objectives and are stakeholder driven, support the notions of instrumental and integrative perspectives for CSR, (Freedman, 1984; Garriga and Mele, 2004). There is also evidence that some sample organisations' initiatives are based more on the economic domain of CSR, as modelled by Carroll, whilst others tend to focus more on the ethical dimensions. An interesting conclusion derived from the analysis is that organisations in SA tend to be more responsive to stakeholders than those in the UK. This deduction corroborates Dawkins and Ngunjiri, (2008) who revealed in their work that organisations in emerging markets tend to be more responsive to stakeholder concerns than those in leading economies. Whilst this may be the case, companies in similar industries in the two countries, for example mining industry, appear to mimic each other and this appears to question the variations suggested above. What is clear is that convergences occur within the institutional environment, especially the role played by governments and industry

institutions in shaping organisational responses, with divergences more around actual organisational responses and CSR prioritisation.

As can be revealed in this thesis (Chapter 6, Section 1), organisational CSR perspectives have been shaped by the institutional environments within the two countries, supporting key argument posited by Roome, (2005). Although the two countries have unique institutional environments, evident in their social, political and economic composition, the findings revealed that formal institutional factors have played a significant role in facilitating and shaping CSR perspectives in both countries, particularly government, industry, education and training including international influences. Earlier in the literature review it was noted that organisations respond to institutional pressures in a variety of positive and negative ways, (Oliver, 1991). The analysis revealed and classified organisations' motivations for CSR into six main categories of performance driven, stakeholder driven, value driven, compliance driven, community driven and risk management driven, (Figure 6.4.3. pp. 250). This supports the argument by Hamann, (2004) that the business case for CSR is dependent on the institutional context, with state legislation playing a key role in broadening and transforming the importance of CSR, that is, mandating and facilitation roles (Gariga and Mele, 2004).

It is also evident that sample organisations that are in what can be referred to as 'high environmental impact and high visibility' industries (Kemp, 2010), where community perceptions play a significant part in CSR policies and practices, (Idemudia and Ite, 2006), appear to have higher numbers of stakeholders and CSR related programmes. For example, sample organisations in mining industry from the two countries (**SA01** and **UK01**) had higher numbers of stakeholders and CSR issues that they identified as more important than sample organisations in other industries, (See Figures 5.3.6 and 5.4.12 in Chapter five). Others in retail

industries appear to focus more on ethical issues that include employees, local communities and society at large. This suggests that such organisations would use CSR in order to manage risks across their supply chain operations, (Kyle and Ruggie, 2005; Story and Price, 2006). Therefore, by applying an empirical model that integrates the institutional and stakeholder theories, the inquiry has been able to highlight the key contextual factors that influence CSR perspectives in the two countries and these perspectives exhibit both explicit and implicit CSR (Matten and Moon, 2005).

Chapter eight

8 Conclusion

8.1 Introduction

This research study set out to explore the institutional and stakeholder influences for CSR perspectives in the UK and SA. In doing so the inquiry integrated the stakeholder and institutional theories to identify the institutional factors and stakeholder influences that are most likely to influence organisational CSR perspectives in UK and SA. By combining exploratory and explanatory approach, this study has been able to provide insights of the key determinants for CSR initiatives in different organisational environments and to develop a conceptual model for CSR analysis (See Figure 8.1.1 below).

Earlier in this thesis, it was argued that as institutional factors determine the demands for CSR, the nature and scope of CSR initiatives are therefore likely to differ due to institutional contexts and stakeholder perceptions, (Bjornskov *et al.*, 2010; North, 1990, 1993, 1994; Oliver, 1991). The notions of CSR, i.e., business embedding social responsibility initiative into their strategies, are evident for sample organisations in the two countries, and it can be inferred that CSR is a key policy matter for organisations in the two countries. The study firmly confirms the notions that institutional factors and stakeholder influences appear to play a crucial role in shaping what organisations consider to be social responsibility, thereby concurring with the proponents of stakeholder (Freeman, 1984; Donaldson and Preston, 1995) and institutional theories (DiMaggio and Powell, 1983; North, 1991, 1994). In summing up the inquiry findings and discussion it is important to present the framework model earlier in this part as it aligns with the main features of his concluding chapter.

8.2 The framework model

Business strategy and policy that are socially responsive are those that understand the respective institutional demands and expectations from stakeholders. In order to fully understand the organisational CSR perspectives, this thesis proposes a refined framework for business, researchers and practitioners. In the refined framework (Figure 8.1.1), the thesis combines previous work by Sethi, (1975), Wood, (1991) and Wartick and Cockran, (1985) in setting out how organisations can go about developing CSR programmes that are socially responsive to institutional setting and the expectations of key stakeholders. Setting out what appears to be a linear or phased approach to policy and strategy formulation, the framework ensures that the key factors in the operational environments are analysed and assessed in order to adopt sustainable organisational CSR perspectives. The CSR responses, commitments and key CSR issues are considered in terms of priorities and resource provision. This framework allows organisations to proactively determine the key resource requirements for CSR programmes, with mechanisms for monitoring and controlling the actual social responsiveness put in place. The universality of the framework is that it can be used or adopted within any given context and timelines.

The thesis posits that effective CSR processes, (Wood, 1991) are those that monitor and anticipate the above trends so as to come up with sustainable social responses. In this way, the key CSR issues, or as Carroll, (1979) put it, the social issues can be prioritised with acceptable outcomes, (Wood, 1991) that positively impact on key stakeholders. The framework is capable of closing perceived gaps related to institutional settings, stakeholder mapping, materiality and prioritisation of CSR issues and the overall performance management for CSR initiatives. The recommended framework seeks to provide for the operationalization of organisational CSR policies for organisations, that is, linking the day to day CSR demands

with the strategic decision making process of the organisation, thereby removing the notions of ‘window dressing’ or mere ‘rhetoric’, (Werther and Chandler, 2011.). By linking the institutional environment analysis for CSR with the strategic management processes, the model presents a visible effort towards social responsiveness, an essential ingredient for corporate social performance.

Application of framework

This framework fits into other strategy formulation models, for example, Johnson *et al.*, (2008) where strategic management involves a critical analysis of environmental factors likely to present opportunities or threats to business operations. The argument is that, for organisational CSR to be socially responsive, formulation of organisational CSR policy should follow similar strategic management concepts of contextual analysis (Johnson *et al.*, 2008), in this case, giving more emphasis on institutional and stakeholders expectations analysis, in order to come up with sustainable decisions and choices for prioritisation of CSR issues and implementation. The framework is a useful tool in that it can be applied irrespective of the location of businesses. The process of social responsiveness as presented in CSR debate requires a systematic analysis and assessment of the key institutional and stakeholder demands that determine and influence organisational CSR strategies. The thesis presents a framework with three key stages in the process of policy formulation, communicating and implementing CSR initiatives.

Stage 1: Contextual Analysis: Organisational CSR is defined within contexts of operations. The socio-political and economic environment present organisations with various opportunities and threats from a business strategy management perspective. But equally important are CSR institutional factors that exert cohesive, mimetic and normative pressure, there by defining the CSR context for the organisations from a national, industry or sector perspective. The inquiry revealed that key institutional factors, e.g., government policy,

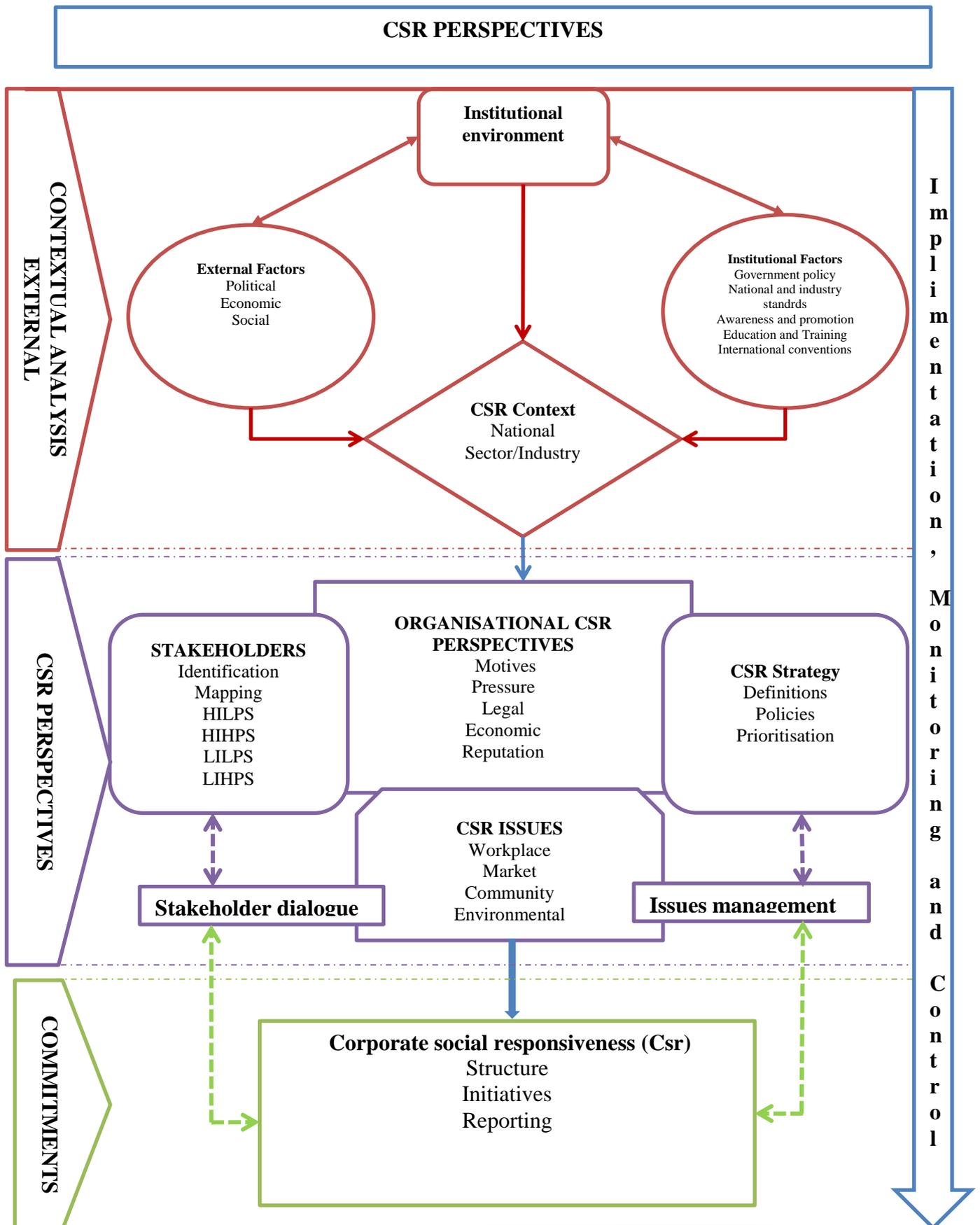
industry standards and international benchmarks are common and influential in organisational motivations for CSR in the different contextual settings.

Stage 2: CSR perspectives: these are derived from institutional context and stakeholder analysis. These perspectives provide direction of CSR policy and define social responsiveness for the organisation. CSR perspectives and influence stakeholder mapping and dialogue methods. CSR issues are then prioritised to reflect institutional setting and organisation's perception of stakeholder expectations. The inquiry argues that organisational perceptions of key stakeholders and the institutional settings shape and influence the motivations for CSR perspectives.

Stage 3: organisational responses: a key important aspect of social responsiveness is organisational commitments. There is a wide variety of CSR issues for organisations given the institutional and stakeholder expectations. The key CSR issues appear to be prioritised according to organisations' perception of stakeholders with cohesive and mimetic isomorphism dominating the responses. This is shaped and demonstrated in the structures and systems deployed to implement, monitor and control CSR initiatives. Reporting should reflect performance in the KPIs set out in policy and strategy.

The application of the model is in the normal structure of strategic level (Stages 1 and 2) and tactical levels for Stages 2 and 3; with operational level for Stage 3. CSR at strategic level has to be managed at the stages 3 and 2 to meet the perceptions of social responsiveness. It also aligns with notions that organisations need to understand the CSR contextual environments in order to apply the CSR perspectives that are responsive, sustainable and can be managed effectively, (Crane *et al.*, 2008). The arrow depicting implementation, monitoring and control of CSR responses highlights the decision making process, but also indicates the increasing sophistication of the approach to organisational CSR responsiveness the further one moves downwards in the process.

Figure 8.1.1: Theoretical model for communicating and implementing CSR.



The definition for CSR from the analysis in this inquiry is ‘business operations that comprise of organisational policies, actions and practices that improve workplace, market place, the environment and communities in a sustainable way of operations’. The thesis posits therefore, that in order for a successful implementation of this CSR in line with the definition, then a structured approach as outline above, would facilitate the design and development of the expected CSR policies, actions and practices.

8.3 The CSR perspectives

Using the multi embedded case study approach, with case study units from the UK and SA, it was possible to gain deeper insights into the CSR phenomenon to make the inference that the nature of CSR in the two countries has attributes of both ‘explicit’ and ‘implicit’ perspectives (Jamil, 2008; Matten and Moon, 2008). The argument for implicit and explicit CSR perspectives (Matten and Moon, 2008) in both countries is based on the notion that institutional settings present normative, mimetic and cohesive pressure, (DiMaggio and Powell, 1983), for sample organisations in the two countries. With orientation towards integrative and instrumental CSR perspectives (Gariga and Mele, (2004) sample organisations adopted acquiesce and compromise strategies (Oliver, 1991) in their CSR responses to these institutional pressures. This implies that for organisations in both countries CSR is not only about voluntary actions, (EU, 2002), but also these organisations in UK and SA are responding to other influences from institutional pressure, e.g., government, industry and civil society. The inferences are based on a number of issues arising from the investigations.

First, it is evident that organisations practising CSR that were used for data collection in both countries identified specific regulations, including industry and international standards in prioritising and benchmarking their CSR initiatives. The institutional setting of government legislation mandates social responsibility in some CSR aspect like health and safety at work.

The evidence of organisational attempts to comply with various regulations in areas of employment, health and safety, equality and carbon disclosure, supports what Fox *et al.*, (2002) referred to as government mandating roles of CSR or implicit CSR (Albareda, *et al.*, 2007; Matten and Moon, 2008). This study therefore supports the legal domain of CSR in both countries, (Carroll, 1979), although as in the UK, government has provided various tools and incentives to facilitate (Fox *et al.*, 2002) voluntary uptake of CSR related practices by organisations in the country.

Assuming implicit CSR is associated with Europe (Albareda, *et al.*, 2007; Matten and Moon, 2008) it can be inferred from this thesis that SA CSR environment has to some extent mimicked Europe in the above CSR notions. Drawing further upon the institutional theory, various industries standards in both countries have been established for CSR reporting and performance benchmarking, with sample organisations explicitly responding to and adopting some of these industry standards, suggesting acquiesce tactics for CSR to respective institutional settings, (Campbell, 2007; Kolko, 1963; Oliver, 1991; Pfeffer and Salancik, 1978), that is, complying with legislation and adopting these industry standards as accepted CSR norms. For SA, sample organisations have been explicit in their endeavours to respond to government legislation particularly, the BEE Act, (2003). This piece of legislation requires organisations to demonstrate specific and meaningful steps at addressing the social inequalities from the previous era. In spite of the different regions and industry type, sample organisations have adopted similar CSR motivations, suggesting institutional isomorphism (DiMaggio and Powell, 1983). According to Mattern and Moon, (2005) organisational behaviour responding coercive, mimetic and normative institutional pressure is implicit CSR.

Second, in addition to legislation and self-regulating standards in both countries, there is evidence that suggest explicit organisational CSR. This is based on the notion that sample organisations adopted integrative and instrumental CSR perspective (Mele and Gariga, 2004), in developing CSR policies. These are considered positive CSR strategies (DiMaggio and Powell, 1983) although they resulted in different CSR issues due to the context and multiplicity of stakeholder expectations. While explicit CSR is associated with USA (Albareda, *et al.*, 2007), it is evident that sample organisations in the UK and SA used corporate policies that assume social responsibility as a response to specific needs of the stakeholders. The notion or USA label of explicit CSR is based on voluntary and self-interest driven corporate policies, programmes and strategies directing CSR initiatives towards a multiplicity of stakeholders, (Pirsh, *et al.*, 2006).

Third, a common set of stakeholders are evident for sample organisations irrespective of the country and industry of the organisation. However although there are some common stakeholder across the two countries, although the inquiry revealed more common stakeholders for SA than UK sample units. So the evidence of common stakeholders for both countries support previous contributors who suggested that certain groups of stakeholders may be critical in corporate strategic development, irrespective of the industry or country specific context, (Clarkson, 1995; Illia and Lurati, 2006; Wheelan and Hunger, 2006). Linked to the above and from a stakeholder perspective, there is evidence to suggest that some sample organisations have adopted the instrumental stakeholder approach, that is, focusing more on those key stakeholders considered to contribute towards positive image and performance of the organisation, (Gariga and Mele, 2004; Prahalad, 2003; Porter and Cramer, 2002). For example, sample organisations focusing their CSR initiatives as a means of improving organisational objectives (**UK01**) have stated that their strategy is to engage stakeholder to identify the material issues that impact on their business. It is revealed in this thesis therefore that the concept of stakeholder theory is evident in

sample organisations' decision towards social responsiveness. It is also revealed that organisations in certain industries tend to have a wide range of stakeholders and that some stakeholder groups are common to all sample organisations in the two countries. For example, mining industry sample organisations had a high number of stakeholders and CSR issues than sample organisations in other industries.

The inquiry has also established that there are instances where CSR and stakeholder dialogue has been selective, for example, responding to certain specific causes identified by investors. For example, sample organisations in South Africa have been more explicit in their attempts to create long term value by using CSR as 'an instrument to make a meaningful difference in areas of operations, not only for employees but also for communities', (**SA01**), for example by investing resources in schools, hospitals (**Respondent SA03**) and improving the lives of communities and society at large, (**Respondent SA04**). This further establishes the integrative perspective (Gariga and Mele, 2004) that links CSR responsiveness with the process of identifying stakeholder issues (Sethi, 1975) in order to prioritise, from the widened social responsiveness and expectations. This requires a comprehensive structure to material issues management, (Wartick and Rude, 1986), if organisations are to respond to specific stakeholders demands and expectations.

There is strong evidence that sample organisations report on CSR initiatives to a variety of stakeholders, although it has not been conclusive whether all stakeholder interest are taken into account during development of CSR strategies or operational objectives. For example, reference to stakeholders is made in key rhetoric statements in annual reports, Chief Executive Officers' (CEO) or Chairpersons' annual statements. This could be the argument that was posited by Friedman and Miles, (2006), that organisations may consider into their

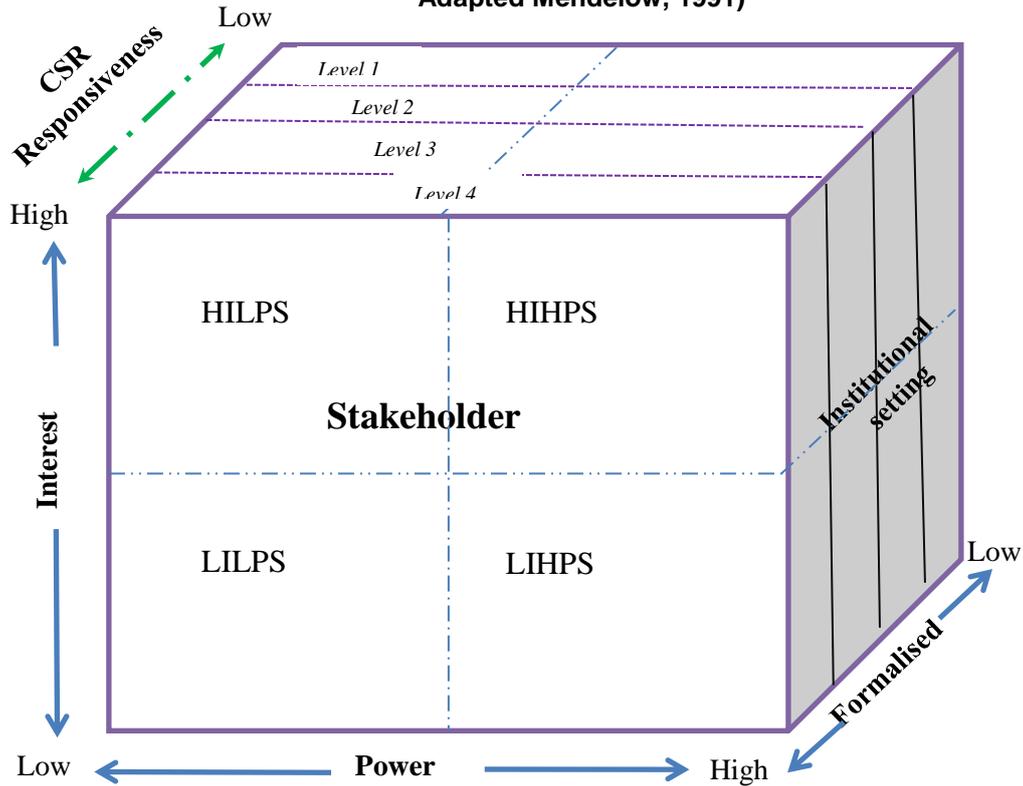
policies only those stakeholders that have the power to affect their operations. Some sample organisations went further to clearly justifying why certain stakeholder groups are considered very important to their organisations, demonstrating this through specific dialogue mechanisms for identification and prioritisation of key CSR.

Although this thesis postulates that some stakeholders have influence on organisations' strategies and CSR practices than others, what appears to be missing from the practices and stakeholder management approaches is a critical assessment of the key stakeholders in order to derive and prioritise critical CSR issues for implementation. The thesis therefore argues that this gap weakens claims by organisations that their CSR issues have been driven from stakeholder dialogue. This is based on the notion that the multiplicity of demands and expectations that are sometimes conflicting, making it impossible for organisations to meet all or some of these demands and expectations at the same time. In this case the nature of stakeholders' power, interest and urgency of demands will influence the CSR responses that organisations adopt. By 'nature' here is meant the extent or perception that organisations have of a particular group of stakeholders.

While in general stakeholder mapping analysis has assessed stakeholder in terms of interests and power to influence organisation strategies, (Mendelow, 1991) this thesis suggest expanding the mapping by including a third dimension of institutional setting, because the power to influence, the interest or stake in the organisation's operations and urgency of the interest are all determined by the institutional setting or prevailing at the time. By depicting the stakeholder mapping model (Mandelson, 1991) within an institutional setting, the thesis posits that organisations' perceptions of stakeholders' power and interests are influenced by the level and structure of institutional settings. By implication, highly formalised institutional

settings, e.g. government policy, regulations, CSR promotion and awareness, national and industry standards are likely to influence and demand higher levels of organisational CSR responsiveness. This is reflected in the results of this research where the formal institutional factors have been key influencers for CSR perspectives in sample organisations in the UK and SA. The thesis therefore posits that the stakeholder mapping model facilitates CSR analysis within institutional settings as depicted in Figure 8.3.1 below. This implies that there is likely to be different levels of CSR responsiveness depending on the levels of institutional settings within different contextual environments. For example Brammer *et al.*, (2012) suggested that context of CSR is shaped by the institutionalised forms of stakeholder participation or provisions made within the institutional environments. As a result four main groups, high interest - high power stakeholders (HIHPS), low interest - high power stakeholders (LIHPS), low interest - low power stakeholders (LILPS), and high interest - low power stakeholders (HILPS), (Figure 8.3.1) would provide organisations with a more focused dialogue methods and criteria for prioritisation of CSR issues.

Figure 8.3.1: CSR Box of Opportunities (Source: Author Adapted Mendelow, 1991)



What the additional dimension into framework implies is that the stakeholder perspective is shaped and defined by the institutional settings. This means that the power, influence and interests of the stakeholder groups identified above will reflect and be influenced by the nature or level of institutional settings. It is obvious therefore from the above, that ‘HIHPS’ issues would be given priority in organisational initiatives whilst at the same time ‘LIHPS’ may also take preference for ‘HPLIS’ groups. What the model provides is a basis for management to create systematic mechanisms for establishing materiality and prioritisation of CSR initiatives whilst considering institutional settings. This thesis argues that it is only from this assessment that social responsiveness priorities and dialogue methods can reflect the key materials issues within contextual settings, noting that organisations are likely to be more socially responsive in strong institutional settings, (Campbell, 2007).

8.4 CSR motivations and issues

There is also propensity for organisations in the two countries to align initiatives with organisations' long term objectives, suggesting the relationship between CSR and organisational performance. This motivation linked to the value-driven CSR suggesting that CSR can assist organisations to minimise some risks to brand reputation, (Mackenzie, 2007). CSR has also become an instrument for achievement of long term objectives. This performance driven CSR is where organisations use CSR initiatives to improve their economic and financial performance. For example one sample organisation stated that *'At (UK03) we're determined to create a better business with a better future. We know that long term profitable growth can be aided with responsibility and sustainability at the heart of what we do. Ultimately, we believe that will be stronger and more successful if we help make a better future for all...'* CSR initiatives and programmes are increasingly popular in some organisations in both countries and globally. The institutional and stakeholder influences have forced and influenced the nature and uptake of CSR initiatives in the two countries. Although there are arguments on why organisations have embraced CSR (Gupta and Grau, 2007), the inquiry established that the main influences noted above have played a significant role especially in the two countries.

Although disclosing CSR activities vary, it is evident that organisations seek to derive positive public opinions. There is evidence to support the above motives from the nature and structure of reporting by sample organisations in the two countries. For example, some organisations benchmark their reporting with standards like GRI, in order to satisfy disclosure requirements or to align with current best practice, for example, stakeholder inclusivity and materiality of CSR issues. A key variation is that some organisations produce a combined annual report whilst others produce separate and stand-alone specific reports with

more detailed information on CSR related activities. This supports the notions we have raised above that reports are a form of proclamation of CSR intentions and appear to be directed towards specific stakeholders (Brammer and Millington, 2003; Cooper and Owen, 2007; Narvarro, 1988; Smith, 1990). Reporting can also be direct advertising aimed at corporate branding especially where community involvement is involved or as a response to perceived negative stakeholder perspectives, (Lobina and Hall, 2001).

Overall the CSR focus for the sample organisations in the two countries reflects an equal distribution across all motivations, although if value-driven motivation is grouped together with risk management this would become the main motivation for sample organisations in both countries. This could signify the assertion that organisations view non-compliance to CSR as a significant source for risk to their reputation (Mackenzie, 2007) such that CSR is used as a risk management tool, (Story and Price, 2006; Kytte and Ruggie, 2005). If risk management is to be reflected in the CSR initiatives, the key CSR issues or sample organisations would tend to protect or enhance the organisation's reputation or image towards key stakeholders identified earlier in the above section.

Because there is no exact definition of CSR across the two countries, the nature of CSR initiatives pursued by sample organisations fluctuate across a number of the key issues. For example some organisations have adopted different strategies to respond to the environment, community and workplace. Whilst the institutional environment provides for good business-society relationships, the responses have reflected the socio-political settings of the countries within particular time frames. There is an inclination towards aligning CSR initiatives with Carroll's, four domains of economic, legal, ethical and discretionary, (Carroll, 1979). For example, sample organisations in the two countries have responded to legal requirements as

part of their CSR initiatives. Compliance is therefore a key CSR issue for these units although there are arguments that CSR begins after legal compliance, such that compliance in this case would not constitute responsible behaviour. This thesis argues that legal compliance is a key CSR issue for sample organisations as expounded in Carroll's model. In both countries, legal institutions have played a significant part in formulating the CSR notions. The uptake of activities directed towards the welfare of society at large is also evident in a number of CSR initiatives by sample organisations. For SA, this approach is encouraged by government through a framework that aims at redressing the historical inequalities and poverty alleviation.

The CSR issues are diverse and vary by sample unit, industry and national contexts. This is a reflection of the definitions and orientation of organisational CSR motivations in response to the institutional settings. It is evident that organisational CSR issues in similar industries in the two countries appear to similar traits, especially in terms of in terms of number of issues. For example mining industry organisations in both countries have more CSR issues than banking industry organisations. In spite of these variations and diversities, there are some common issues for sample organisations in both countries, especially in workplace and environmental categories.

8.5 Contribution to field

This section highlights a number of contributions to the field. First, as one of the few inquiries to adopt a multi-case study, the research collected a breath of data from organisations already practising CSR in the UK and SA to contribute to the CSR debate on business and society relationships, thereby providing a deeper understanding of the notion, rationale and influences of organisational CSR in the two countries. Building on previous

studies, for example, Maignan and Ralston, (2002) on comparative analysis of CSR and stakeholder issues between USA and Europe; Doh and Guay, (2006) comparative investigation of institutional environments between USA and Europe; Dawkins and Ngunjiri, (2008) on CSR reporting between organisations in SA and USA, this research provides further insights into prioritisation of CSR issues by organisations in the UK and SA, given the prevailing institutional settings. Evidence suggests implicit and explicit CSR perspectives, (Matten and Moon, 2008) for organisations in the two countries dominated by cohesive and mimetic isomorphic pressures (DiMaggio and Powell, 1983) from respective institutional environmental settings.

Although previous contributors argued that there is no 'fit for all' definition of what constitutes CSR, (Dahlsrud, 2008; Van Marrewijk, 2003), this inquiry revealed variations of CSR definitions, supporting the notions that there is no single definitions that fits all contextual environments. By integrating institutional and stakeholder theories, the thesis provided insights into CSR practices for organisations in SA and UK, particularly the thesis suggests that formal institutional factors, comprising of government policy and incentives, national and industry standards, awareness and promotions, international conventions and education and training, have shaped the organisational CSR perspectives in the two countries. The adoption of the theories has enabled the inquiry to evaluate the range and extent of current CSR initiatives in sample organisations in the UK and SA, thereby contributing to the growing interest and debate in conceptualisation of CSR, within different institutional settings.

Second, the study also provides both science and practice with a solid foundation for discussion and implementation of CSR. The adoption of content analysis as a diagnostic tool

in this inquiry broadened the application of institutional theory in CSR analysis within different national contexts. While cohesive and mimetic pressures from the countries' institutional settings appear to influence organisational CSR in the two countries, there is also evidence that organisations' perceptions of stakeholders are important to decisions on CSR practices in the two countries. This further enlightens the CSR debate on why organisations make certain decisions in prioritising CSR issues. Although stakeholder mapping has been applied before in stakeholder management theories, this thesis proposes another dimension to stakeholder mapping to include institutional setting. The suggestion is links mapping with institutional structures such that highly formalised institutional settings are likely to influence the stakeholder dialogue and relationships with the organisation. This aspect requires further investigation comparing highly formalised and less formalised institutional settings in relation to stakeholder management for CSR.

Third, although previous studies have explored sectors or cross-sectorial country and regional CSR perspectives, (Egri *et al.*, 2004; Idowu and Towler, 2004; Jones, *et al.*, 2005; Lund-Thomsen, 2004; Lynes and Andrachuk, 2008; Quazi and O'Brien, 2000; Robertson and Nicholson, 1996) few have explored South Africa and the United Kingdom recently. This study is one of the few and has unlocked similarities and dissimilarities of CSR perspectives in the two countries. For example, it is possible to infer explicit and implicit organisational CSR for both the UK and SA, mainly from the empirical evidence resulting from data analysis of sample organisations. The case study approach, illuminated understanding on why the selected organisations in the two countries committed themselves to CSR approached adopted, thereby contributing to a deeper understanding of the notions, rationale and influences on CSR perspectives.

Fourth, this thesis has moved beyond past contributions by creating an analytical framework for communicating and implementing CSR. This framework (Figure 8.1.1) can be used by practitioners in developing CSR policies or strategies for implementation across an organisation's supply chain, especially those that extend outside national boundaries. The framework also supports strategy development for those organisations with operations in different regions or global setting allowing for a common framework to be adopted with a localised focus of CSR issues for implementation.

For example, by contrasting conceptual models and frameworks with practical examples, drawn from the two contemporary business environments and the case studies, the thesis has integrated the theoretical perspectives with practical initiatives for sample organisations in developing a theoretical framework for communicating and implementing organisational CSR, (Doh, 2012; Husted and Allen, 2011).

8.6 Summary

In concluding, whilst the notions of CSR continue to be complex, institutional factors play a significant role in shaping the organisational CSR perspectives for organisations in different countries. There are arguments that organisations will have differing perceptions of respective stakeholders and of what constitutes social responsiveness; however CSR is an umbrella term for most organisational initiatives towards social responsiveness. Notwithstanding the differences, there are opportunities for CSR initiatives and it has been revealed in this thesis that sample organisations have a variety of initiatives that constitute CSR issues. Although the aims of the research set out in chapter one have been fully met in this thesis, it is noted that every study has a set of limitations (Leedy and Ormrod, 2005), or "*potential weaknesses or problems with the study identified by the researcher*" (Creswell, 2005, p. 198). In this inquiry there were

negative perceptions at data collection stage. It would appear organisations have experienced numerous questionnaires from various sources, including NGOs, demanding certain information on CSR policies and practices. Secondly, it could also appear that respondents were reluctant to reveal information about their organisation's CSR initiatives especially if such information is regarded as not for public consumption.

A qualitative and quantitative analysis of organisation's CSR reports and websites has been preferred although McCutcheon and Meredith, (1993), argued that company reports tend to lack rigor and objectivity, suggesting what Remenyi *et al.*, (1998), referred to as SOME biases with data collected. Another limitation linked to above is that the self-reported data may be biased, as organisations are likely to exaggerate CSR activities and performance in certain aspects of the initiatives. This is further compounded by the limitation of purposely sampling (Eisenhardt, 1989).

Although data collected can still offer valuable insights on the perspectives and CSR initiatives of the organisations in the two countries, (Eisenhardt, 1989), the sample may be small for replication purposes. This can be compounded when organisations have ambitious strategies that may be designed to convey a particular message to certain stakeholders, either to differentiate themselves from the rest or to legitimatise themselves in some hostile environments. Further to this aspect as sample units were chosen from BiTC and JSE data bases, this could be biased towards large companies and therefore may imply a different approach for CSR in small to medium enterprises (SMEs) in the two countries. Future research might consider expanding the sample for purposes of replicability.

The framework was not tested in the sample organisations and this may be an opportunity for future research to test the model across a wider and larger sample for generalisability.

Issues for further research

Research can focus to establish whether stakeholder dialogue results in prioritisation of CSR issues, this is an area for further research.

The refined Framework CSR Management Model (Figure 8.1.1) can be tested for analysing development of CSR strategies in organisational supply chain operations particularly those extending outside national boundaries.

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10 Annexures

10.1 Researcher's Introductory Letter (BCU)



27 April 2009

TO WHOM IT MAY CONCERN

I confirm that Mr Benjamin Bvepfepfe is enrolled as a doctoral student on the PhD Research Degree Programme at Birmingham City Business School.

His research topic focuses upon "Corporate Social Responsibility (CSR) as a key performance indicator (KPI) in Logistics and Supply Chain Operations", under the supervision of Professor Harry Matlay and Dr Javed Hussain from the Business School, and Dennis Foster from the Technology Innovation and Development faculty.

As part of his empirical research, Mr Bvepfepfe needs to approach selected companies to conduct interviews and also complete related questionnaires.

We would be grateful for any assistance that you can provide to Mr Bvepfepfe in carrying out the necessary primary data for his innovative research.

Should you have any queries concerning the above research, please do not hesitate to contact me.

Yours faithfully

Dr Javed Hussain
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10.2 Questionnaire Sample

						
Date:						
Questionnaire						
Purpose of questionnaire						
<p>The purpose of this questionnaire is to evaluate the institutional factors and stakeholder issues that have influenced perspectives of corporate social responsibility (CSR) in organisations practising CSR concepts in the United Kingdom (UK) and South Africa (SA). A comparative analysis will be made between the two countries with the aim of constructing a theoretical model for communicating and implementing CSR by organisation and their supply chains.</p>						
Confidentiality						
<p>Complete confidentiality is assured and the survey results will be used strictly for the academic purpose of the study. Your views and answers are and may not represent common practices in an organisation. A brief report on the findings will be available for those who participate and are interested in the report.</p>						
Guidance to completion						
<p>Please answer as many questions as you could. You may choose to leave out any question you are not happy to answer.</p>						
SECTION A: CSR DEFINITION						
<p><i>Describe in your own words what you consider CSR to mean for organisations in your industry or country.</i></p>						
<p><i>Which of the following would be your best description for CSR? (tick as many)</i></p>						
<p>Please provide rating in terms of applicability: 1 least; 5 very correct</p>		Rating				
Definition		1	2	3	4	5
Corporations need to be more committed to their employees than anything else						
Corporations should make donations to local developmental needs						
Corporations need to be committed to the public and communities and overall society						
Corporations have a responsibility to provide quality products to markets						

Corporations have a responsibility to obey the laws of the country they are operating in					
Corporations to be responsibility to reduce the negative impacts of their operations on the environment”					
Other					
Why do you think so?					
Which of the following do you consider to have the greatest influence on CSR initiatives for your organisation or those in your industry					
Please give a rating: 1 lowest; 5 highest	Rating				
Factor	1	2	3	4	5
Government policy through Legislation					
Government policy through other incentives					
National Standards of responsible behaviour					
General awareness and promotion of CSR					
Industry standards and codes of practice					
Voluntary CSR schemes					
International conventions on CSR					
Managerial competencies in CSR					
Culture and public opinion about CSR					
Please give any relevant examples where applicable in this space					
SECTION B: STAKEHOLDER MANAGEMENT					
Which of these are your organisations’ key stakeholders? (tick as many)					
Employees					
Local communities					
Suppliers					
Shareholders					
Government					
NGOs					
Media					
Customers					
Why do you consider them key stakeholders?					
Which of these do you include in the engagement process with organisation's key stakeholders?					
Identification of stakeholders					
Classification/prioritisation of stakeholders					

<i>As an organisation, score the most important CSR elements for your supply chain partners.</i>					
Please give a rating: 1 lowest; 5 highest					Rating
CSR Issue	1	2	3	4	5
Workers' welfare					
Health and safety for employees					
Training and development					
Environment					
Climatic issues					
Human rights					
Child labour					
Community welfare					
Others 'Please name them'					
SECTION D: MOTIVATION FOR ORGANISATIONAL CSR INITIATIVES					
<i>Why does your company engage in CSR activities?</i>					
Motivate employees					
Integrate to business model					
Enhance public image					
Marketing exercise					
Customers expect it					
Board expects it					
Competitive advantage					
Improve government relations					
Investor expect it					
Internal management image					
Response to local expectations					
Other					
<i>Which of the following do you consider to be the focus of your organisation's CSR related activities</i>					
Please give a rating: 1 lowest; 5 highest					Rating
Factor	1	2	3	4	5
CSR initiatives as an instrument to improve financial and operational performance					
CSR initiatives as an instrument to protect brand and organisation's reputation					
CSR initiatives as a response to specific Stakeholder expectations or interests					
CSR initiatives as a response to government legislation					

CSR initiatives as a means to mitigate against potential internal and external threats					
CSR initiatives as an instrument to improve the lives of local communities					
<i>Please give any relevant examples where applicable in this space</i>					
<i>How does the company practice the giving side of CSR?</i>					
Corporate charity					
Product/service donations					
Employee community service					
Scholarship/training programmes					
Employee donations to charity					
Partnership with charities					
Corporate grants to non-profits					
Company foundations					
Non-governmental organisations					
Small business outreach					
Other					
SECTION E: EVALUATION OF CSR ACTIVITIES					
<i>How are CSR Performance measures reported within your organisation?</i>					
Financial					
Customer					
Process					
Human					
Governance					
Reputation					
Other....					
<i>Implementation/incentives for CSR processes/procedures</i>					
Systems responsibilities and accountability					
Performance appraisals					
Remuneration links					
Disciplinary actions					
Systems certification					
Others....					
<i>Who is directly responsible for CSR goals in your company?</i>					
CEO					
Human Resources Department					
CSR Head					
Cross functional CSR team					

Management committee					
Middle managers					
Communications/public affair					
Employees					
No one is in charge					
External organisation					
<i>How does the company evaluate the impact of its social programs or aid on the community</i>					
No measurement					
Quantitative analysis					
Social balance reporting					
Independent external analysis					
Standard social responsibility measures					
Software					
Other					
<i>What controls does your company use to meet corporate social responsibility goals?</i>					
Published code of ethics					
Employee guidelines					
Management guidelines					
Periodic employee training					
Ethics code reviewed by directors					
Periodic management training					
Supplier guidelines					
Periodic supplier training					
Other					
Thank you for your co-operation and for taking time to answer this questionnaire. Please return questionnaire by email to bbvepfepfe@yahoo.co.uk					
Or you could post to					
Ben Bvepfepfe					
PhD Research Student					
Business School					
Birmingham City University					
North Campus, B42 2SU; United Kingdom					

10.3 Strengths and Weaknesses for Quantitative research

Adapted Johnson & Onwuegbuzie, (2007).

Strengths	Weaknesses
<ul style="list-style-type: none"> Testing and validating already constructed theories about how (and to a lesser degree, why) phenomena occur. 	<ul style="list-style-type: none"> The researcher's categories that are used may not reflect local constituencies' understandings.
<ul style="list-style-type: none"> Testing hypotheses that are constructed before the data are collected. 	<ul style="list-style-type: none"> The researcher's theories that are used may not reflect local constituencies' understandings.
<ul style="list-style-type: none"> Can generalise research findings when the data are based on random samples of sufficient size. 	<ul style="list-style-type: none"> The researcher may miss out on phenomena occurring because of the focus on theory or hypothesis <i>testing</i> rather than on theory or hypothesis <i>generation</i> (called the <i>confirmation bias</i>).
<ul style="list-style-type: none"> Can generalize a research finding when it has been replicated on many different populations and subpopulations. 	<ul style="list-style-type: none"> Knowledge produced may be too abstract and general for direct application to specific local situations, contexts, and individuals.
<ul style="list-style-type: none"> Useful for obtaining data that allow quantitative predictions to be made. 	
<ul style="list-style-type: none"> The researcher may construct a situation that eliminates the confounding influence of many variables, allowing one to more credibly assess <i>cause-and-effect</i> relationships. 	
<ul style="list-style-type: none"> Data collection using some quantitative methods is relatively quick (for example, , telephone interviews). 	
<ul style="list-style-type: none"> Provides precise, quantitative, numerical data. 	
<ul style="list-style-type: none"> Data analysis is relatively less time consuming (using statistical software). 	
<ul style="list-style-type: none"> The research results are relatively independent of the researcher (for example, , effect size, statistical significance). 	
<ul style="list-style-type: none"> It may have higher credibility with many people in power (for example, , administrators, politicians, people who fund programs). 	
<ul style="list-style-type: none"> It is useful for studying large numbers of people. 	

10.4 Strengths and Weaknesses for Qualitative research

Adapted Johnson & Onwuegbuzie, (2007).

Strengths	Weaknesses
<ul style="list-style-type: none"> The data are based on the participants' own categories of meaning. 	<ul style="list-style-type: none"> Knowledge produced may not generalise to other people or other settings (that is, findings may be unique to the relatively few people included in the research study).
<ul style="list-style-type: none"> It is useful for studying a limited number of cases in depth. 	<ul style="list-style-type: none"> It is difficult to make quantitative predictions.
<ul style="list-style-type: none"> It is useful for describing complex phenomena. 	<ul style="list-style-type: none"> It is more difficult to test hypotheses and theories.
<ul style="list-style-type: none"> Provides individual case information. 	<ul style="list-style-type: none"> It may have lower credibility with some administrators and commissioners of programs.
<ul style="list-style-type: none"> Can conduct cross-case comparisons and analysis. 	<ul style="list-style-type: none"> It generally takes more time to collect the data when compared to quantitative research.
<ul style="list-style-type: none"> Provides understanding and description of people's personal experiences of phenomena (that is, the "emic" or insider's viewpoint). 	<ul style="list-style-type: none"> Data analysis is often time consuming.
<ul style="list-style-type: none"> Can describe, in rich detail, phenomena as they are situated and embedded in local contexts. 	<ul style="list-style-type: none"> The results are more easily influenced by the researcher's personal biases and idiosyncrasies.
<ul style="list-style-type: none"> The researcher identifies contextual and setting factors as they relate to the phenomenon of interest. 	
<ul style="list-style-type: none"> The researcher can study dynamic processes (that is, documenting sequential patterns and change). 	
<ul style="list-style-type: none"> The researcher can use the primarily qualitative method of "grounded theory" to generate inductively a tentative but explanatory theory about a phenomenon. 	
<ul style="list-style-type: none"> Can determine how participants interpret "constructs" (for example, self-esteem, IQ). 	
<ul style="list-style-type: none"> Data are usually collected in naturalistic settings in qualitative research. 	
<ul style="list-style-type: none"> Qualitative approaches are responsive to local situations, conditions, and stakeholders' needs. 	
<ul style="list-style-type: none"> Qualitative researchers are responsive to changes that occur during the conduct of a study (especially during extended fieldwork) and may shift the focus of their studies as a result. 	
<ul style="list-style-type: none"> Qualitative data in the words and categories of participants lend themselves to exploring how and why phenomena occur. 	
<ul style="list-style-type: none"> One can use an important case to demonstrate vividly a phenomenon to the readers of a report. 	
<ul style="list-style-type: none"> Determine <i>idiographic</i> causation (that is, determination of causes of a particular event). 	

10.5 Strengths and weaknesses for Mixed research

Adapted Johnson & Onwuegbuzie, (2007).	
Strengths	Weaknesses
<ul style="list-style-type: none"> Words, pictures, and narrative can be used to add meaning to numbers. 	<ul style="list-style-type: none"> Can be difficult for a single researcher to carry out both qualitative and quantitative research, especially if two or more approaches are expected to be used concurrently; it may require a research team.
<ul style="list-style-type: none"> Numbers can be used to add precision to words, pictures, and narrative. 	<ul style="list-style-type: none"> Researcher has to learn about multiple methods and approaches and understand how to mix them appropriately.
<ul style="list-style-type: none"> Can provide quantitative and qualitative research strengths (that is, , see strengths listed in Tables 3 and 4). 	<ul style="list-style-type: none"> Methodological purists contend that one should always work within either a qualitative or a quantitative paradigm.
<ul style="list-style-type: none"> Researcher can generate and test a grounded theory. 	<ul style="list-style-type: none"> More expensive.
<ul style="list-style-type: none"> Can answer a broader and more complete range of research questions because the researcher is not confined to a single method or approach. 	<ul style="list-style-type: none"> More time consuming.
<ul style="list-style-type: none"> The specific mixed <i>research designs</i> discussed in this article have specific strengths and weaknesses that should be considered (for example, , in a two-stage sequential design, the Stage 1 results can be used to develop and inform the purpose and design of the Stage 2 component). 	<ul style="list-style-type: none"> Some of the details of mixed research remain to be worked out fully by research methodologists (for example, , problems of paradigm mixing, how to qualitatively analyze quantitative data, how to interpret conflicting results
<ul style="list-style-type: none"> A researcher can use the strengths of an additional method to overcome the weaknesses in another method by using both in a research study. 	<ul style="list-style-type: none"> Can be difficult for a single researcher to carry out both qualitative and quantitative research, especially if two or more approaches are expected to be used concurrently; it may require a research team.
<ul style="list-style-type: none"> Can provide stronger evidence for a conclusion through convergence and corroboration of findings. 	<ul style="list-style-type: none">
<ul style="list-style-type: none"> Can add insights and understanding that might be missed when only a single method is used. 	<ul style="list-style-type: none">
<ul style="list-style-type: none"> Can be used to increase the generalisability of the results. 	<ul style="list-style-type: none">
<ul style="list-style-type: none"> Qualitative and quantitative research used together produce more complete knowledge necessary to inform theory and practice. 	<ul style="list-style-type: none">
<ul style="list-style-type: none"> 	<ul style="list-style-type: none">

10.6 Regulations regarding the welfare of employees in the UK

Management of Health and Safety at Work Regulations 1999	which support warehouse staff in fostering a proactive approach towards building a positive health and safety culture within the organisation
The Workplace (Health, Safety and Welfare) Regulations 1992	which deal with preventing hazards arising from poor housekeeping
The Provision and Use of Workplace Equipment Regulations 1998 (PUWER),	which require employers to ensure that the equipment provided for use at work complies with the regulations
The Manual Handling Operations Regulations 1992,	which cover all aspects of moving goods by hand
The Health and Safety (Display Screen Equipment) Regulations 1992	which applies to visual display units (VDU) for computers or microfiche
The Personal Protective Equipment at Work Regulations (PPE) 1998	which states that employers must provide PPE to employees where there are risks to their health and safety that cannot be controlled by other means
Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995 (RIDDOR),	which require employers to notify the Health and Safety Executive of workplace accidents causing more than three days' incapacity, a major injury or a fatality
The Control of Substances Hazardous to Health Regulations 2002 (COSHH),	which require employers to assess the risks to employees working with hazardous substances and to classify, package and provide information on substances listed in the Chemical Hazard Information and Packaging Regulations 1994 (CHIP 1 and 2)
The Environmental Protection Act 1990 and the Waste Management Licensing Regulations 1994	set out a hierarchy of options for dealing with waste material

10.7 Comparison of Formal Institutional Factors for UK and SA

Factors	South Africa	United Kingdom
Government policy	Prescriptive through Ten Acts of Parliament.	Political structure with Minister of CSR. CSR Strategy (DTI)
Government incentives	No incentives	Four incentives for example, tax incentives for community involvement; funds for CSR projects; Government sponsored research on CSR.
Awareness and promotions	Community mobilisation; representations for consultation for example, NEDLAC	Government funded programmes Government website outlining its approach
International influences	Carbon disclosure Project; UN Global Compact; Global Reporting Initiative; ILO and UDHR	European Multi-Stakeholder forum; European Academy of Business in Society; UN Global Compact; Global Reporting Initiative; OECD; ILO and UDHR
Professional networking	UNISA centre for Corporate Citizenship	
Trade Associations		
Voluntary schemes	JSE SRI Index; King I, II, III; ; National Business Initiative; Legal Resource Centre	Six industry-based initiatives for example, BiTC; ETI; EITI; FTSE4Good
Cultural expectations	Historical social imbalances places greater expectations from society	Rich culture influencing other countries especially with background linkages for example, Australia, South Africa
Interest groups	NGOs Local/International Powerful trade unions	Pressure groups mainly in consumer groups
Public opinion for example, belief and values	Substantial numbers in impoverished rural lives. Long standing beliefs placed women at a disadvantage	Fundamental beliefs in equal worth Shared values in which human rights is of major importance Racialism morally unacceptable

10.8 Stakeholders Mapping: UK Sample organisations (Annual reports)

Unit of analysis	Stakeholders	Stakeholder mapping	Dialogue methods	Material issues derived from dialogue
UK01	investment community, employees, contractors, unions, national, regional and local governments, inter-governmental bodies, regulators, communities associated with our operations, business and JV partners, non-governmental and development organisations, suppliers, customers and media.	Grouped into Group level Commodity level Business level Regional level Divisional level Operational level	Clear in many forms at site and commodity levels. Considered to be equitable, culturally sensitive, transparent, and commercially possible	Yes. Based on stakeholder engagement and management processes, organisations have identified the material issues at group level
UK02	shareholders, customers, colleagues, suppliers and wider society and the environment., government, trade unions	Grouped but not in primary or secondary categories	multi channels for customers, employee and customer surveys , reports, meetings, network forums	yes '...a range of illustrations provided to demonstrate
UK03	customers, employees, shareholders, partners, suppliers and local communities.	Grouped but not in primary or secondary categories	Yes annual survey with employees and suppliers, employee training, social media	Yes partly

			and internet for customers	
UK04	Customers, employees, investors, partners, suppliers, trade bodies; Government departments, NGOs and charities	Grouped but not in primary or secondary categories	customer surveys, meetings with investors, reporting; forums; news letters	Partly Yes
UK05	People , Clients , Suppliers and Community partners	yes into internal and external stakeholders	reporting, surveys, meetings	We actively prioritize these topics based on their importance to our stakeholders and the current or potential impact to our business.
UK06	Not identified	No	No	No

10.9 Stakeholders Mapping: SA Sample organisations (Annual reports)

Unit of analysis	Stakeholders	Stakeholder mapping	Dialogue methods	Material issues derived from dialogue
SA01	Tribal chiefs; Environmental focus groups; NGOs; Local municipalities; MECs; Local/Host communities; Communities-major labour sending areas; Provincial premiers; Government ministers; Local community forums; Regulators, local, provincial and national; customers District and local mayors; Local councillors	Yes a matrix of those groups and individuals who are directly and indirectly associated with the company,	'..takes many forms including one-on-one discussions, briefings, local, provincial and national focus group forums, community consultations, open days, stakeholder forums and internal publications.	Yes ...outcome of this process has been the delineation of the six material issues.
SA02	Shareholders; Customers; Employees; Community; Supplier and other resource providers; Government and Regulators	Yes but not into primary and secondary	Methods of engagement for particular stakeholders is provided, for example, meetings, surveys reports	'Approach aims to balance the interests and views of stakeholders with the need to attract and retain talent.
SA03	Employees; Government;	Yes but not into	Methods of	' ..a balanced analysis

	Suppliers; Media; Union; Regulators; Inventors, customers, civil society, governors	primary and secondary	engagement for particular stakeholders is provided	of our sustainability performance in relation to issues that are relevant and material. our ongoing engagement with our stakeholders,
SA04	Customers; Employees; Service providers; Shareholders; Suppliers; Franchisees; Government departments; Organised businesses; Unions; Media NGO and community organisations	Yes but not into primary and secondary	Clearly laid out in the engagement model, (See Fig. 5.3.4)	Yes by group of stakeholder , (See Fig. 5.3.4)
SA05	Employee; Shareholder; Customers; Suppliers; Regulators; Communities	Yes into key and others	Not clearly laid out	'...This process to identify material topics has been informed by the Group's purpose, values and vision encapsulated in our business philosophy as well as the interests of the three key stakeholders, namely our customers, our shareholders, and our employees.

SA06	Not clearly identified	Not mapped	No method	No
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10.10 Definitional Responses: Quotationnaire Responses

Respondent UK01	<i>describes CSR as ‘...ensuring work practice of a business complies with existing health and safety legislation and is environmentally friendly...’</i>
Respondent UK02	<i>‘...CSR for us is about being a responsible business, making a sustained and positive contribution to the economy and society.’</i>
Respondent UK03	<i>– CSR is ‘...demonstrating the outside world that we have a wider responsibility than just shareholder return...’ This inclusion of the phrase ‘demonstrating to outside world’ appears to reflect the dialogue methods that have been adopted by the same organisation.</i>
Respondent UK 04	<i>‘...in my opinion CSR should relate primarily to the workforce and any site within the community....such that the company works diligently in partnership with local government/people...’</i>
Respondent SA01,	<i>CSR ‘...is an instrument that companies use to make a meaningful difference in areas they operate not for employees but also for communities....’</i>
Respondent SA03	<i>‘Investing resources into the upliftment of the communities where the company operates. Investing in schools, hospitals, roads etc. Ensuring the environment is taken care of during operations. Creating decent work for communities...’</i>
Respondent SA 04	<i>‘CSR is the continuing commitment by businesses to behave ethically and contribute to economic development, while improving the lives of employees and their family as well as local communities and society at large’</i>

10.11 CSR issues UK Sample Organisations

UK01	UK02	UK03	UK04	UK05	UK06
Occupational health	Union representation	Sustainability training	Diversity	Ethics	Ethics
Safety	Health and safety	Ethics	Health and safety	Supplier code of conduct	Skills development
Training and development	Work Life Balance	Skills development	Learning and development	Environmental footprint	Inclusivity
Diversity	Talent development	Diversity	Equal and fair treatment	Community engagement	Supplier diversity
Union representation	Accessibility	Flexible hours	Customer focus	Volunteering	Sustainability among suppliers
Attract and retain	Free-to-use ATMs	Health and safety	Responsible sourcing	Charity giving	Impact
Employee assistance programmes	SME support	Customer sustainability assistance	Ethical trading	Social inclusion	Carbon
Human rights	Responsible lending	Product/services	Accessibility		Waste reduction
Long term investment	Financial include	Procurement processes	Energy use		Water pollution
Ethics	Carbon disclosure	Accessibility	Waste management		Green buildings and operations
Climate change	Equator principles	Inclusivity	Carbon reporting		Helping people gain employment
Emissions	Carbon footprint	Energy use	Packaging/paper recycling		Human capital development
Product steward	Renewables	Carbon emission	WEEE		
Waste bi-diversity	Diversity	Waste management	Literacy championing		
Water use	Money-laundering	Climate change	Charitable trusts		
CSI	Community impact	Disaster relief	World book day support		
Public health	Charity partnerships	Charity support	Books to hospitals		
Indigenous people resettlement	Social banking accounts	Investment in community	Environment		
In-kind donations	Community sports/schools	Supply chain standards	Charitable giving		
	Talent management	Privacy and data protection			
	Bursaries				

10.12 CSR Issues SA Sample Organisations

SA01	SA02	SA03	SA04	SA05	SA06
Ethics	BEE	Occupational health	Employment equity	Training and development	Fair employment
Occupational health	Reputation	Corporate governance	Skills development	Workforce equity	Health and safety
Safety	Governance	Employment equity	Diversity	Health and safety	Skills development
Training and development	Compliance	Training and development	Union representation	HIV/AIDS	HDI
Union representation	Employee engagement	Union engagement	Preferential procurement	Local manufacturer	Corporate governance
HDSA	Accessibility	ethics	Supplier relations	Supply chain risks	Investors in people
Ethics/honesty	Service enhancement	Preferential procurement	Bio diversity	Carbon disclosure	Twin-school projects
Non-discriminatory in supply contracts	Talent development	Supply chain risk	Water	Enterprise development	Student placement
Preferential focus	Consumer education	Customer satisfaction	Carbon footprint		High quality development
Supply chain risks	Ethics	compliance	Animal welfare		Preferential procurement
Value creation	Environment impact	Energy use	Organic and free range		Awareness education
Environmental impact	Community investment	Waste management	Climate change		Go green initiatives
Energy use		Climate change	CSI		Impact reduction
De-watering		Carbon footprint	Schools donations		Transformation of society
Climate change		Telkom foundation	Vulnerable children		CSI
Compliance		Partnerships	Enterprise development		Bursaries
Water management		Sponsoring	BBBEE		Mentoring
Greenhouse emissions		HIV/AIDS	Ownership schemes		BEE
Land management		BBBEEE	Staff giving		Enterprise development
Enterprise development		Talent management	Community engagement		Talent management
Business support		SME development			HIV/AIDS
Community partnerships					
Uplifting of standard of living					
HDSA ownership					
Diversity					

10.13 Mapping Research questions with objectives

Research objective	Research question	Key issues arising from literature
To investigate the institutional factors that has influenced the nature of corporate social responsibility (CSR) in United Kingdom (UK) and South Africa (SA).	What institutional factors are evident in the UK and SA countries that are likely to influence organisational CSR responses? How do these factors manifest themselves in CSR initiatives of sample organisations in the two countries?	These questions aims to provide a deeper analysis of how organisations responded to forces within their respective institutional environments, that comprised of formal and informal factors, (Dacin <i>et al.</i> , 2002; Meyer and Rowan, 1977; North, 1990, 1994)
		Because of the contrasting and contextual nature of CSR definitions, (Crane and Mattern, 2004, Welford, 2004; Fairbrass <i>et al.</i> , 2005; Van Marrewijk, 2003), data will provide a definition of CSR would start with some broad definition of the phenomenon in order to adequately enumerate the key CSR issues, (Carroll, 1979; Idemudia, 2008)
To investigate, using the stakeholder theory, the range and extent of current CSR initiatives in organisations already practicing CSR within the two countries.	Which stakeholders receive the greatest attention from sample organisations in the two countries? Do firms in particular industries across the two countries tend to emphasise particular stakeholders and CSR issues?	As the notion is there can be no CSR without considering the expectations of stakeholders these questions will seek for data on stakeholders who are considered in organisational CSR as these are considered to play a significant part in CSR responsiveness, (Clarkson, 1995; Gao and Sirgy, 2006; Mitchell <i>et al.</i> , 1997),
		The best way to understand social responsiveness is to analyse and evaluate the way in which the organisations engage with its key stakeholders, (Carroll, 1989; Clarkson, 1995; Donaldson and Preston, 1995; Freeman, 1984; Jones, 1995; Maignan and Ralston, 2002; Maignan <i>et al.</i> , 2005 and Jamali, 2008)
To investigate, using the stakeholder theory, the range and extent of current CSR initiatives in organisations already practicing CSR within the two countries To construct a theoretical model for communicating and implementing CSR by organisations and their supply chain partners.	What CSR issues are prominent from sample organisations and how are these prioritised? Do the similar issues appear in sample organisations within industry groups and across the two countries? To what extent can the common issues be modelled into a framework for communicating and implementing CSR by organisations and their supply chains?	As a number of CSR related issues or what constitutes CSR varies, these questions will seek data for those items that stand out and are considered material organisational CSR initiatives, (Zadek and Merme, 2003). Although due to institutional factors and stakeholder expectations these are likely to differ in importance and urgency, (Matlay, 2009; Sternberg, 2004) the CSR issues will reveal why some organisations may adopt CSR initiatives, (Toyne, 2006)
To investigate the institutional factors that has influenced the nature of corporate social responsibility (CSR) in United Kingdom (UK) and South Africa (SA).	How do these factors manifest themselves in CSR initiatives of sample organisations in the two countries?	What constitutes CSR appears to vary, (Garriga and Mele, 2004) and the motivations signifies how organisations are responding to the institutional and stakeholder pressures, thereby providing guidance to explanations of CSR perspectives (Carroll, 1977, 1979; Garriga and Mele, 2004; Matten and Moon, 2008; Pedersen, 2008; Zadek, <i>et al.</i> , 2002). Questions seek for data that will provide CSR orientations or the perspectives of CSR for sample organisations in the two countries.