

**UNIVERSITY OF KWAZULU-NATAL**

**Investigating a South African listed company's corporate social responsibility initiatives  
in varying economic conditions**

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**School of Management, IT and Governance  
College of Law and Management Studies**

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# DECLARATION

I, **Langelihle Khayaletu Nxumalo** declare that

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**Langelihle Khayaletu Nxumalo**

# ABSTRACT

The role of the organisation in society has been an ongoing conversation with many scholars believing the organisation should play an active role within the community they operate and should be held accountable for the social and environmental impact of their business activities. Almost every major organisation has a CSR programme of some sorts, or they at least report annually on the impact of their business's activities on society and the environment as stipulated by the King Report on Corporate Governance and enforced by the Johannesburg Stock Exchange (JSE). A warranted question is what would be the firm's approach towards investing back into society and the environment if its financial gains were to be strained by an economic downturn or incline? This study aims to explore CSR initiatives during boom and bust economic periods by exploring a South African listed Company's CSR programme during the varying economic climates.

A qualitative study was conducted. The study was conducted at the organisation's headquarters in Midrand, Gauteng, South Africa. A purposive sampling strategy was used with a targeted population made up of 11 members of the organisation's CSR department, where all their national CSR activities are decided. Respondents were chosen based on their ability to adequately respond to the interview questions. Secondary data was collected in the form of integrated reports. Content and comparative analysis was implemented in the analysis of data.

Findings from the study identified a shift in the purpose of the organisation with a stronger economic focus during the 2007-2009 bust period when South Africa's economy was in a recession. Findings also identified customers and employees as the most significant stakeholders during the boom and bust economic periods. Company X's social programmes focused on *Education*, *Community* and *Health* initiatives during all economic periods. Company X invested in improving their operation's impact on the environment as part of its environmental effort during all economic periods. Company X CSR budget was unaffected by South Africa's economy and grew every year.

In conclusion, there was no evidence of a shift in the implementation of Company X's CSR programmes during the economic periods assessed due to the organisation's financial performance rallying despite South Africa's and the industry's GDP growth. That being said, there is evidence of the purpose of the organisation shifting during these economic periods.

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# CHAPTER I

## OVERVIEW OF THE STUDY

### 1.1. INTRODUCTION

This chapter aims to provide an overview of the study. It starts by giving a brief introduction to the concept of Corporate Social Responsibility and how this concept is intended to be explored in this study. This chapter also presents a brief description of South Africa's economic activity and explores the boom and bust economic periods. A problem statement is then discussed to present the gap in knowledge regarding the Corporate Social Responsibility phenomenon. The problem statement leads to the research questions and objectives, meant to understand and address the gap in knowledge identified for this study. The significance and rationale of this study to the scientific community are presented, followed by an overview of the chapters to follow.

### 1.2. CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) has been a topic of interest for many organisations operating in the dynamic business environment. CSR continues to be a popular topic for most organisations because of the benefits attributed to taking part in CSR initiatives (Klára, 2011; O'Connor, 2012; Noack, 2012; Brammer, Jackson and Matten, 2012; Crane, Matten and Spence, 2013; Rexhepia, Kurtishib, and Bexhetic, 2013; Cheng, Ioannou and Serafeim, 2014). CSR is now practised by many large and medium organisations that either has annual reports, CSR projects, managers, or departments dedicated explicitly to Corporate Social Responsibility (Crane et al., 2013).

CSR is defined as “context-specific organisational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance” (Aguinis, 2011, p.855). This definition has been adopted by other authors like (Rupp, Williams, and Aguilera, 2011; Rupp, 2011; El Akremi, Gond, Swaen, De Roeck, and Igalens, 2018).

CSR is made up of three main dimensions which are the Social (*wellbeing of employees and society at large*), Economic (*good customer and shareholder relationship*) and Environmental (*awareness and environmentally friendly business processes*) dimensions (Torugsa, O'Donohue and Hecker, 2013).

This study explores Corporate Social Responsibility initiatives in South Africa's varying economic growth, more specifically, South Africa's boom and bust economic periods. The study looked at the implementation of CSR programmes in light of South Africa's boom and bust economic conditions. This was done by the use of a case study on a South African company listed in the Johannesburg Stock Exchange (JSE), with arguably one of the most extensive CSR programs in the country.

### **1.3. SOUTH AFRICA'S BOOM AND BUST ECONOMY PERIODS**

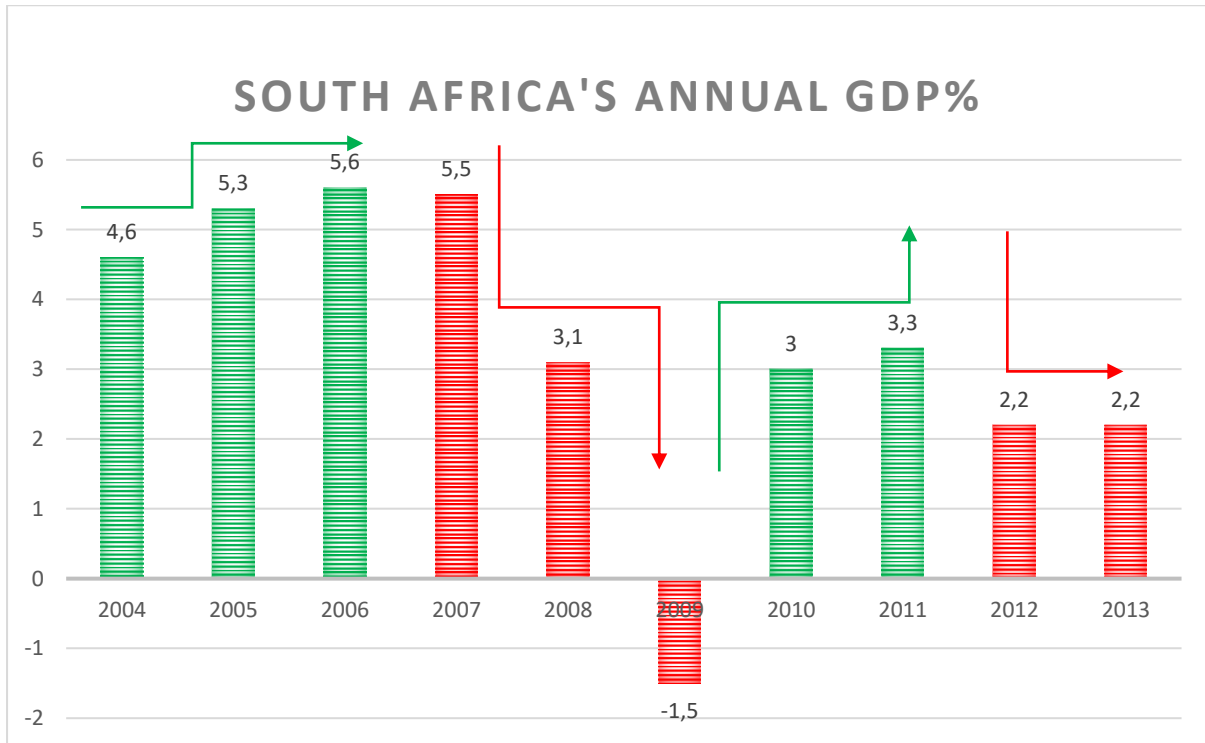
South Africa had an estimated population of 57, 73 million people in mid-2018, and an unemployment rate of 27% in the last quarter of 2018 (Statistics South Africa, 2018). Since 1994, the country has had to overcome several issues, which include income inequalities, poverty levels, and slow economic growth (Mandela, 1993; Bhorat, Hirsch, Kanbur and Ncube, 2013). South Africa has since seen positive economic growth between the years of 1994-2012 in general, with the average annual growth of 3.3 percent between these times. This is an improvement as compared to the 1.4 percent annual average growth between 1980 and 1993 (Department of Research and Development, 2013). South Africa's economy has had varying economic growth, with the economic growth peaking at 5.6 in 2006 and reaching negative figures in 2009. The economy picked up in 2010 with the aid of the 2010 Fifa World Cup but dipped again in 2012 (Trading Economics, 2017; Statistics South Africa, 2018).

Boom economic periods are described as "periods of rapid economic growth, prosperity, high wages and prices, and relatively full employment" (Collins English Thesaurus, 2018, p.1). The word 'Boom' is associated with *boost, development, expansion, growth, improvement, spurt,* and *prosperity* (Collins English Thesaurus, 2018). According to the National Bureau of Economic Research (2019) and Amadeo (2019), the average cycle of an economic boom is just over three years of increased economic growth. This suggests an economic boom could be plus/minus three years.

According to Gorton and Ordonez (2016), there are good booms and bad booms. Good booms are described as those that continue for long periods, while bad booms are those ending in a crisis. In South Africa, that was the case in 2009. In the context of this study, 'boom' was used to describe a period of increasing economic growth in two consecutive years or more. The country's economy performed its best between the years of 2004 and 2006 with average GDP growth beyond the 5 percent region (Bhorat et al., 2013; Department of Research and

Development, 2013). According to Tornell and Westermann (2002); and Semmler and Bernard (2012); boom periods are unsustainable and therefore when the boom period reaches its peak, a ‘Bust’ period is sure to follow. Figure 1.1 below, shows South Africa's boom and bust periods.

**Figure 1. 1: South Africa's Boom and Bust Economic Periods (Statistics South Africa, 2016)**



Bust economic periods are described as “an economic period of difficulty or a depression” (Oxford Dictionary, 2018, p.6). South Africa's economy performed its worst since democracy in 2009, with the average growth tumbling into negative figures (Bhorat et al., 2013, Trading Economics, 2017). The negative growth entered South Africa into a recession in May 2009 (Assubuji and Luckscheiter, 2009; Vollgraaff and Mbatha, 2014). The Global economic downturn in 2008 and 2009 sparked a debate on CSR activities during tough economic times and whether organisations should drop their CSR programmes amidst tough economic times (Welch, 2009; Jimena, 2009; Lagace, 2009; Herzig and Moon, 2011; Bansal, Jiang and Jung, 2015). This study builds from that discussion using a South African company as a real-world case to better understand this discussion. For the purpose of this study, this company is referred to as Company X due to an agreement of anonymity.

#### **1.4. PROBLEM STATEMENT**

The discussion regarding the impact of a country’s economic climate on CSR Initiatives started in 2009 during the economic meltdown, which resulted in more than 20 million people losing

their jobs (Bansal et al., 2015). A number of studies and articles by Jimena (2009); Lagace (2009); Welch (2009); Gohier (2010); Ellis and Bastin (2011); Klára (2011); Coles, Fenclova and Dinan (2011); Herzig and Moon (2011); and Bansal et al., (2015) have been published debating about the theories on the impact of challenging economic conditions on CSR initiatives.

An article in the Canadian Mining Journal (What Does CSR Have to Offer in a Recession, 2009); Jimena (2009); Lagace (2009); Welch (2009); Gohier (2010); Ellis and Bastin (2011); Klára (2011); Coles, Fenclova and Dinan (2011); Herzig and Moon (2011); and Bansal et al., (2015) concluded that CSR as a whole can withstand a recession, however, they also agree that CSR strategies need to be adjusted to cope with the recession. The problem is that all the articles and authors mentioned base their CSR argument on developed countries. There is a knowledge gap because there are differences between community expectations in developed and developing countries (Karam and Jamali, 2015).

Salvioni and Astori (2013) argue that the gap between developed and developing nations is shrinking due to globalisation, and therefore, businesses are conforming to general principles. This being said, achieving sustainability is particularly tricky in developing nations as compared to developed countries. Countries in Africa, for example, have to deal with the increasing demand for limited resources like water due to pressures from social and economic development (McClain, 2016). Here, it becomes more challenging to find a balance when there are high social issues and scares natural resources. According to Sonnenberg, Erasmus and Donoghue (2011) it becomes challenging to deal with the issue of sustainability as a developed country when your carbon footprint is practically the same amount per person as other developed countries. This was due to the massive coal consumption in South Africa.

This study seeks to fill the gap in knowledge regarding the performance of CSR programmes in a developing nation's varying economic conditions, an economy characterised by unsustainable economic boom such as the one found in South Africa. This is an opportunity to explore the characteristics of South Africa's CSR programmes amid good and severe economic conditions.

## **1.5. RESEARCH QUESTIONS**

- What is the purpose of the organisation during the boom and bust economic periods?



- How are the organisation's stakeholders prioritised during the boom and bust economic periods?
- What are the trends in the social CSR efforts during the boom and bust economic periods?
- What are the trends in the environmental CSR efforts during the boom and bust economic periods?
- What are the trends in the CSR budget during the boom and bust economic periods?

## **1.6. RESEARCH OBJECTIVES**

- To determine the purpose of the organisation during the boom and bust economic periods.
- To determine how the organisation prioritises its stakeholders during the boom and bust economic periods.
- To determine trends in the social CSR efforts during the boom and bust economic periods.
- To determine trends in the environmental CSR efforts during the boom and bust economic periods.
- To explore trends in the CSR budget during the boom and bust economic periods.

## **1.7. SIGNIFICANCE/IMPORTANCE/CONTRIBUTION**

The study looks at CSR initiatives in South Africa's fluctuating economic growth between the periods of 2004 to 2013. The selection on this period was necessary because South Africa had a boom and a bust period that lasted three years each (Boom: 2004-2006, Bust: 2007-2009), making them comparable in the analysis of this study. The chosen period also had a second boom and bust period lasting two years each (2<sup>nd</sup> Boom: 2010-2011, 2<sup>nd</sup> Bust: 2012-2013), also making it ideal for the comparison in this study. This research contributes to the scientific community by giving insights into how the economy affects the firm's ability to give back to its stakeholders. The study gives a real-life account of the phenomenon in the form of a case study.

## **1.8. JUSTIFICATION/RATIONALE**

The rationale for researching on varying economic periods and CSR initiatives is justified by South Africa's constant threats of recessions due to the declining economic growth. The current economic climate creates an opportunity to explore the implications the economy has on CSR.

## **1.9. RESEARCH METHODOLOGY**

### **1.9.1. Research Design**

This study adopted an exploratory approach into CSR in variable economic conditions. Exploratory research is described as “a form of research that generates initial insights into the nature of an issue and develops questions to be investigated by more extensive studies” (Marlow, 2005, p.334; Strydom, 2013). Exploratory research looks at the circumstances affecting communities, and how they make sense of the phenomena (Strydom, 2013). This study applied an exploratory case study strategy due to the purpose of the study, which was to explore the application of CSR programmes during variable economic climates. An exploratory case study aided in achieving the overall objective by gaining insight on how the organisation chosen makes sense of the phenomena.

### **1.9.2. Research Approach**

Qualitative approaches are mostly used when a study is exploratory in nature (Strydom, 2013). Qualitative research approaches are also normally adopted when observation, grounded theory, ethnography or case study strategies are chosen, as in the case of this study (Sekaran and Bougie, 2013; Creswell, 2013). The qualitative approach chosen in this study compliments the exploratory nature and case study strategy used by the researcher. An additional advantage of employing qualitative research in this study is that it gave the researcher the ability to study a phenomenon in detail and how it was viewed by the organisation during the periods studied (Lapan et al., 2012).

### **1.9.3. Study Site**

The study used Company X as a case study because of its long-term CSR programmes that are in place. Company X as a case was chosen because case studies in general give a clear indication of the real-life research problem (Sekaran and Bougie, 2013). The study site was in Midrand, Gauteng. This site was chosen because that is where Company X's CSI Executive Department is based and where decisions are made and communicated down to operational levels.

### **1.9.4. Target Population**

"A target population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate" (Sekaran and Bougie, 2013, p.240). The population for this study was made up of 11 employees that work under Departments that deal with CSR. There

were ten employees working in the Corporate Social Investment Department and one working in the Sustainability Department.

### **1.9.5. Sampling Strategies**

A non-probability sampling method was used in this study due to the qualitative research approach chosen by the researcher. Non-probability samples are chosen on a non-random manner and therefore some members of the population will not have an opportunity to be part of the sample; unlike probability sampling where all members of the population have a known probability to be part of the sample (Dudovski, 2016). Non-probability sampling is more appropriate when a study is still at its exploratory stage. Non-probability sampling is also effective when probability sampling is not an option, where a select few of the population has the required information (Saunders, Lewis and Thornhill, 2012).

There are two main types of non-probability sampling methods, they are convenience and purposive sampling. Purposive sampling is used when information can only be gathered from specific groups targeted on purpose because they are the only ones who can provide the desired information. This study used purposive sampling, more specifically judgemental sampling. Judgemental sampling is a form of purposive sampling where subjects are chosen because they are in a better position to give the required information, such as the employees working in Company X's Corporate Social Investment Department (Sekaran and Bougie, 2013). A total of 4 respondents were extensively interviewed face to face and telephonically in a secure and enclosed environment. Comprehensive primary data required for this study could only be obtained from these employees, thus justifying the use of judgemental sampling. Respondents were chosen according to their capacity to access and provide the required information.

### **1.9.6. Data Collection**

#### **1.9.6.1. Documents**

The implementation of Company X's CSR programme during the different economic periods was based on secondary data. Qualitative documents are documents found in the public domain like newspapers or official government or company reports. Examples of private documents could be emails, letters or personal journals (Creswell, 2015). The analysis of documents provided by the participating organisation was used as an effective form of data collection that was coupled with interviews conducted by the researcher.

#### 1.9.6.2. Interviews

In-depth interviews were appropriate for this study coupled with secondary research as this method provided current data on the phenomenon to be analysed. In-depth Interviews specifically also allowed the researcher the ability to extract detailed information and clarify issues that may arise from a small number of respondents especially in the case of this study as the required information could only be obtained from a small number of respondents (Dudovskiy, 2016).

#### **1.9.7. Data Quality Control**

According to Silverman (2015), reliability in qualitative studies is something that really needs to be addressed when compared to quantitative research. Reliability refers to the probability of arriving at the same findings if a study was conducted by someone else, or by the same person at different periods (Hammersley, 1992; Cited in Silverman, 2015).

Reliability on text or secondary data is considered more reliable as compared to primary because this data is readily available. Here the question of reliability comes up in the process of categorising the data (Silverman, 2015). With interviews, reliability also has to do with how information is obtained and how it is reported in the study (Runin and Rubin, 2012; Silverman, 2015). This was done using a recorder and transcribed word for word to ensure that the data reported is accurate. The samples for this study were individuals who have experience and knowledge to give accounts on the topic at hand.

According to Silverman (2015), validity is more challenging to ensure when compared to reliability; that is why a method called data triangulation was implemented to establish validity in this study. Data triangulation is referred to as “collecting data from several sources and /or different periods” and determining if they corroborate with each other (Sekaran and Bougie, 2013). Primary data gathered from interviews was analysed in the same manner as secondary data and a comparative analysis was done to establish validity.

#### **1.9.8. Data Analysis**

Data analysis was done using content analysis. Content analysis allows a large amount of information to be analysed and systematically arranged according to themes, characters, words or concepts (Sekaran and Bougie, 2013). Content analysis was used for both primary and secondary data for the purpose of corroborating identified themes by a comparative analysis, using the results from both secondary and primary data. The study used an automated content

analysis tool called NVivo, which analysed the data gathered from integrated reports and interviews, and arranged it according to themes (Cretchley and Neal, 2013). Comparative analysis was done manually by the researcher, using a table displaying the results from primary and secondary data. This study used word frequency queries, word clouds, and word frequency graphs (attached under appendix E), that allowed the researcher the ability to make connections between the various concepts.

## **1.10. OVERVIEW OF DISSERTATION**

### **Chapter 2: Literature Review**

The second chapter of this study presents literature on CSR and theories underpinning this study. CSR is described and the various ways researchers believe CSR is supposed to be implemented. The various views on CSR are traced back to the utilitarianism belief as the researcher tries to understand why there are different views regarding CSR. The chapter further looks at the various theoretical frameworks that can be used by the study, which include the stakeholder theory and the triple-bottom-line framework. Other theories and frameworks are also discussed in this chapter.

### **Chapter 3: Research Methods**

The third chapter focuses on how the data is collected, the research site, the population, and sampling method, the research strategy, and the approach used by the author to meet the final objective. The chapter also looks at how the data is analysed and justification for those methods. The third chapter takes the reader through the methods used to gather and process data.

### **Chapter 4: Presentation and Discussion of Results**

The fourth chapter looks at the presentation and discussion of the data analysed using the methods discussed in the third chapter. Data for this chapter is analysed using automated content analysis. Findings are presented in both primary and secondary data form. Both types of data were collected by the researcher; but both types of data were analysed using automated content and qualitative comparative analysis. The discussion presented in this chapter is aligned with the purpose of the study and the literature presented in the second chapter. This chapter links it with the literature from the various frameworks used in this study.

## **Chapter 5: Conclusion and Recommendations**

This is the chapter where conclusions and recommendations are drawn based on findings and discussion relating to the topic. The summary of the entire dissertation is made, and recommendations are also made for future research purposes

### **1.11. CONCLUSION**

This chapter gave the reader an introduction into the topic CSR in boom and bust economic periods by providing brief literature on CSR. This was then followed by a background on South Africa's boom and bust economic timelines which established the various boom and bust periods beginning in the year 2004, ending in 2013. The problem statement highlighted the need to explore the phenomenon of CSR in different economic conditions from a developing nation's point of view.

The starting point of exploring this phenomenon was to use a case study strategy on a company listed on the JSE with an extensive CSR programme. A qualitative approach was used, analysing both secondary and primary data using a qualitative analysis tool called Nvivo. A comparative analysis was done with results from secondary and primary sources. Secondary data was collected via Company X integrated reports, available in the public domain. Primary data was collected via in-depth interviews with Company X's employees working in the Corporate Social Investment Department.

The total population for the study are 11 employees working in the Corporate Social Investment Department. The study site is Company X's Midrand Headquarters, where Corporate Social Investment Department is based. This study used a purposive sampling method for interviews in order to collect data from respondents who can give accurate and reliable information that adds value to this study and allows the understanding of the phenomenon studies.

# CHAPTER II

## LITERATURE REVIEW

### 2.1. INTRODUCTION

This chapter intends to present literature on Corporate Social Responsibility and the various theoretical frameworks underpinning this study. This chapter presents literature on CSR as a concept and then presents literature on CSR activities in a South African context. The chapter then looks at the concept of sustainable development and its relationship with CSR. Finally, the various theories underpinning this study are presented and how they relate to this study.

### 2.2. CORPORATE SOCIAL RESPONSIBILITY

One can find many definitions of CSR due to disagreements among views regarding the role of organisations in society (Lindgreen and Swaen, 2010; cited in Crane et al., 2013), but through the disagreements, there is consensus that organisations have responsibilities that go further than prioritising profits (Ferrero et al., 2014).

Corporate Social Responsibility (CSR) is described as the organisations' continuous commitment to pursue economic gains ethically while improving the quality of life for all its stakeholders (Rexhepia, Kurtishib, and Bexhetic, 2013). O'Connor (2012) argues that the emphasis should not only be on what the organisation does with its economic gains but should also focus on how they are generated in the first place. An organisation that practices CSR is also described as one that "maintains all ethical, social and personal values, environmental values and benefits of interest groups during its commercial success" (Mousavi et al., 2013, p.8).

CSR can also be seen as the expectation of seeing organisations move away from focusing on profits, or abiding the law, to ensure they satisfy the needs of stakeholders rather than shareholders (Coombs and Gilley, 2005; Collison, Cobb, Power and Stevenson, 2008; Michelin, Boesso, and Kumar, 2013).

"Additionally, this field has grown significantly and today contains a great proliferation of theories, approaches, and terminologies. Society and business, social issues management, public policy and business, stakeholder management, corporate accountability are just some of

the terms used to describe the phenomena related to corporate responsibility in society” (Garriga and Melé, 2013, p.53).

Garriga and Melé (2013) continue by arguing that CSR may have a different meaning to different people and that may not be a bad thing if there are no current agreements on the definition of CSR. Some theorists look at CSR as a legal obligation that binds organisations, and some look at CSR as a voluntary or ethical act.

According to KLD Research and Analytics (2008); Marano and Kostova (2015, p.30) “Common global CSR practices include pollution prevention, recycling, charitable giving, community engagement, promotion of women and minorities in organizations, and fair treatment of unionized workforce”.

### **2.2.1. CSR from a South African Context**

There have been many milestones achieved in South Africa regarding Corporate Social Responsibility. Corporate Social Responsibility was relatively new as compared to developed nations, but the concept behind CSR in South Africa can be traced as far back as 1972 when the idea of Corporate Community Giving by private sector firms was encouraged by Professor Meyer Feldberg. He urged multinational organisations operating in South Africa to do as their colleagues in the United States and give back to the communities in which they serve (Business in Society Handbook, 2017).

An argument on the real motive of firms participating in CSR in South Africa has been raised. Is it truly for the wellbeing of society and the environment, or are firms participating in CSR for marketing purposes? According to Muzindutsi and Sekhampu (2015, p.130), “CSR plays an important role in enhancing how a company is perceived within the community it operates in”. Is it because organisations are forced to participate due to South African legislation supporting and encouraging social and environmental reporting along with financial reporting? (Muzindutsi and Sekhampu, 2015).

According to study presented in the Business in Society Handbook (2018, p.1); regarded as a South African publication with a “well-established reputation for providing comprehensive and reliable data and thought leadership on corporate social investment”; Education, Social and Community Development, and Health are the top three programmes which got the most attention among 74 JSE listed organisations in South Africa in 2018. This is based on the CSR



expenditure invested in these programmes among the JSE listed organisations (Business in Society Handbook, 2017; Business in Society Handbook, 2018). Other CSR programmes initiated by South African organisations included; Food security, Entrepreneur and Small Business Support, Sports, Arts and Culture, the Natural Environment, Housing and Living Conditions, Safety and security, Disaster Relief, and finally Social Justice and Advocacy. According to the Business in Society Handbook (2018), the most common reason for increases in CSR expenditure among others, was a result of project requirements or needs.

#### 2.2.1.1. Education

The focus on education in South Africa can be credited to income inequalities and poverty levels; which are a by-product of the apartheid legacy in South Africa (Mandela, 1993; Borat et al., 2013). McConnachie, Skelton, and McConnachie (2017, p.14) describe apartheid as leaving “South Africa with a deeply unequal and dysfunctional education system. More than twenty years into democracy, the pace of change has been slow”. As a result, education has been a huge focus for CSR and was supported by over 90% of the 74 organisation’s CSR programmes in 2018 (Business in Society, 2018). This shows the significance of education in correcting inequalities and poverty levels in South Africa as mentioned by Mandela (1993), Borat et al. (2013), and McConnachie et al. (2017).

The levels of education in South Africa can be categorised as; Early Childhood Development, Basic Education, Tertiary Education, Further Education and Training, and Adult Education (South African Government, 2019; Department of Basic Education, 2019; Department of Higher Education and Training, 2019). According to Business in Society (2017, p.99) education interventions within CSR programmes can be organised into the following categories; “bursaries, scholarships and university chairs; infrastructure, facilities and equipment like desks, computers and laptops; additional learner programmes; teacher development and skills enhancement; curriculum development; Special needs interventions; and school governance and functionality”.

#### 2.2.1.2. Community and Social Development

Community and Social Development is also an important part of the South African Government’s agenda. According to Statistics South Africa (2018) 31% of South Africa’s population is dependent on Government Social Grants in the form of child, disability or pension grants. It is further stated that social grants are one of the most important source of income for many disadvantaged South Africans. Social grants are second to salaries as the most important

source of income in South Africa. These figures paint a picture of South Africa's socio-economic state and the reason why community and social development was supported by 74% of the CSR strategies by the organisations who participated in the study (Business in Society Handbook, 2018).

An approach taken by listed organisations towards Community and Social Development involved committing to welfare initiatives; creating employment opportunities to reduce the strain on Government based social grants; building infrastructure and community facilities like libraries and community centres; providing equipment; and promoting awareness campaigns (Business in Society Handbook, 2018). The Business in Society Handbook (2018), further states that a large portion of the community and social development beneficiaries in 2018 were the South African youth. The focus on programmes targeting the youth is the result of the considerably high youth unemployment rate, recorded at 52.8% in 2018 (Statistics South Africa, 2018).

#### 2.2.1.3. Health

Health care in South Africa has been one of the major concerns, with the country's National Health budget increasing to R205 billion in 2018, from R192 billion in 2017. The National Health budget made up 12% of South Africa's total national budget (Business in Society Handbook, 2018). The increase in the National Health budget makes considerable sense considering that 83% of South Africans relied on public healthcare in 2016 as compared to the 17% who had access to private healthcare (Statistics South Africa, 2016). The public healthcare system is strained with South Africa having the largest number of people infected with HIV/AIDS and HIV/AIDS related deaths. This is due to "the social conditions created by apartheid and migrant labour" (Bradshaw, Msemburi, Dorrington, Pillay-van Wyk, Laubscher and Groenewald, 2016, p.771). It is also important to point out that South Africa also has the largest antiretroviral therapy programme in the world (Wilkinson, 2015). This is why health is also top priority among CSR programmes in South Africa.

According to the Business in Society Handbook (2018) health was supported by over 53% of listed organisations who participated in their survey; and the main focus for these CSR programmes that support health was primary healthcare. HIV/AIDS; health care education and activities promoting wellbeing; and equipment and infrastructure were the main health interventions aimed at addressing health by these organisations (Business in Society Handbook, 2018). Some of the approaches also included funding already existing health programmes like

providing access to psychologic services and donating to the Love Life organisation, which aimed to “promote social activism for healthy living, active lifestyles and HIV consciousness among young people; through: Advocacy; Information, education and awareness campaigns; Healthy living and behavioural change interventions” (Love Life, 2017).

#### 2.2.1.4. Food Security

According to the (Food and Agriculture Organisation; 2006, p.1; Food and Agriculture Organisation, International Fund for Agricultural Development, United Nations International Children's Emergency Fund, World Food Programme, and World Health Organisation, 2018) food security “exists when all people at all times have physical, social and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and health life”. Food security in South Africa has become a popular topic recently due to the public debate on expropriation of land and climate change (South African Market Insights, 2019; Yauger, 2019). The topic of food security is also part of the United Nations Sustainable Development Goals, highlighted under the sustainable development heading in this chapter.

According to the Business in Society (2018), 34% of the JSE listed organisation had CSR programmes that supported food security in 2018. According to the same study, CSR interventions targeted at food security focused on; establishing feeding schemes in schools and communities; the promotion of survivalist farming; Small-scale farming; and commercial agriculture. This also included funding and providing agricultural infrastructure, facilities and equipment as part of the CSR programme (Business in Society, 2018).

#### 2.2.1.5. Entrepreneur and Small Business Support

According to the Business in Society Handbook (2018) small, medium and micro-sized enterprises (SMMEs) contributed 36% towards the South African GDP. The Small Enterprise Development Agency (2018) reported that SMMEs provided 6.44 million jobs in South Africa, the 2018 figure was short of the estimated figure of 6.9 to 8.1 million jobs created by SMMEs. These figures show the importance of SMMEs and its potential to address the unemployment rate, with the youth unemployment rate recorded at 52.8% in 2018 (Statistics South Africa, 2018). According to the Business in Society Handbook (2018), entrepreneurship and small business support was supported by 48% of the surveyed organisation’s CSR programmes in 2018. Skills development was the most common intervention towards entrepreneurship and small business support, followed by providing infrastructure and access to financial support.

#### 2.2.1.6. Sports Development and Arts and Culture

Sports have played a crucial role in South Africa's democracy and ensuring social cohesion among South Africans. Former President, Nelson Mandela used sports to unite a country that was divided across racial lines. This was evident when South Africa won both the Rugby World Cup and the Africa Cup of Nations; for the time being, the country set aside their difference and celebrated as one (Rasbury, 2018; Hawkey, 2019). Apart from the physical and social benefits of sports, this can also be a tool that helps juvenile delinquency behaviour by redirecting that energy into sports (Novak Djokovic Foundation, 2015). This is why sport still plays an important role in South Africa socio-economic landscape and CSR programmes.

According to (Business in Society Handbook, 2018) the National budget for the Department of Sports and Recreation was R1.1 billion in 2018, majority of this budget went towards creating access and mass sports participation, especially in rural and previously disadvantaged schools. Sports development was supported by 24% of the listed companies who participated in the study initiated by the Business in Society Handbook (2018). Intervention programmes that contribute towards sports development included investment in "basketball, netball, cricket, athletics, rugby, cycling, boxing, and water-based sports"; but soccer is the sports development intervention programme that is most invested in (Business in Society Handbook, 2018, p.108).

The National Government allocated R4.4 billion to the Department of Arts and Culture (Business in Society Handbook, 2018). According to the Business in Society Handbook (2018) performance arts is the most popular intervention when implementing arts and culture initiatives. Other initiatives include visual arts; culture and heritage; language and literature; festivals; competitions and awards; and craft sector. The Business in Society Handbook (2018) also state that 20% of organisations have initiatives aimed at addressing arts and culture with in their CSR programmes.

#### 2.2.1.7. Environment

According to Statistics South Africa (2018) only 5.2% of South African households participated in recycling in 2015; meaning that a large percentage of waste ends up in landfill sites during a time where the country has a shortage of land suitable for waste disposal. The study also showed that recycling was more frequent in urban areas and less common in rural communities; making the Western Cape the top recycling province and Limpopo, the least recycling province in the country.

According to the Business in Society Handbook (2018), R6.8 billion was allocated to the Department of Environmental Affairs Environment from the national budget in 2018. Programmes aimed at the environment were supported by 30% of the listed organisations, with various intervention initiatives including “waste management; recycling; wildlife conservation; awareness programmes; biodiversity; infrastructure; facilities and equipment; and urban greening” (Business in Society Handbook, 2018, p.112).

#### 2.2.1.8. Housing and Living Conditions

Housing and living conditions are closely related to community and social development because they are social issues deep-rooted through previous social injustice laws in South Africa. Housing and living conditions continues to a phenomenon that haunts the South African Government with an increase in housing and service delivery protests igniting all over the country. There was a total of 237 service delivery protest in South Africa, in 2018, making this the highest number of protests in 15 years (Savides, 2019). CSR programmes aimed at addressing housing and living conditions were supported by 19% of the listed organisations. This initiative is mainly addressed by building houses, which took up 41% of the housing and living conditions expenditure. Other housing and living conditions CSR interventions include; water and sanitation, supply of materials, facilitating housing development, energy-efficiency initiatives (Business in Society Handbook, 2018).

#### 2.2.1.9. Safety and Security

Safety and security programmes are aimed at targeting crime in the community and especially against women and children, this includes aiding rape and abuse victims. According to Statistics South Africa (2018), 138 in 1000 women are victims of rape, this figure is one of the highest in the world. According to Business in Society (2018), only 6 of the 74 organisations supported safety and security interventions. Almost 50% of the safety and security interventions are focused on national anti-crime and safety campaigns. Safety and security expenditure is also made up of “infrastructure; facilities and equipment; capacity-building/empowerment programmes; community policing forums; road safety; and support of relevant authorities” (Business in Society, 2018, p.122).

#### 2.2.1.10. Disaster Relief

According to Business in Society (2018) the National Government allocated R6 billion towards disaster relief. This initiative was supported by 28% of listed organisations in 2018. Emergency response made up majority of disaster relief interventions by the listed organisations in 2018.

Rebuilding in the affected communities and preventative measures, including education is the reason follow as disaster relief intervention methods.

#### 2.2.1.11. Social Justice and Advocacy

Social justice and advocacy is a fairly new concept that looks at issues of social inequality. According to the World Bank Report on Overcoming Poverty and Inequality in South Africa (2018) KwaZulu-Natal, Eastern Cape and Limpopo are the provinces with the largest number of people who live in poverty. This is consistent with the same study which identified that 60% of people who live in poverty dwell in rural areas. As mentioned a number of times, inequality in South Africa can be credited to the apartheid's legacy (Mandela, 1993; Bhorat et al., 2013; World Bank Report, 2018). According to the Business in Society Handbook (2018), only 7 organisations out of the 74 who participated in the survey had allocated a budget for the social justice and advocacy within their CSR programmes in 2018. The Business in Society Handbook (2018) went on to describe CSR interventions that promote social justice and advocacy as programmes promoting constitutional awareness; providing legal services for the marginalised; and conducting research and spreading awareness of social inequalities.

#### **2.2.2. The Purpose of Business in Society**

Throughout all the different approaches to CSR in South Africa mentioned above; partnership with the Government has been a crucial part in the successful implementation of these CSR programmes, whether its partnership with the Government in education, delivering health services and ensuring safety in the community. Government initiatives have provided guidance on the approaches to CSR; for example, the South African Government website on Education (2019, para.1) states that “all South Africans have a right to basic education and the Bill of Rights obliges the Government to progressively make education available and accessible through reasonable measures.” This quote describes the accessibility of basic education to all South Africans as the mandate of Government but according to Business in Society (2018), 90% of the listed organisations who participated in their survey voluntarily supported education in their CSR programmes even though education is the Government's mandate.

Some theorists like Milton Friedman, believe the role of business in society is to make as much profit as possible within the legal limits (Stanwick and Stanwick, 2014). This is the belief that organisations need to make money for them to pay tax. The tax collected from organisations would then be used by the Government to uplift society because it is the sole duty of the Government to look after the wellbeing of society (Stanwick and Stanwick, 2014). Here, CSR

is seen as the actions taken by the organisation to comply with the legislative laws and avoiding corrupt tendencies (O'Conner, 2012). These theorists went further as to expressing CSR as an unnecessary expense and a competitive disadvantage to an organisation (Friedman, 1970; Aupperle et al., 1985; McWilliams and Siegel, 1997; Jensen, 2002; cited in Cheng et al., 2014). Elmualim (2016) explains how the detractors of CSR view the concept of CSR as distracting the business from its primary function, which is to make a profit.

On the other hand, there is the utilitarianism belief that the actions of any individual should be done to derive the greatest good for the majority of the people (Stanwick and Stanwick, 2014). The utilitarian belief goes back to Aguinis (2011), and Torugsa et al. (2013) who state that the organisation should make profits but the actions of an organisation should consider the social, economic, and environmental expectations of all stakeholders impacted by the organisation's activities. Therefore, it is also the organisation's responsibility to uplift society, especially when the community is affected by its business operations (Stanwick and Stanwick, 2014). An argument was made that those against CSR are trying to prevent the overseeing role of Government over big multinational organisations (Sandoval, 2015).

### **2.2.3. Voluntary Verse Obligation**

The belief that CSR is a voluntary action can be traced to the Existentialism framework in business ethics, whereby it is believed “that the only person who can determine right and wrong is the person making the decisions. As a result, each determines his, her actions and is ultimately responsible for the consequences of those actions.” (Stanwick and Stanwick, 2014, p.6).

In 2001, the European Commission described CSR as the voluntary integration of social and environmental concerns into the business's operations and in the way they interact with their stakeholders (EU Green Paper, 2001; Noack, 2012). The US Council for International Business (Cited in Aguinis and Glavas, 2012, p.934) described CSR as “accepting the company's commitment to conduct its duties towards the producers, labour, customers, and citizens in a responsible and sustainable manner. These obligations may include a set of voluntary principles that are beyond the legal requirements”. The Department for Business Innovation and Skills (2014, p.3) defined CSR as “the voluntary action businesses take over and above legal requirements to manage and enhance economic, environmental and societal impacts”.

Jothi (2010) described CSR as an organisation's voluntary commitment that tackles environmental, social, and ethical issues derived from its actions. Torugsam et al., (2013) agree with the US Council for International Business; the Department of Business Innovation and Skills (2014); and Joti (2010) by stating that CSR has to do with voluntary business operations that go beyond what is legally required. The voluntary dimension is a core characteristic of CSR, along with “Managing externalities, Multiple Stakeholder orientation, Social and economic alignment, Practices and values, and going Beyond philanthropy” (Crane et al. 2013, p.10).

The theory that CSR is an organisation's obligation can be traced to the Contractarianism frameworks in business ethics whereby it is believed that all entities have a social contract that has to be abided by as part of society. The contractarianism framework means that there are responsibilities that come with being part of the community (Garriga and Melé, 2013; Stanwick and Stanwick, 2014).

Howard Bowen described CSR as an ‘obligation’ and that “companies have to develop and implement courses of action that aid in social issues that impact society” (Stanwick and Stanwick, 2014, p.50). In 2012, the European Commission renewed its CSR strategy and definition of CSR it made in 2001 and stated that they would no longer support the theory that CSR was voluntary (EU Green Paper, 2012; Noack, 2012). However, not everyone supported the decision by the European Commission to drop the ‘voluntary’ aspect of CSR. Euro Commerce (2012), the Retail, Wholesale and International Trade Representation to the European Union, opposed the change in the voluntary definition of CSR and proposed a new definition, stating that CSR is the “responsibility of enterprises for their impacts on society” (Euro Commerce, 2012, p.3). Euro Commerce proposed a definition that had a mixture of the voluntary aspect.

Griffin and Barney (2012) described CSR as a ‘duty’ or an ‘obligation’ that organisations need to take part in to enrich and protect the relationship it has with the community. Mousavi et al., (2013) also described CSR as a ‘duty’ but went on further to emphasise that this was a duty meant for organisations in the private sector. O'Connor (2012) described CSR as when organisations are held accountable not only by shareholders but also by stakeholders, which include its employees, suppliers, community, consumers, and policymakers. Elmualim (2016, p.1578) describes CSR as “voluntary activities by organisations to show their commitment within the business for social and environmental concerns in business operations, particularly



in their relationship with their stakeholders”. On the other hand, Brammer et al. (2012) vouched for CSR being classified as being an obligation and argued that the term voluntary limits the role that should be played by organisations in society.

It seems there is no general agreement on whether CSR should be seen as voluntary or as an obligation, but Rexhepia et al. (2013) suggest that CSR can be approached as both a voluntary act or as an obligation. According to Rexhepia et al. (2013), the approach used to adopt CSR depends on whether an organisation is operating in a developed or developing nation. CSR is seen more in developed countries, like the United States of America, as a voluntary act and going beyond the prescribed legal requirements. On the other hand, CSR is seen as more of an obligation in developing countries like the Republic of Macedonia, who have a small number of business entities who fully grasp the concept of CSR. This results in policies made, making a legal requirement to participate in CSR.

#### **2.2.4. Implicit Verse Explicit CSR**

Research on global practices of CSR has indicated that the implementation of CSR depends on the societal norms and standards, and legislation/regulation (Marano and Kostova, 2015). There is a connotation that CSR is only shaped by external forces like the ones described above. Blair and Palpacuer (2015) argue that global practices can also be developed within the organisation through corporate governance, not just from external forces. It has been established that internal and external forces can shape CSR from a global perspective; Brown, Clark, and Buono (2016) refer to these differences as implicit and explicit CSR. Brown. (2016) describe implicit CSR as one that focusses on societal norms and legislation; implicit CSR is when it is a legal requirement for a business to comply.

In South Africa, a case on implicit CSR is the emphasis on corporate governance. The King Report on Corporate Governance became a significant milestone for implicit CSR in South Africa because the report put Social and Environmental reporting in the spotlight, making them as an equal priority as financial reporting. Organisations are mandated to report on the social and environmental impacts of their business practices (Business in Society Handbook, 2017). Institutions like the Johannesburg Stock Exchange requires all registered companies to produce statements on how they complied with them (King Report III, 2009; King III Amendment, 2012, King Report IV). The King Reports would fall under implicit CSR because some of the recommendations from the King Report are enforceable by law (King III Amendment, 2012).

Ioannou and Serafeim (2017) recognise the benefits associated with transparent and mandatory reporting related to better environmental performance. On the other hand, they raise concerns on the pressure to perform better and its impact on shareholder value due to organisations failing to balance

Explicit CSR, on the other hand, is one that is driven from within the organisation and is typically done with a strategic purpose related to the benefits of taking part in CSR initiatives, like good public relations to appeal to socially conscious consumers. Explicit CSR is associated with voluntary CSR, whereby an organisation chooses to take part in CSR (Brown et al., 2016). A market like the United States of America promotes explicit CSR where incentives are given to those firms who choose to take place in CSR from a voluntary point of view.

Does the question arise on the best type of CSR, voluntary or obligation? Brown et al. (2016) argue that a combination of both types of CSR are necessary for CSR to be implemented effectively. Marano and Kostova (2015), argue that the perception of CSR as a noble act or legal obligation depends on the country's environmental standards. In the case of those countries who passive towards CSR, Multinational enterprises can influence their local suppliers to behave in a socially responsible manner. This is done through the diffusion of cross border organisational practices.

### **2.2.5. CSR and the Economy**

The topic of whether CSR would still be considered relevant in tough economic times started in 2009 with articles being published in the Canadian Mining Journal and Bloomberg (Welch, 2009; What Does CSR Have to Offer in a Recession – Canadian Mining Journal, 2009). There is a high chance that challenging economic times will have some link to CSR initiatives and how they are implemented; the big question is whether the relationship will be negative or positive towards CSR as a whole (Jothi, 2010). Both Welch (2009) and the Canadian Mining Journal (2009) suggested that organisations should look out for themselves first because CSR is highly dependent on the profitability and survival of organisations.

Welch (2009); Ellis and Bastin (2011) argued that organisations should prioritise all their business operations during tough economic times and put profitability first. Ellis and Bastin (2011) continued by stating that CSR is an integral part of an organisation and that it should not be abandoned until the economy is stable once again, but CSR programmes must be adapted amidst challenging economic times where profit levels are low, and employees are being laid

off. This adaptation can be made in the economic, social, or environmental dimensions of CSR, whereby an organisation may choose to only focus on one of the dimensions during a recession.

Bansal et al., (2015) support Welch (2009), and the article titled “What Does CSR Have to Offer in a Recession” in the *Canadian Mining Journal* (2009, p.2) by stating, “one of the common responses to a recession is retreating into core activities. As firms struggle to maintain basic operations, nonessential activities, which can include socially responsible activities, might be dropped if they are not ‘baked into’ operations”. A survey done by the researchers, involving 1 600 US organisations showed that firms reduced their CSR commitments during the 2008-2009 recession.

Kasturi Rangan, a professor of Marketing at Harvard Business School (cited in Lagace, 2009) believed that organisations should be doing the exact opposite of reducing their CSR initiatives during tough economic times. The professor found that an economic downturn allows organisations to integrate their CSR initiatives into their everyday business processes or ‘baked into’ operations, as Bansal et al. (2015) stated in the earlier paragraph. Rangan (2009) argued that there would not be a need to drop CSR initiatives if they are turned into core-business activities.

### **2.3. SUSTAINABLE DEVELOPMENT**

The concept of sustainable development can be traced back to the Brundtland Commission (1987, p.15), where it was described as “development that meets the needs of the present without compromising the ability of future generations to meet their own need”. According to Goodland (1995); Sachs (2015), the concept of sustainable development can be divided into three dimensions; economic sustainability, social sustainability, and the more popular, environmental sustainability. According to Engert and Baumgartner (2016), sustainability is concerned with striking a balance between economic, social, and ecological needs.

#### **2.3.1. Economic Sustainability**

Economic sustainability is a reaction from the traditional economic belief of using goods or materials efficiently to increase profits. According to Goodland (2017); Fifka and Drabble (2012), economic sustainability changed the goal of achieving operational efficiency from focusing on growing earnings to concentrating on reducing the impact of business activity on the environment. This prompted a debate on the rapid growth of the human economic system and its effects on the natural environment ecosystem. The argument here was that the

environment should be looked at as a life support system for humans. Humans need clean air and water sources to live; therefore, it was essential to consider the environment in the business process.

### **2.3.2. Social Sustainability**

Social sustainability is the process of ensuring human progress for further generations to come. Social sustainability looks at tackling the ever-growing poverty lines and social inequalities in communities. The gap between the rich and poor grows further, causing conflict over scarce resources. This conflict over resources has been seen in South Africa through the series of xenophobic attacks towards other African immigrants fleeing conflict and uncertainty in their own countries (Choane, Shulika, and Mthombeni, 2016). Social sustainability seeks to address societal issues. The link between social sustainability and the environment is that natural resources go hand-in-hand with social sustainability. According to Goodland (2017, p.5043), “Countries truly sustaining themselves, rather than liquidating their resources, will be more peaceful than countries with unsustainable economies. Countries with unsustainable economies-those liquidating their natural capital or those importing liquidated capital from other countries (e.g., Middle East oil or tropical timber ‘mining’) are more likely to wage war than are those with sustainable economies”.

### **2.3.3. Environment Sustainability**

Environmental sustainability is described as preserving natural capital. Environmental sustainability has a focus on the natural materials used as input and outputs for business processes. Businesses must ensure that the rate in which renewable resources are extracted is at the same capacity as its ability to regenerate naturally. This also means the extraction rate of non-renewable resources is below the ability to grow substitutes of those natural resources. Waste or emissions from business processes should not exceed the natural environments ability to regenerate itself. Environmental sustainability also states that technological advancements should focus on ensuring production efficiency rather than increasing output at the cost of the environment. Threats to environmental sustainability are that the natural environment has rapidly decreased while human capacity continues to grow, making it difficult for the natural environment's regeneration process to meet the demand (Goodland, 2017).

### **2.3.4. Sustainable Development Goals**

Sachs (2015) continues to describe sustainable development as an attempt to get an understanding of the outlook of the world by establishing standards that govern the global economy, society and physical environment through the use of the United Nations Sustainable Development Goals. The Sustainable Development Goals (SDGs) developed by the United Nations are an excellent example of implicit CSR. The organisations operating in the 193 countries who pledged to take part in the SDG base their CSR programmes on some of the SDG (United Nations Development Programme, 2015; Business in Society Handbook, 2017).

#### **The Sustainable Development Goals (United Nations Development Programme, 2015; Laasch and Conaway, 2016)**

- *“No Poverty*: The goal is to end extreme poverty entirely by 2030. In 2015, the United Nations Development Programme met its goal of halving extreme poverty; which was set out in the year 2000.
- *Zero hunger*: Ending hunger and achieving food security can be achieved by stimulating sustainable agriculture and endorsing small farmers.
- *Good health and wellbeing*: Ensuring that everyone has easy access to quality medicine that is effective. This goal is important because healthy people are productive people.
- *Quality education*: This goal aims to ensure that everyone gets access to quality primary, secondary, and tertiary education regardless of background.
- *Gender Equality*: Achieving gender equality by ensuring equal pay as male counterparts and the same access to education for girls.
- *Clean Water and Sanitation*: Accessibility to sustainable clean and safe water for everyone and tackling water shortages.
- *Affordable and Clean Energy*: Thriving to invest and utilise sustainable energy to meet the demand for energy without compromising to the environment.
- *Decent Work and Economic Growth*: Eliminating slavery and forced labour by ensuring decent work through the promotion of entrepreneurship.
- *Industry, Innovation, and Infrastructure*: This goal can be achieved by developing infrastructure that will allow people to get connected (Electricity and Internet) and share the knowledge that will create sustainable industries.
- *Reduced Inequalities*: This goal aims to reduce the gap between the rich and the poor by providing opportunities for everyone regardless of the background.

- *Sustainable Cities and Communities*: Creating cities that do not result in dilapidated infrastructure as more people move to these cities. This can be accomplished by providing green affordable housing and reliable public transport.
- *Sustainable Consumption and Production*: This ensures that people consume natural resources in a responsible manner that will allow future generations to enjoy them. This involves the reduction of use, recycling, and responsibly disposing of toxic waste.
- *Climate Action*: Combating the effects of climate change by using technology and legislation to limit the increasing global temperature.
- *Life Below Water*: Protecting the world's oceans by eliminating pollution, litter, and overexploitation of fish.
- *Life on Land*: Protecting life on land and its habitats by combating climate change and promoting conservation.
- *Peace, Justice, and Strong Institutions*: to reduce all forms of violence and propose that governments and communities find lasting solutions to conflict and insecurity. That means strengthening the rule of law, reducing the flow of illicit arms.
- *Partnerships for the Goals*: The partnering of 193 countries to help achieve all the goals listed above. This provides direction for the countries to work together to achieve these goals.”

### **2.3.5. CSR and Sustainability**

CSR and sustainability are two separate concepts that can cause a bit of confusion due to their similarities (Szcuka, 2015). Sustainability is a concept derived from the Brundtland report associated with the triple bottom line framework and its philosophy of balancing the economic, social, and environmental interests (Elmualim, 2016). Sustainability often refers to the internal processes of the organisation and how they can ensure value is created for the organisation without affecting future generations.

CSR, on the other hand, is often seen as a concept focusing on the social aspect and therefore, is associated with the stakeholder approach (Elmualim, 2016, p.1578). CSR is often involved with building relationships with stakeholders which include; “customers, employees, communities, owners, investors, government, suppliers, competitors and society”. Relationship building could be done through community outreach programmes, programmes aimed at employee engagement, or environmental awareness campaigns. (Elmualim, 2016, p.1579) describes CSR as “the deliberate inclusion of public interest into corporate decision-making process”, while practising the triple bottom line principles from the concept of sustainability.

Fundamentally, CSR needs to incorporate the principles of sustainability for it to be effective, interlinking these two concepts that have the same goal when broken down to its purest form. CSR has moved from focusing on the social aspect to also including the environmental concerns due to pressures from stakeholders (Szczyka, 2015).

## **2.4. THEORIES UNDERPINNING THE STUDY**

“Theory is, at its simplest, a conception of the relationship between things. It refers to a mental state or a framework, and, as a result, determines, inter alia, how we look at things, how we perceive things, what things do we see as being joined with other things, and what we see as good and what we see as bad” (Gray, Owen and Adams, 2009, p.6; Fernando and Lawrence, 2014, p.150).

### **2.4.1. Shareholder Theory**

The Shareholder Theory can be traced to theorists such as Berle and Friedman who believed that the role of an organisation is to make as much profit as possible and to serve the interests of shareholders, as long as it is within the legal and ethical requirements of society (Klára, 2011; Stanwick and Stanwick, 2014). The argument that supports this theory states that shareholders have the right to make a profit and that it is not the responsibility of the shareholder to look after the welfare of society (Carson, 1993; Stanwick and Stanwick, 2014). Other arguments that support the shareholder theory state that there would be a negative impact on stakeholders if the firm ceases to exist and therefore profitability should be a top priority for organisations (Danielson, Heck and Shaffer, 2008; Stanwick and Stanwick, 2014).

The problem with the Shareholder theory is its emphasis on shareholders and puts their needs first above all stakeholders (Ferrero et al., 2014). The shareholder theory would not be appropriate for this study because it is in contrast with the principles of CSR which have a significant emphasis on external stakeholders, primarily society and the environment (Christensen, Mackey and Whetten, 2014). Arguments against the shareholder theory state that the theory has too much emphasis on a single group, which are shareholders and ignores the rest of the stakeholders (Ferrero, Hoffman and McNult, 2014).

### **2.4.2. Stewardship Theory**

The Stewardship Theory promotes a collectivist and pro-organisation environment within an organisation by discouraging individualistic or opportunistic behaviours by members of management; they become stewards of the organisation (Klára, 2011; Eddleston, Kellermanns

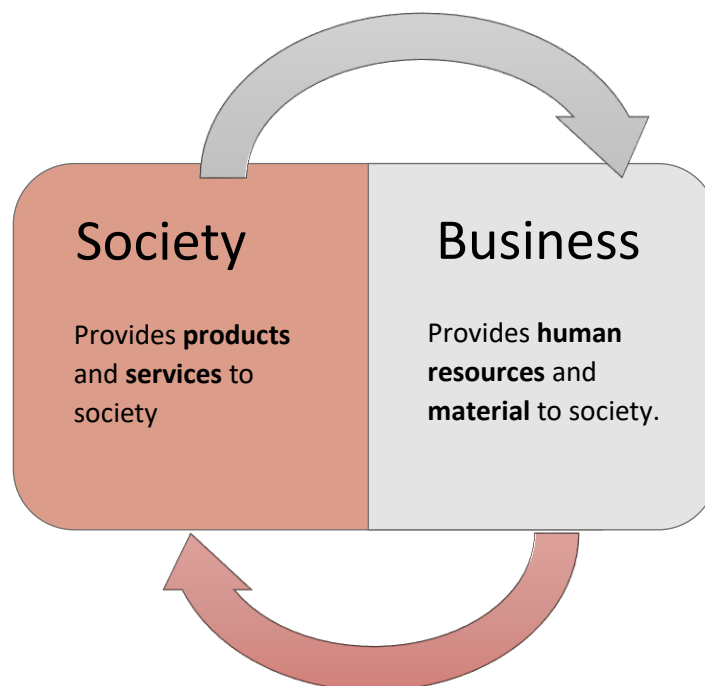
and Zellweger, 2012). The stewardship concept also can capitalise on organisational performance because the interests of the stewards are aligned with those of the organisation (Davis, Schoorman and Donaldson, 1997; Klára, 2011; Eddleston et al., 2012).

The problem with the stewardship theory is that it does not clearly define the interests of other stakeholders outside the firm, it only focuses on the stakeholders within the organisation, primarily the shareholders and employees (Klára, 2011; Van Puyvelde et al., 2012). The stewardship theory would not be appropriate for this study because it only promotes the interests of the organisation along with its stewards, other stakeholders like society and the environment are not clearly defined (Klára, 2011; Van Puyvelde et al., 2012).

### 2.4.3. Legitimacy Theory

This theory looks at the relationship between the society and the organisation because this theory is driven by the belief that the business would not exist without society and therefore is liable to meet the expectations of the community; especially if the business practise is responsible for some of society's concerns. According to this theory, the organisation tries to legitimise its operations by developing a social contract due to their existence in the community (Fernando and Lawrence, 2014).

*Figure 2. 1: Legitimacy Theory (Burlea-Schiopoiu and Popa, 2013; Fernando and Lawrence, 2014)*





“The legitimacy theory is a mechanism that supports organisations in implementing and developing voluntary social and environmental disclosures to fulfil their social contract that enables the recognition of their objectives and the survival in a jumpy and turbulent environment” (Burlea-Schiopoiu and Popa, 2013, p.1579). The organisation has to prove its legitimacy by disclosing its social and environment and maintain stakeholder approval from the organisation (Burlea-Schiopoiu and Popa, 2013). The above-quoted sentence means the legitimacy theory views CSR as a voluntary act instead of an obligation.

#### 2.4.4. Stakeholder Theory

The Stakeholder Theory is a concept that extensively describes and defines the organisation's stakeholders (Friedman, Parent, and Mason, 2004; Ferrero et al., 2014). Other theorists like Merrick Dodd and Edward Freeman argued that organisations have obligations to all stakeholders as legal entities and not to one single group. Edward Freeman described stakeholders as all persons affected by an organisation's actions, and this includes; customers, employees, suppliers, communities, investors, Government, political groups, and trade associates. (Donaldson and Preston, 1995; Stanwick and Stanwick, 2014).

*Figure 2. 2: Stakeholder Model (Donaldson and Preston, 1995; Stanwick and Stanwick, 2014)*



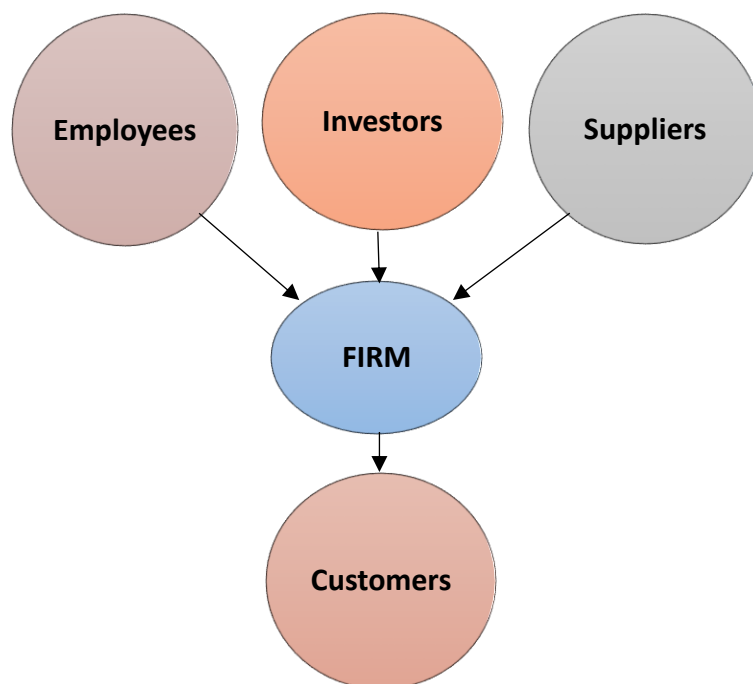
According to Freeman (1999); Freeman, Wicks, and Parmar (2004); Ferrero et al. (2014), the stakeholder theory is meant to encourage managers to evaluate the value they can bring to their stakeholders to make their relationship stronger. It is also expected to encourage them into reflecting and performing on the key responsibilities that create value to their stakeholders which translate financial performance by the organisation (Donaldson and Preston (1995; Harrison and Wicks, 2013).

Banerjee (2014) takes it a step further by suggesting that there should be a shift in perception when an organisation interacts with its stakeholders. He indicates an organisation should also consider itself a stakeholder and argues that this can only be done if there is public representation within the decision making structures of the organisation.

#### 2.4.4.1. Consumers

Consumers should be considered because they are the ‘lifeblood’ of the organisation; the organisation provides benefits to customers in exchange for profits. Before the stakeholder theory, organisations looked at customers as the primary stakeholder. In the past, stakeholders; mainly Investors, Suppliers, and Employees were seen as inputs converted into outputs by the organisation to satisfy the demands of the customer. The input-output model displays this in figure 2.3, showing how the end goal (output) was to satisfy the customer by using the investor, suppliers, and employees as input resources.

**Figure 2. 3: Input, Output Model (Generated by author, adapted from: Donaldson and Preston, 1995)**



This has since changed through the introduction of the stakeholder model, which looks at all stakeholders and not focus on a single group (Evan and Freeman, 1988; Donaldson and Preston, 1995; Stanwick and Stanwick, 2014). That being said, consumers still have a considerable influence on the adoption of CSR by organisations because good CSR programmes can be used as good publicity. Socially responsible organisations appeal to the increasingly socially conscious consumer (Marano and Kostova, 2015).

#### 2.4.4.2. Employees

Employees are also an essential stakeholder in the organisation, especially in the current competitive global market. Motivated and well-trained employees contribute to a sustainable competitive advantage, which translates to increased financial performance (App, Merk, and Büttgen, 2012; Namada, 2018). Employees also have a stake in an organisation because their livelihood depends on the organisation. Employees, along with their families, also form part of the community in which the organisation operates in (Tse, 2011; Stanwick and Stanwick, 2014). That is why they are an important stakeholder, and it is crucial to evaluate how employees respond to CSR initiatives to maximise the benefits derived from the programme (El Akremi et al., 2018).

#### 2.4.4.3. Communities

Communities play a vital role in society as they are responsible for defining many social aspects, no matter where one goes around the world. It is human nature to want to be part of a community, to belong and come together over a commonly shared relationship (Simpson, 2014). Communities should be taken into consideration by the organisation as they make up the society in which the organisation operates in and is also part of (Evan and Freeman, 1988; Stanwick and Stanwick, 2014). The community as a stakeholder ties in with the legitimacy theory in that the business would not exist without the community; the business sells its products and services to the community, the labour workforce comes from communities, suppliers also come from communities (Fernando and Lawrence, 2014). It can be argued that the community as a stakeholder is one of an essential stakeholder because it also incorporates other stakeholders listed under the stakeholder theory (Evan and Freeman, 1988; Donaldson and Preston, 1995; Tse, 2011; Stanwick and Stanwick, 2014). Customers are also members of

the community; therefore, the community can cause unrest and call for a boycott of a particular brand by customers (Marano and Kostova, 2015).

#### 2.4.4.4. Shareholders

Shareholders are made up of stakeholders that have a financial claim on the organisation in the form of profits (Evan and Freeman, 1988; Donaldson and Preston, 1995; Tse, 2011; Stanwick and Stanwick, 2014). These are the investors, the only stakeholders that matter, according to Friedman's philosophy and the shareholder theory, as mentioned above. According to Garcia-Torea, Fernandez-Feijoo, and de la Cuesta (2016), corporate governance used to be only concerned with protecting the interests of the shareholder but now the main objective of corporate governance has shifted to the protection of all stakeholder interests, and ensuring that the shareholder has equal rights as other stakeholders.

#### 2.4.4.5. Suppliers

The relationship between Suppliers and the business is significant especially when one looks at the value they add in creating a competitive advantage for the company, whether it is driving cost down for a competitive pricing strategy or in ensuring value through quality of materials or services (Banerjee, Dasgupta and Kim, 2008; Stanwick and Stanwick, 2014).

#### 2.4.4.6. Government

The Government is a very crucial role as a stakeholder because they produce the political and economic policies that lay the foundation for all the stakeholders and the business to co-exist (Smillie, Helmich, Randel and German, 2013). The Government can employ implicit CSR because they create legislation and play a huge role in regulating the private sector (Brown et al., 2016). Organisations must meet Government regulations for them to be considered as complying. According to Banerjee (2014), the Government still has a huge role to play as a stakeholder to help regulate the business and balance the interests of the other stakeholders.

#### 2.4.4.7. Political/Interest Groups

Smillie et al. (2013) argue that the Government alone cannot achieve this alone, but they can if they take a collaborative approach with interest groups and regulatory bodies. Political/interest groups; are parties like non-profit organisations and political groups who can mobilise or have influence in society. A country's political economy influences how organisations approach CSR. For example, the adoption of CSR differs based on whether a

country's policies are influenced by capitalism, socialism, or Communism (Blair and Palpacuer, 2015).

#### 2.4.4.8. Trade Associates

Trade associates are the industry regulatory bodies established by Government and participating organisations. These associates aim to regulate a particular industry on behalf of the public to ensure quality and affordable services by organisations operating in the industry (Independent Communications Authority of South Africa, 2018).

The stakeholder theory has been criticised for not providing details on how to balance the interests of all the stakeholders without neglecting a few. The problem is that various stakeholders may be on different ends on their interests from the business. Shareholders may demand more profits at the expense of other stakeholder's interests (Danielson et al., 2008; Stanwick and Stanwick, 2014). Sundaram and Inkpen (2004) argued that the stakeholder theory should look at shareholders' concerns separately as compared to the rest of the shareholders. Freeman et al. (2004) disputed this theory by stating that shareholders also makeup stakeholders and therefore must not be looked at separately as this would defeat the point of trying to balance the needs of all shareholders (Johansson, 2008; Kopel, 2013). It is recommended that the business tries to find a compromise and exploring alternative approaches that do not harm other stakeholders (Aapaoja, Haapasalo, and Söderström, 2013).

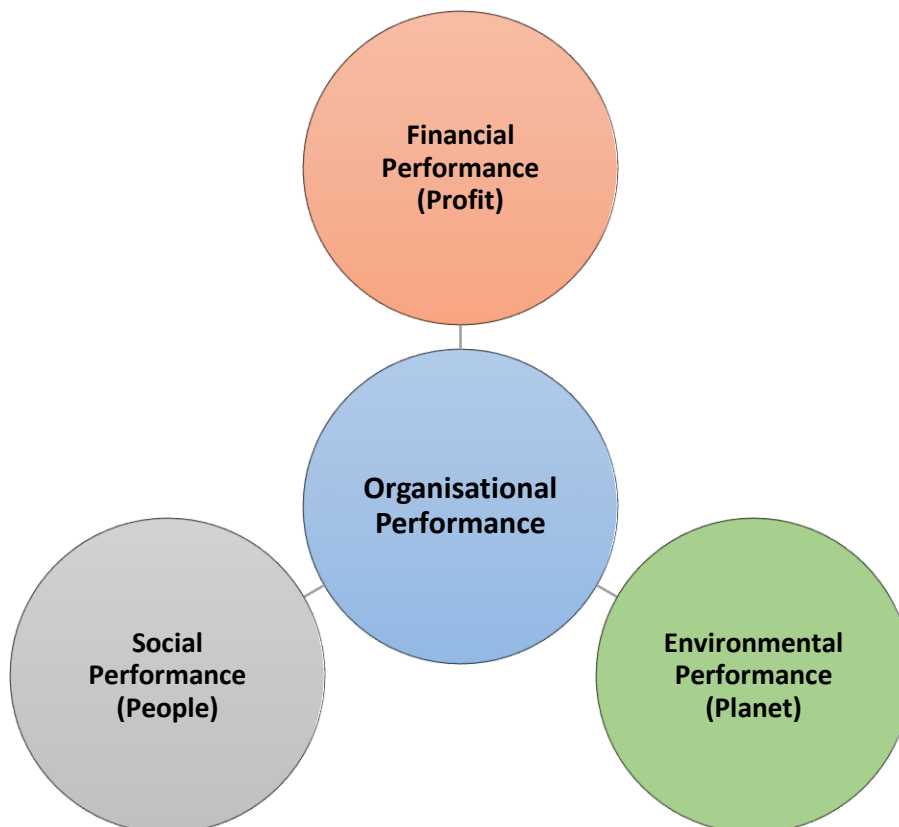
The stakeholder theory has been used over the years to explain many different theories from; explaining the business operation process and organisational behaviour, the decision making process, the balance between workers and owners, and the role an organisation should play in society (Donaldson and Preston, 1995; Friedman, Parent and Mason, 2004; Ferrero et al., 2014). The stakeholder theory will be applied by the researcher as a lens when exploring how the organisation decides to implement CSR and the various levels of implementation. Furthermore, the stakeholder theory will be used to determine who are the main stakeholders Company X prioritises in their CSR programmes during fluctuations in South Africa's economic growth. This study uses the stakeholder theory; it is the only theory out of the three mentioned that focuses on more than one stakeholder by looking at the stakeholders within and outside of the organisation. (Savage, Nix, Whitehead, & Blair, 1991; Van Puyvelde, Caers, Du Bois and Jegers, 2012).

### 2.4.5. The Triple Bottom Line

The Triple Bottom Line Framework, also referred to as ‘People, Planet, Profit’ framework can be traced to accounting practices (Norman and MacDonald, 2004; Slaper and Hall, 2011). An organisation's performance was previously measured purely by financial performance, also known as the ‘financial bottom line’. The idea of only using financial performance is an indicator linked to the shareholder's theory in which the primary goal is making as much profit as possible (Slaper and Hall, 2011). The triple bottom line framework, on the other hand, comes from the belief that an organisation's performance should not only be measured by financial performance but must also include social and environmental performances (Norman and MacDonald, 2004; Gimenez, Sierra, and Rodon, 2012).

The Triple Bottom line framework is used by organisations to measure the overall sustainable performance of an organisation because it goes hand in hand with the stakeholder theory. This is due to its emphasis on the consideration of critical stakeholders when determining the success of an organisation (Elkington, 1997; Hubbard, 2009; Rupp, Williams, and Aguilera, 2011; Torugsa, O’Donohue and Hecker, 2013).

**Figure 2. 4: Triple-Bottom-Line Framework (Molthan-Hill (2014); Laasch and Conaway, 2016)**



Laasch and Conaway (2016) argue that issues relating to economic, social, and environment should not be looked at in isolation as if social issues do not relate to economic or environmental issues. They use poverty as an example by stating that it is not entirely a social problem. Poverty is also associated with the economic dimension because it can be tackled by programmes that encourage entrepreneurship; which is also related to the economic dimension.

Social issues can also be related to the environmental dimension because people living in poverty usually live in the most detreating environment where rivers are polluted, and streets spew raw sewage. Improving the lives of people living in poverty may involve adjusting the environment they live in, ensuring they have clean drinking water and proper waste disposal (Postman, 2018).

All three dimensions are dependent on each other and can restrict each other. An example is made regarding how society can restrict a business if society feels the business has operated beyond what is acceptable by boycotting, thus restricting its economic ability (Yolles, 2018). The environment can restrict society through climate change or when humans start depleting natural resources and make the planet uninhabitable, thus restricting society. If humans took care of the planet, then the restriction will not be harsh on society, the same applies if organisations behave in a socially acceptable manner, then society will not feel the need to restrict the business (Lozano, 2008; Laasch and Conaway, 2016; Yolles, 2018).

Laasch and Conaway (2016) state that value derived from the triple bottom line approach should be looked at both intrinsically and extrinsic. For example, the creation of social value should not just focus on uplifting the community (extrinsic); it should also look within the organisation, look at improving job satisfaction with their employees. With extrinsic environment value, an organisation could ensure their operations have reduced the impact on the environment. Internally, an organisation could attempt the environment value by introducing refurbished furniture for their offices. The economic value derived external could be the value that benefits suppliers. Internal economic value is the value derived from the organisation's operations. This approach ensures that more stakeholder benefits from the triple bottom line apart from the business gaining value from the framework (Laasch and Conaway, 2016).

This type of framework can be seen as being adopted in the *King Report on Corporate Governance for South Africa*, as mentioned in implicit CSR. The King Reports require

organisations to submit reports on the positive and negative impacts their business processes have on the environment and society. The reports then further require them to state how they plan on further improving their negative impact and how they plan on limiting the adverse effects (King II Report, 2002; King III Report, 2009; King IV Report 2016).

According to Gray, Owen, and Adams (1995, cited in; Fernando and Lawrence, 2014), CSR is a very multifaceted phenomenon and therefore should not be explained using one theoretical framework. This is why the Triple Bottom Line Framework will also be applied in this study as a lens when exploring the link between the organisation's financial performance and the social and environmental performance frameworks. The stakeholder theory and Triple bottom line framework should not be seen as competing frameworks but should be considered as complimentary ones.

## **2.5. CONCLUSION**

In this chapter, it has established that there seems to be no universal agreement on the definition of CSR, as many authors differ on how it is interpreted and how it should be viewed. The nature of CSR in South Africa was presented in this chapter based on the various approaches to CSR by 74 listed organisations who participated in a CSR survey. This study identified education; community and social development; and health as the most popular CSR initiatives adopted by these organisations. This chapter also presented theories on how CSR can be seen as voluntary or as an obligation, depending on the nature of the country development. It was also established how the adoption of CSR programmes through implicit or explicit forces goes hand in hand with the theoretical school one believes in and how they see the role of the business in society.

The chapter also looked at the concept of sustainable development and the various dimensions linking it to CSR. The two concepts are interlinked and have to be executed together to ensure effectiveness. The stakeholder theory and triple bottom line frameworks have roots that can be traced to Freeman and the utilitarian belief. This is the belief that the actions of the organisation should benefit the greater good and not just for a particular group. This chapter also covered the debate on the performance of CSR during slow economic periods. The stakeholder theory and the triple-bottom-line framework are the only theoretical frameworks that try to strike a balance amongst the various stakeholders. The triple-bottom-line framework looks at the balance between financial, social, and environmental performance and how they are interdependent. The stakeholder theory also attempts to balance out the interests of all the stakeholders, but the actual practicality of balancing stakeholder interests is possible.



# CHAPTER III

## RESEARCH METHODOLOGY

### 3.1. INTRODUCTION

The research methodology is the researcher's attempt to approach a problem and find answers when conducting research. The type of methodology chosen depends on the researcher's interests and the objectives they are trying to achieve (Taylor, Bogdan and DeVault, 2015). This chapter aims to present the research methodology process followed in this study to answer the research questions presented. This chapter starts by explaining the research design and approach undertaken by the study to address the research objectives adequately. The chapter then further describes the study site, population and sample, and the data quality control kept during the collection and description of data.

### 3.2. RESEARCH OBJECTIVES

- To determine the purpose of the organisation during the boom and bust economic periods.
- To determine how the organisation prioritises its stakeholders during the boom and bust economic periods.
- To determine trends in the social CSR efforts during the boom and bust economic periods.
- To determine trends in the environment, CSR efforts during the boom and bust economic periods.
- To explore trends in the CSR budget during the boom and bust economic periods.

### 3.3. RESEARCH DESIGN

There are three main types of research designs that can be used in this study, which are, exploratory, descriptive or causal. The nature of the study depends on the level of knowledge known about the particular topic (Sekaran and Bougie, 2013). Causal studies are those that look at the causal effects of a particular variable when another variable is changed, and they usually are experimental in nature (Sekaran and Bougie, 2013). Causal studies typically go beyond exploring or describing a phenomenon by understanding why “they are the way they are” (Strydom, 2013, p.155).

A descriptive design is defined as one that records and describes a phenomenon without the primary concern of a causal relationship (Strydom, 2013). Descriptive research could also help

understand the features of a phenomenon or a particular situation in detail. The features of CSR as a standalone topic can be described in detail because there is existing research that has already explored the phenomenon of CSR. It becomes difficult to use a descriptive research design on a topic where not much research has been done, such as this study. In this case, the need to explore the topic first emerges (Sekaran and Bougie, 2013).

The exploratory research is described as “a form of research that generates initial insights into the nature of an issue and develops questions to be investigated by more extensive studies” (Marlow, 2005, p.334; Strydom, 2013). Exploratory research looks at the circumstances affecting communities and how they make sense of the phenomena (Strydom, 2013). Exploratory research does not solely apply to new phenomena; it could also explore an existing phenomenon and explore new insights within existing phenomena (Sekaran and Bougie, 2013).

According to Creswell (2012), exploration is done when there is a need to study a phenomenon that is difficult to measure, and the researcher does not want to rely solely on existing literature. This study analyses secondary data (existing literature) on Company X’s CSR activities during the various boom and bust economic periods. Secondary data is then compared with the results from primary data on Company X’s CSR activities. This is done with the aim to explore trends in CSR programmes during the identified boom and bust economic periods in South Africa’s post-apartheid economic environment. This will be achieved by gaining insight into how organisations make sense of the CSR phenomenon during the varying economic periods. The researcher strongly believed that using a JSE listed company with one of the biggest CSR programme in South Africa as a case study was a good starting point into exploring and gaining insight into this phenomenon.

Yin (2013, p.13) defines a case study as “an empirical inquiry that investigates a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not evident”. Woodside (2012) claims to have an internationally broader definition of a case study than the one defined by Yin. Woodside (2012, p.1) describes a case study as “an inquiry that focuses on describing, understanding, predicting, or controlling the individual (i.e., process, animal, person, household, organisation, group, industry, culture, or nationality)”.

### 3.3.1. Research Approach

Three main research approaches could have been adopted by the researcher, and they are qualitative, quantitative and mixed method approaches (Creswell, 2013). Lapan, Quartaroli, and Riemer (2012) and Sekaran and Bougie (2013) describe the difference between qualitative and quantitative research; as qualitative research focusing on describing a phenomenon, while quantitative research focuses on quantifying which is related to numbers.

Sutton and Austin (2015) agrees with the description of the two research approaches and further describes the qualitative approach as a means of generating people’s feelings about a phenomenon to understand a phenomenon better; while quantitative research looks at how many people feel a particular way and why. The mixed method research approach involves the combination of both quantitative and qualitative elements in the research study with the assumption that the combination of the two will give a comprehensive understanding of the problem (Lapan, Quartaroli, and Riemer, 2012; Creswell, 2013; Sekaran and Bougie, 2013; Mackey and Gass, 2015).

**Table 3. 1: Variances between Quantitative and Qualitative Research Approaches (Mackey and Gass, 2015; Taylor, Bogdan, and DeVault, 2015)**

QUANTITATIVE RESEARCH APPROACH	QUALITATIVE RESEARCH APPROACH	MIXED METHOD APPROACH
Involves measurements: testing of theories and variable relationships.	Involves controlled observation: Studies people and settings as a whole.	A combination of both quantitative research methods with an assumption of a holistic view of the problem as compared to using quantitative or qualitative approaches alone.
Objectivism	Rely on Subjectivism	
Involves the process of verifying	Involves the process of discovering	
Focuses on the outcome	Focuses on the process	
Generalizable	Ungeneralizable (Single case studies)	

Newman and Benz (1998), Creswell (2013) and Silverman (2015) warn against the assumed difference between qualitative and quantitative research approaches. These authors state that the differences between the two research approaches should not be seen as distinct. Silverman (2015) further states that quantitative research could use words to describe numbers and that

simple numbers can also be used in qualitative research; therefore, the perceived differences are not exclusive to either quantitative or qualitative research approaches.

According to Strydom (2013) qualitative approaches are also mostly used when a study is exploratory in nature, as in the case of this one. The advantage of conducting qualitative research is that it gives the researcher the ability to study a phenomenon (Lapan et al., 2012). Creswell (2013) further describes qualitative research is concerned with exploring and understanding the perceived problem, thus aligning qualitative as a research approach, complimenting the exploratory research strategy.

Denzin and Lincoln emphasise the ability to interpret and understand how people view a particular phenomenon without relying on statistical procedures. Nieuwenhuis (2015) agrees with this notion and regards the purpose of qualitative research as the ability to construct meaning from how individuals or groups understand and experience a phenomenon. This study wants to study secondary data on Company X's CSR trends over the various boom and bust economic climates, determine how the organisation makes sense of CSR over the different periods. The same will apply to primary data through interviews, where the researcher would collect data and construct meaning on how Company X's employees working in the CSR department make sense of CSR during the various boom and bust periods. Primary data collected is based purely on their experience working in Company X's CSR space. The main objective of this study will be best captured using the qualitative approach over quantitative or mixed methods, especially at its exploratory stage.

According to Sarma (2015), qualitative research has faced aggressive reactions from the scientific community, being labelled as storytelling and unreliable due to the question of generalizability in some of the studies. Samra (2015) further argues that this is due to researchers looking at qualitative research from the same lens as quantitative research and evaluating it the same way even though their philosophic views are different in nature. The issue of generalizability is one that is also seen in this study due to the study being based on one organisation, Company X. Generalization should not be an issue considering that this study is qualitative and is at its exploratory stage. Lincoln, Lynham and Guba (2018) argue that the interest in qualitative research has seen a boom with a surge of dissertations, research papers, and workshops taking the form of qualitative research. Lincoln et al., (2018) believe qualitative research has contributed and still has more to contribute to the scientific community as the field

matures. These researchers further believe the interpretive focus and power of the qualitative approach should be taken as seriously as the quantitative approach.

According to Wax (1971) and Clifford (1983); both cited in Taylor et al., (2015, p.4), "Descriptive observations, interviewing and other qualitative methods are as old as recorded history. Their origins can be traced to historians, travellers, and writers ranging from Greek Herodotus to Marco Polo. It was not until the 19th and early 20th centuries; however, that we now call qualitative methods were consciously employed in social research". The qualitative research approach is customarily adopted when observation, grounded theory, ethnography and case study strategies are chosen; making qualitative research ideal for this study as it adopted a case study strategy (Sekaran and Bougie, 2013; Creswell, 2013, Sutton and Austin, 2015).

### **3.3.2. Study Site**

The study used Company X as a case study because of its long-term CSR programmes that are in place. Company X is the biggest service provider in the industry they are operating in, in South Africa. This company was part of the top 10 companies listed in the JSE top 100 and has one of, if not, the largest CSR programme in the country. Company x's net profits run in the billions of Rands. The organisation's headquarters are located in Midrand, Gauteng, South Africa but the organisation has operations spanning all 9 provinces. These are all the characteristics that make Company X ideal as a case for this study. Company X as a case was chosen because case studies in general give a clear indication of the real-life research problem (Sekaran and Bougie, 2013). The study site was in Midrand, Gauteng. This site was chosen because that is where Company X's CSI Executive Department is based and where decisions are made and communicated down to operational levels.

### **3.3.3. Target Population**

"A target population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate" (Sekaran and Bougie, 2013, p.240). The population for this study is made up of 11 employees that work under Departments that deal with CSR. There are ten employees working in the Corporate Social Investment Department and one working in the Sustainability Department.

### **3.3.4. Sampling Strategies**

Qualitative research typically uses a small sample related to the research topic unlike quantitative research, as in the case of this study where the target population is also small. As

a counteractive measure, the small research sample is studied in-depth by the researcher (Miles et al., 2014; Creswell, 2014). According to du Plooy-Cilliers, Davis and Bezuidenhout (2014), non-probability sampling is best used when the researcher finds it difficult to define or gain contact with the entire population, such as in the case of this study. Sekaran and Bougie (2013) and Du Plooy-Cilliers et al. (2014), further characterise the use of non-probability sampling as when there is no equal opportunity for population constituents to be part of the sample. This is unlike probability sampling, a sampling method associated with quantitative methods, where there is an equal opportunity for elements in the population to be part of the sample.

Non-probability sampling methods are used for this study due to the question on the applicability of this study's findings on other organisations during the boom and bust economic periods. According to Du Plooy-Cilliers et al. (2014), the limitation associated with non-probability sampling is that the sampling method is often not generalizable to the broader population. Etikan, Musa and Alkassim (2016) state that non-probability sampling can be used in studies that do not prioritise generalizability, such as this one. One must keep in mind that this study is qualitative and is still at its exploratory stage. The issue of generalizability should not be a concern for a qualitative study where data was analysed in-depth (Leung, 2015). Qualitative research should not be judged in the same lenses as quantitative research because they are fundamentally different in approach and they meet different research needs in (Samra, 2015).

There are four main types of non-probability sampling methods; they are convenience, quota, volunteer, and purposive sampling methods. (Sekaran and Bougie, 2013). A census strategy could have also been applied in this study if it was feasible to collect data from all the members of the population (Shannon and Bradshaw, 2002; Parker, 2011; Surbhi, 2016). Unfortunately, this was not possible for this study due to conflicting schedules with Company X's employees working in the CSI Department, this prompted the use of purpose sampling.

Purposive sampling is used when information can only be gathered from specific groups targeted on purpose because they are the only ones who can provide the desired information (Sekaran and Bougie, 2013). According to Miles et al., (2014), purposive sampling is the most common qualitative sampling method. Creswell (2014, p.163) emphasises this point by describing the idea behind qualitative research as to "purposefully selecting participants or site that will best help the researcher understand the problem and the research question".

This study used purposive sampling, more specifically, judgemental sampling. Judgemental sampling was chosen for this study because the subjects chosen were in a better position to give the required information for this study (Sekaran and Bougie, 2013). The data required for this study would be best obtained from senior employees and Executive Heads in the CSI Department of Company X, thus justifying the use of judgemental sampling. Respondents were chosen according to their capacity to access and provide the required information. Creswell (2014) further states that, unlike sampling methods associated with quantitative research, purposive sampling does not need a large number of participants.

### **3.3.5. Data Collection**

Data collection is an essential stage for a study because it determines the guideline for the best way in which the researcher will collect data which will help them understand the problem and answer the question. This is referred to as the data collection protocol. There are various qualitative data collection procedures which can be used in a qualitative study, which include; observations, interviews, documents, and audio vision materials (Creswell, 2014).

#### *3.3.5.1. Documents*

According to Sakaran and Bougie (2014), secondary research is a method also commonly used when a researcher is trying to explore a phenomenon. Secondary data is made up of data that is collected, stored and reused by the research community. “Secondary data can be used for (1) the description of contemporary and historical attributes, (2) comparative research or replication of the original research, (3) reanalysis (asking new questions of the data that were not originally addressed), (4) research design and methodological advancement, and (5) teaching and learning” (Hox and Boeije, 2005, p.593; Johnston, 2014). For the purpose of this study, secondary research is used for comparative research; this is compared with results from primary data. Secondary data used in this study is gathered from qualitative documents found in the public domain like newspapers or official government or company reports. Examples of private documents could be emails, letters or personal journals (Creswell, 2015).

This study used qualitative documents readily available in the public domain in the form of Company X’s integrated reports. These documents were downloaded by the researcher through Company X’s official company website; which has a dedicated webpage that archives the various integrated reports from over the years. According to Deloitte (2019), an integrated report is a compilation of information regarding an organisation’s strategy, governance and performance regarding the economic, social and environmental atmosphere they operate in.

The goal of the integrated report is to give an overall overview of the organisation and how it deals with the social and environmental issues (PricewaterhouseCoopers South Africa, 2017). Integrated reports are released annually, thus making them the ideal documentation to analyse an organisation's CSR direction and how they made sense of this phenomenon during the boom and bust economic periods.

Integrated reports ranging from the periods 2004 to 2013 were used in this study. Integrated reports from this particular time period were chosen because this is when South Africa's boom and bust economic periods were identified. Integrated reports from 2004-2006 were grouped together as per South Africa's first boom. Reports from 2007-2009 were grouped together as per the first bust period. Reports from 2010-2011 were grouped together as per the second boom economic period; and finally, reports from the 2012-2013 were grouped together as per the second bust period.

#### *3.3.5.2. Interviews*

Interviews are qualitative data collection methods which can be administered using structured, semi-structured or open-ended questions. Structured interview questions follow the same principle as questionnaires in that they are predetermined questions read out precisely as they are worded. Structured interviews can be in the form of surveys. The disadvantage of using a structured interview question is that the interviewer cannot take advantage of probing further for deeper understanding. Semi-structured questions are also predetermined questions, but unlike the structured questions, they allow the interviewer to probe further when an opportunity presents itself during the discussion. According to Brinkmann and Kvale (2018), this is the most commonly used structure in social sciences. Unstructured interviews are when the interviewer lets the participant express themselves similar to storytelling; the interviewer will guide the discussion to focus on issues they feel are relevant for the study.

Interviews can be administered using face-to-face (one on one), telephonic or in focus groups. (Sekaran and Bougie, 2013; Creswell, 2014). Qualitative interviews help the researcher recreate events that they have not experienced (Rubin and Rubin, 2012). Talking to those who have the knowledge regarding the phenomenon being studied will help ensure that the study is as authentic as possible as in the case of this study (Rubin and Rubin, 2012).

The study used in-depth interviews, administered using semi-structured questions face-to-face and telephonically. In-depth interviews are more appropriate for this study because they



provide open-ended questions which are perfect for qualitative research. Data collection tools that require closed-ended questions are more appropriate for quantitative hypothesis testing (Creswell, 2013). In-depth interviews best serve this study because they will allow the interviewer to probe as much information as possible especially when there is a small number of people that can provide the information required for this study (Sekaran and Bougie, 2013).

Challenges associated with interviews may come from getting respondents to express their personal feelings and thoughts about a phenomenon. This may especially be true when the topic is very personal or sensitive to the respondent, and it is still fresh on their minds. Another challenge may appear when respondents are asked to recollect their feelings on a topic that happened long ago (Sutton and Austin, 2015).

#### *3.3.5.2.1. Interview schedule*

The interview schedule for this study is made up of questions aligned with the five research objectives highlighted at the beginning of this chapter. The interview schedule is also attached under Appendix B. The interview schedule begins with basic demographic information like the date of the interview, the respondent's age, race, gender, position held at the organisation's CSR Department and the duration of the interview.

3.3.5.2.1.1. Research Objective 1: Determining the purpose of the organisation during the boom and bust economic periods.

The first three questions in the interview schedule aim to address the first research objective, which seeks to identify the purpose of the company during the boom and bust economic periods. This objective stems from the theory on the purpose of business in society, whereby theorists like Milton Friedman believed the purpose of the organisation was to make profit; and that the business's role in society was to create jobs, pay tax and let the Government deal with societal concerns (Stanwick and Stanwick, 2014).

*Question 1: What is the purpose of Company X as an organisation?*

The aim of the first question is to determine the purpose of Company X and their role as an organisation in society and the environment. Secondary data from integrated reports, published within the identified economic booms and busts, address the first research objective within the context of those periods. The first question in the interview schedule on the other hand, aims to address the research objective from the CSR employee's point

of view; and therefore produce a response based on the respondent's personal experience regarding the purpose of Company X.

*Question 2: Has there been a change in the purpose of the organisation during 'boom' economic conditions?*

The second question builds from the first question by investigating if there has ever been a shift in the purpose of the organisation during the economic periods identified as boom periods. The answers from this question are completely based on personal experience working in Company X's CSR department during the periods identified as boom.

*Question 3: Has there been a change in the purpose of the organisation during 'bust' economic conditions?*

The third question investigates if there has ever been a shift in the purpose of the organisation during the economic periods identified as bust periods. The answers from this question are also completely based on personal experience working in Company X's CSR department during the periods identified as bust.

3.3.5.2.1.2. Research Objective 2: Determining how the organisation prioritises its stakeholders during the boom and bust economic period.

The second objective builds from the first objective, which tried to establish the purpose of Company X. The second objective tries to align the purpose of the organisation with how company X prioritises their stakeholders. The manner in which Company X prioritises their stakeholders should also help determine how their CSR programmes are shaped. The second objective is an important one because it supports the investigation into the purpose of the organisation and also supports the implementation of the CSR programmes, which happens to be reflected in the third and fourth research objectives.

*Question 4: Identify Company X's stakeholders.*

The fourth question in the interview schedule asks the respondents to identify Company X's stakeholders. This question seeks to determine the groups or individuals that are affected by Company X's activities directly or indirectly. This question is critical for this study because one gets insight into the various groups the CSR department interacts and even collaborates with when implementing their CSR programme.

*Question 5: How are the competing interests of these stakeholder's addressed?*

The aim of this question is to determine how Company X prioritises their stakeholders, how stakeholder needs are addressed, especially if there are stakeholders who have conflicting needs. This is the question that builds from the first objective on the purpose of the organisation; for example, fulfilling the needs of investors may be at the cost of society or the environment. The stakeholder who's needs are placed above others may support the results from the first objective or indicate the underlying purpose of the organisation. The prioritisation of stakeholders should also be reflected in the purpose of the organisation.

3.3.5.2.1.3. Research Objective 3: Determining trends in the social CSR efforts during the boom and bust economic periods.

The third research objective wants to investigate the social CSR efforts during the boom and bust economic periods and establish trends during these periods. This objective builds from the previous research objective relating to the prioritisation of the organisation's stakeholders. The third objective looks at the implementation and prioritisation of Company X's social initiatives during the boom and bust periods. The questions from this research objective would answer the question of if the implementation and prioritisation of the social initiatives align with the prioritisation of their organisation's stakeholders during the identified boom and bust economic periods.

*Question 6: How have the Social dimensions of CSR been addressed by Company X?*

The aim of this question is to determine Company X's programmes aimed at addressing social issues. The question also seeks to determine the focus of social programmes during the different economic periods. The most dominant themes generated from interview transcripts would help determine the focus of social programmes during these periods, according to the respondent's perception. Question 6 has a probe question that asks respondents to identify Company X's social initiatives to help them recall the programmes just in case they left out an a programmes they deem as important.

3.3.5.2.1.4. Research Objective 4: Determining trends in the environment CSR efforts during the boom and bust economic periods.

Similar to the third objective, the fourth research objective aims to investigate the environment CSR efforts during the boom and bust economic periods and establish trends during these periods. This objective also builds from the previous research objective but

looks at CSR from an environment point of view. The author saw it fitting to look at the social and environment dimensions individually even though they make up the concept of CSR.

*Question 7: How have the Environmental dimensions of CSR been addressed by Company X?*

This question sought out to determine the environmental focus of Company X's CSR programme. Question 7 investigates the implementation of CSR initiatives that look at the environment aspect of CSR. The results from this question can also be compared with the prioritisation of the stakeholders linked to environmental issues. This question was then followed by a probing question asking the respondents to list the programmes aimed at addressing the environmental dimension of CSR.

3.3.5.2.1.5. Research Objective 5: Exploring trends in the CSR budget during the boom and bust economic periods.

The fifth objective wants to explore trends in the CSR budget during the boom and bust economic periods and determine if there has been any change in budget during these periods. Theory suggests that CSR in general can withstand economic decline but some adjustments towards the programme may have to be done. Rangan (2009); Welch (2009); and Bansal et al., (2015) went further to suggest that changes will be done to CSR programmes if there are not part of the core business process, or aligned with the purpose of the organisation.

*Question 8: Is there a relationship between Company X's Financial performance and the implementation of its CSR initiatives?*

This question aims to tie everything up by asking the respondents if there was a relationship between CSR and financial performance, based on their experience working in Company X's CSR Department. This question addresses the last research objective by investigating how the CSR budget is decided. Secondary data from integrated reports provides data needed to calculate CSR budget, but primary data will detail how it is calculated. The implementation of the social and environmental programmes during the various boom and bust periods could be affected if Company X's financial performance is also affected; thus influence the way the phenomenon of CSR is understood by Company X during the various boom and bust economic periods.

### 3.3.6. Data Quality Control

According to Silverman (2015), reliability in qualitative studies is something that needs to be addressed when compared to quantitative research. According to Hammersley (1992; Cited in Silverman, 2015, p.360), “reliability refers to the degree of consistency with which instances are assigned to the same category by different observers or by the same observer on different occasions”. This refers to the probability of arriving at the same findings if a study was conducted by someone else, or by the same person at different periods. Reliability of a study ensures that there are no accidental findings. Reliability in qualitative research can be implemented by the transparency of the research process followed by the researcher and giving a detailed account of the theoretical stance to justify the process selected (Silverman, 2015).

Reliability on text or secondary data is considered more reliable as compared to primary because this data is readily available. Here the question of reliability comes up in the process of categorising the data (Silverman, 2015). The categorisation of data in each of the objectives differs depending on the aim of the research question. For example, data relating to Objective 1: *To Determine the Shift in the Purpose of the Organisation During the Boom and Bust Economic Periods* is categorised based on the CSR dimensions of Economic, Social and Environmental Dimensions. Data related to Objective 2: *To Determine the shift in the Organisation’s Stakeholder prioritisation during the Boom and Bust Economic Periods* is categorised based on the stakeholder model, which presents a list of a firm’s stakeholders. Data related to Objective 3 and 4: *To Determine the Trends in the Social and Environment Dimension during Boom and Bust Economic Periods* is categorised based on Sustainable Development Goals that relate to Company X’s CSR programmes. Data for Objective 5: *To Explore Trends in the CSR Budget During the Boom and Bust Economic Periods* is categorised based on South Africa’s Boom and Bust periods.

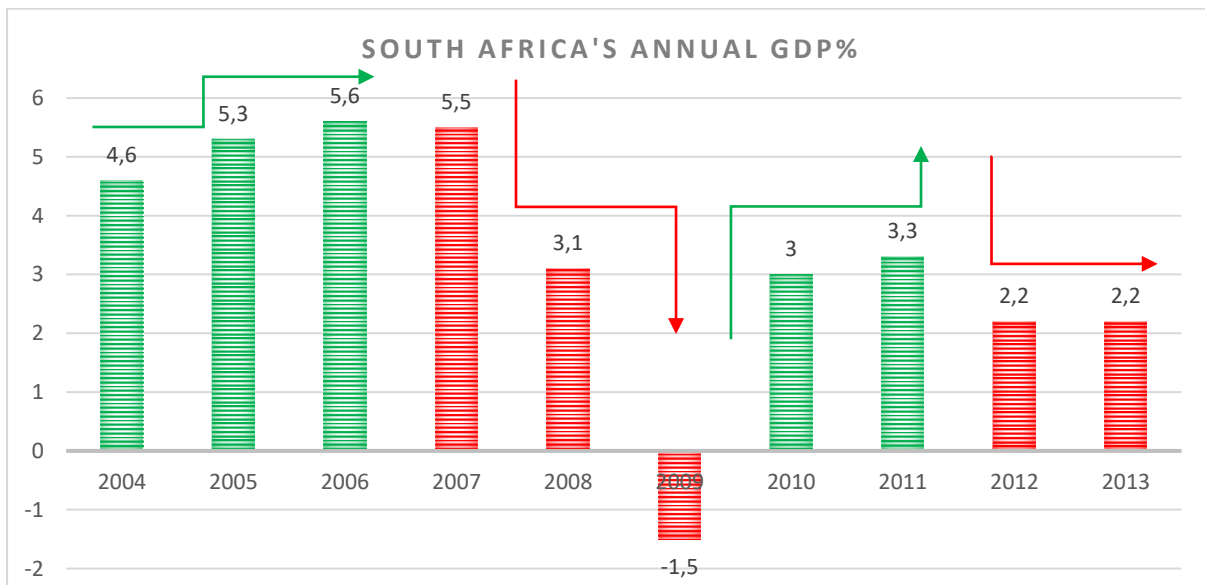
Reliability in interviews was achieved by ensuring that the respondents being interviewed were informed about the phenomenon being researched and had the appropriate experience to give credible accounts (Runin and Rubin, 2012). With interviews, reliability also has to do with how information is obtained and how it is reported in the study (Runin and Rubin, 2012; Silverman, 2015). This was done using a recorder and transcribed word for word to ensure that the data reported is accurate. The samples for this study were individuals who have experience and knowledge to give accounts on the topic at hand.

According to Silverman (2015), validity is more challenging to ensure compared to reliability but states that it can be done by ensuring the researcher considers their impact in the setting/field where data is collected. This can be done by using a method called data triangulation. Data triangulation is referred to as “collecting data from several sources and /or different periods” and determining if they corroborate with each other (Sekaran and Bougie, 2013). Another way could be to use respondent validation; this is when the respondents are shown the findings for them to verify. This study used data triangulation by corroborating secondary data with interviews. Overall, qualitative studies have a strong ability to produce reliable and valid studies; the researcher had measures in place to ensure this.

### 3.4. DATA ANALYSIS

This research studies the boom and bust economic events that have occurred and how the organisation made sense of CSR during those periods. There has not been an economic boom like the incline between 2004-2006 in democratic South Africa. There also has not been an economic downturn like the one in 2009. This is because the phenomenon studied does not occur annually and therefore data beyond 2013 until current would add no value in the comparison of boom and bust economic periods

**Figure 3. 1: Graph Showing South Africa's Boom and Bust Economic Period (Statistics South Africa, 2018; Trading Economics, 2019).**



There are two boom and bust periods identified in this study. The first boom period is between the years 2004 to 2006. The first bust period is between the years 2007-2009. The second boom period is between 2010 and 2011, and the second bust period is between 2012 and 2013. This

study compares the first boom and bust periods, which last for three years each. The second boom and bust periods compared are two years. Analysis of each of the research objectives compares data from the first boom and bust periods, and the second boom and bust periods.

### **3.4.1. Content Analysis**

Data was analysed using content analysis as a foundation analysis tools. This analysis allows a large amount of information to be analysed and systematically arranged according to themes, characters, words or concepts (Sekaran and Bougie, 2013). According to Dumy and Cai (2014); Neuendorf (2016); Erlingsson and Brysiewicz (2017) content analysis is commonly recommended for research that explores human experiences through focus groups, documents, interviews, interactive media (social media) and observations. Content analysis is described by Krippendorff, (2018, p.266) as a “systemic reading of a body of texts, images and symbolic matter, not necessarily from the author's or user's perspective”. Content analysis has the purpose of depicting the characteristics of content (Vaismoradi et al., 2013).

Content analysis can be approached either automated or non-automated. Non-automated content analysis is when the process of classifying information into a system is done manually by the researcher (Farshid and Bredican, 2013). Automated content analysis is an analysis done via computer using Computer-Aided Qualitative Data Analysis Software (CAQDAS) like NVivo or Leximancer (Farshid and Bredican, 2013).

NVivo is an automated CAQDAS that has been a dominant software in the analysis of qualitative data. Unlike other statistical software such as Leximancer; NVivo requires manual input in the process of analysis, which introduces the opportunity for one’s subjectivity to influence the outcome. This has been one of the concerns associated with the use of this data analysis tool as compared to Leximancer, which requires minimal manual input from the researcher (Sotiriadou, Brouwers and Le, 2014). Arguments supporting NVivo state that manual input allows the researcher to participate in the analysis process, which helps the researcher interpret data more effectively (Kaefer, Roper and Sinha, 2015).

Upon further investigation of NVivo, the researcher discovered a concept called Word Clouds within NVivo, triggered by the use of Word Frequency Queries. This tool automatically generates sub-themes based on the frequency of words and groups them together to form a Word Cloud as illustrated on the next page in figure 3.1 (QSR International, 2015). The Word Cloud function as computer aided qualitative data analysis software addresses the concern over





the sources for this study. The reason for the word grouping to be set at ‘stemmed words’ and not ‘synonyms’ was because the researcher noticed that the software would sometimes group words that are not associated and leave out words that should be grouped. The content analysis software would not group the specific *Environment* and *Environmental* words even when the word frequency query was set to ‘Generalization’.

### **3.4.2. Qualitative Comparative Analysis**

Comparative analysis can be traced to between 1758 to 1967 in the social science “method of agreement” which entails looking at the similarities of the phenomenon being compared; and in the “method of differences” which involves distinguishing the absence of a common feature even if there are other similarities (Rihoux and Ragin, 2008; Kan, Adegbite, El Omari, and Abdellatif, 2016). For some time, qualitative comparative analysis has been seen as a small population size methodology especially when applied to case, which makes this a compatible research method (Rihoux and Ragin, 2008; Roig-Tierno, Gonzalez-Cruz and Llopis-Martinez, 2017).

According to (Rihoux and Ragin, 2008; Kan et al., 2016), in order for effective comparative analysis, the cases or variables being compared need to be comparable and this must be distinctively shown. In the case of secondary data, the length of the boom and bust periods investigated are comparable as shown in figure 3.1. above, where the 2004-2006 boom period is the same three-year duration as the 2007-2009 bust period. The same principle is applied when comparing the second boom and bust periods which both have two-year durations.

In the case of primary data, the automated content analysis approach was also used on primary data. Interviews were transcribed and also added into data analysis software like secondary data. This was done with the intention of maintaining consistency and validity when interpreting themes, especially when comparing data from primary and secondary analysis as also mentioned under data quality control. Manual qualitative comparative analysis was implemented using a table with the results from the different boom and bust periods, and interviews in each of the research objectives.

### **3.5. ETHICAL CONSIDERATION**

The University of KwaZulu-Natal’s Ethics Committee granted ethical approval to this research and a gate keeper’s letter was obtained from Company X’s Executive Head: CSI. The consensus was obtained from all participating respondents in a manner that ensured human dignity was

upheld and that they are fully informed regarding the decision to participate. Confidentiality and anonymity was ensured by consent forms that were drafted in a language the respondents understood. The purpose and nature of the study was highlighted. Company X requested full anonymity along with the participants in the study. Respondents were made aware that their participation was voluntary and that they had the right to withdraw from the study.

### **3.6. CONCLUSION**

This chapter discussed the methodology used by the researcher in this study to explore CSR and South Africa's boom and bust economic periods. An exploratory case study research design was taken due to the nature of the CSR phenomenon during the boom and bust economic periods. A qualitative approach was undertaken to help describe the phenomena as an analytical tool. The population for this study was limited to 11 employees working at Company X's head offices in Midrand, Gauteng. Purposive sampling method was used for respondents. Semi-structured interviews and secondary data was used to collect data as a method of ensuring data reliability and validity through data triangulation. Data were analysed using automated content analysis software Nvivo and manual qualitative comparative analysis.

# CHAPTER IV

## PRESENTATION AND DISCUSSION OF RESULTS

### 4.1. INTRODUCTION

The purpose of this chapter is to present and discuss data findings which are in line with the exploration of CSR initiatives in boom and bust economic conditions. Data for this chapter was analysed using automated content analysis. Findings are presented separately for primary and secondary data, but both types of data were analysed using automated content analysis, and thereafter a comparative analysis was done to tie up both primary and secondary data.

The response rate for this study refers to primary and secondary data gathered in the analysis. In regards to secondary data, a total of 10 integrated reports were used in documentary analysis ranging from 2004 to 2013, per the years falling under the identified boom and bust economic periods.

The analysis focused on the CSR and sustainability report sections of these integrated reports for data. Primary data was gathered through telephonic and face to face interviews. This study had a population of 11 managers with experience, working in departments dealing with Community services and the sustainability department. A total of 4 respondents were comprehensively interviewed face to face and telephonically in a secure and enclosed environment. One of the interviews was conducted at Company X's headquarters. Respondents chosen for interviews were in the best position to provide the information required for the study. Primary data from interviews represent current data; which is then compared with results from secondary data.

The first four subheadings in each objective present data from the documentary analysis, focusing on the 2004-2006 boom period, 2007-2009 bust period, 2010-2011 boom period, and 2012-2013 bust period. This is then followed by the analysis of themes relating to the purpose of the organisation, extracted from interview data.

## **4.2. RESEARCH OBJECTIVES**

- To determine the purpose of the organisation during the boom and bust economic periods.
- To determine how the organisation prioritises its stakeholders during the boom and bust economic periods.
- To determine trends in the social CSR efforts during the boom and bust economic periods.
- To determine trends in the environmental CSR efforts during the boom and bust economic periods.
- To explore trends in the CSR budget during the boom and bust economic periods.

## **4.3. RESEARCH OBJECTIVE 1: TO DETERMINE THE PURPOSE OF THE ORGANISATION DURING THE BOOM AND BUST ECONOMIC PERIODS**

The first objective aimed to determine the purpose of the organisation during South Africa's boom and bust economic periods. This means the purpose of the organisation must be more than just for economic reasons, the social and environment should also be considered. Basically, this objective aims to determine if the purpose of the organisation has a focus on 'people, planet or profit'. But what happens to the purpose of the organisation when the survival of the organisation hangs on the line or its profitability is on a sharp incline?

These findings were based on how Company X described their purpose during the identified periods boom and bust periods. Results from 4.4.5. *Interviews* on the other hand are based on how the respondents perceive the purpose of Company X as an organisation, this is based on their personal experience. The relevance of this objective is because the manner in which the organisation perceives its purpose is instrumental in the implementation of its CSR programmes; according to Ferrero et al. (2014), the general consensus on CSR is that organisations must go further than prioritising profits.

### **4.3.1. 2004-2006 Boom Period: Analysis of Themes - Purpose of Organisation**

Figure 4.2 (next page) is a word cloud illustrating the most frequent sub-themes relating to Company X's purpose between 2004 and 2006. The word cloud represents the most frequent sub-themes picked up by the word frequency query. According to Figure 4.2, the most frequent sub-themes relating to the purpose of the organisation, during the first boom period were *Democratising*, *Bridging divide*, *Digital*, and *Vision*.

Figure 4. 1: Word Cloud Illustrating Word Frequency - Purpose of Organisation (2004-2006 Boom Period)



Table 4.1 shows the same frequent sub-themes as figure 4.2 but grouped further into core themes relating to the triple-bottom-line framework (*People, Profit, Planet*). Here, *Democratising, Bridging, Divide, Vision, Better, Communication, Emancipated, and Life* sub-themes are merged into the Social theme. Please refer to Appendix D for the full word frequency counts in graph form.

Table 4. 1: Themes based on the Purpose of the Organisation (2004-2006 Boom Period)

PURPOSE OF ORGANISATION (2004-2006 BOOM PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-Themes (individual count)
1	Social (People)	13	72.2%	Democratising (3), Bridging (2), Divide (2), Vision (2), Better (1) Communication (1), Emancipated (1), Life (1)
2	Economic (Profit)	5	27.8%	Digital (2), Vision (2), Economically (1)
3	Environment (Planet)	0	0%	
	<b>Total</b>	<b>18</b>	<b>100%</b>	

The purpose of the organisation during the 2004-2006 boom period had a greater focus on the *Social* dimension (highlighted in yellow), with an overall count of 13, making up 72.2% during the first boom period, followed by the *Economic* dimension with a count of 5, making up 27.8% of the overall count. There was a 0 count, making a 0% focus on the *Environment* dimension. These results are interesting because the social theme focus in the purpose of the organisation is related to the utilitarianism belief that state that the actions of an individual should be to benefit the greatest good for the majority (Stanwick and Stanwick, 2014). In this case, the social aspect is the focus for the purpose of the organisation.

The social focus of Company X’s purpose relates to the organisations’ continuous commitment to pursue economic gains ethically while improving the quality of life for all its stakeholders as described by Rexhepia et al. (2013). Coombs and Gilley (2005); Collison et al. (2008); Michelon et al. (2013) describe an expectation of seeing organisations move away from focusing on profits, or just abiding the law, to ensure they satisfy the needs of all stakeholders rather than shareholders who prioritise profits.

The results from the 2004-2006 boom period reveal these expectations by prioritising the social aspect in their purpose as an organisation operating in South Africa; with social issues related to education, health, food security, entrepreneur and small business support, sports, arts and culture, the natural environment, housing and living conditions, safety and security, disaster relief, and finally social justice and advocacy (Business in Society Handbook, 2018).

Garriga and Melé, (2013, p.53) state that currently, CSR is largely associated with terms like “Society and business, social issues management, public policy and business, stakeholder management, and corporate accountability”. It is reassuring to see results revealing Company X as an organisation with a purpose linked to the terms mentioned by Garriga and Melé (2013).

#### 4.3.2. 2007-2009 Bust Period: Analysis of Themes - Purpose of Organisation

Shown in figure 4.3 is a word cloud illustrating the most frequent sub-themes relating to Company X’s purpose during the 2007-2009 bust economic period. In this case, all the sub-themes in the word cloud are the same size, meaning they have the same count. According to figure 4.3, there are only seven sub-themes relating to the purpose of the organisation during this period.

**Figure 4. 2: Word Cloud illustrating Word Frequency - Purpose of the Organisation (2007-2009 Bust Period)**



Table 4.2 (next page) shows the same frequent sub-themes as figure 4.3, but they are now grouped further into core themes. Here, the *African*, *Content*, *Industry* and *Leading* sub-themes are merged into the Economic theme. The purpose of the organisation during the 2007-2009 bust period had a greater focus on the *Economic* dimension (highlighted in yellow) with a count

of 4 (57%), followed by the *Social* dimension with a count of 3 (43%). There were no themes related to the Environment dimension during this period.

**Table 4. 2: Themes based on the Purpose of the Organisation (2007-2009 Bust Period)**

PURPOSE OF ORGANISATION (2007-2009 BUST PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Economic (Profit)	4	57%	African (1), Content (1), Industry (1), Leading (1)
2	Social (People)	3	43%	Playing (1), Role (1), Shaping (1)
3	Environmental (Planet)	0	0%	
	<b>Total</b>	<b>7</b>	<b>100%</b>	

These results reveal a shift in the focus of the purpose of the organisation during the 2007-2009 bust period compared to the results from the 2004-2006 boom period, where the purpose of the organisation had a social focus. The economic focus in the purpose of the organisation during the 2007-2009 bust period makes sense considering the relationship between CSR and the economy. The South African economy contracted into negative figures during this period, making it the most significant dip since 1994 (Statistics South Africa, 2018). This could be seen as an example of the focus in the purpose of the organisation shifting due to a sharp variation in the country's economy.

Bansal et al. (2015) mentioned how an organisation may retreat and focus on their core business function during a tough economic period. According to theorist like Milton Friedman, the core function of the organisation in society is to make as much profit as possible within the legal limits (Stanwick and Stanwick, 2014). This may be an example of an organisation shifting their core activity and focusing on economic gains during an economic decline for the sake of the organisations survival. An organisation's focus on financial performance is referred to as the 'financial bottom line and the idea of only using financial performance as an indicator is linked to the shareholder's theory in which the primary goal is making as much profit as possible (Slaper and Hall, 2011).

#### **4.3.3. 2010-2011 Boom Period: Analysis of Themes - Purpose of Organisation**

Figure 4.4 (next page) is a word cloud illustrating the most frequent sub-themes relating to Company X's purpose between 2010 and 2011. According to figure 4.4, the most frequent sub-themes were *Possibilities*, *Connecting*, *Changing*, and *Lives*. Table 4.3 (next page), shows the same frequent sub-themes as figure 4.4, grouped further into core themes relating to the triple-bottom-line framework (People, Profit, Planet). Here, *Lives*, *Connecting*, and *Changing* are

merged into the *Social* theme. The sub-theme *Possibility* falls under the *Economic* theme. There are no *Environment* themes.

**Figure 4. 3: Word Cloud illustrating Word Frequency - Purpose of the Organisation (2010-2011 Boom Period)**



**Table 4. 3: Themes based on the Purpose of the Organisation (2010-2011 Boom Period)**

PURPOSE OF ORGANISATION (2010-2011 BOOM PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Social (People)	3	75%	Lives (1), Connecting (1), Changing (1)
2	Economic (Profit)	1	25%	Possibilities (1)
3	Environment (Planet)	0	0	
	<b>Total</b>	<b>4</b>	<b>100%</b>	

The purpose of the organisation during the 2010-2011 boom period also had a greater focus on the *Social* dimension with a count of 3 (75%), followed by the *Economic* dimension with a count of 1, making 25% of the overall count. Once again, there was a 0% focus on the *Environment* dimension during this economic period. Here, shift in the purpose of the organisation is seen as having a social focus, similar to the 2004-2006 boom period.

The shift back to the *social* focus in the purpose of Company X during the 2010-2011 boom economic period; coming from the 2007-2009 bust period further indorses Bansal et al. (2015) theory on how an organisation may retreat and focus on their core business function during a tough economic period. These results also correlate with Milton Friedman’s theory to a certain extent, in that the core function of the organisation in society is to make as much profit as possible within the legal limits (Stanwick and Stanwick, 2014); hence Company X retreating to their core business function and having an economic focus during the period South Africa was going through a recession. But, profit is not the only function of the organisation as suggested by Friedman in Stanwick and Stanwick (2014) because Company X prioritised the social dimension once the economy grew again.







**Table 4. 5: Themes based on Purpose of Organisation (Interviews)**

PURPOSE OF ORGANISATION (INTERVIEWS)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Social	35	47.3%	Changes (13), Communication (8), Needs (4), Connected (3), People (3), Empowers (2), Society (2).
2	Economic	29	39.2%	Operate (9), Economic (6), Consumer (3), Business (2), Competitor (2), Financial (2), Leading (2), Profits (2), Customers (1).
3	Environmental	10	13.5%	Sustainable (4), Environment (2), Responsibility (2), Consumption (1), Environmental (1)
	<b>Total</b>	<b>74</b>	<b>100%</b>	

Unlike the results from secondary sources, the analysis from interviews picked up on environmental themes in the interviews. This means Company X employees, based on their perception on the purpose of the organisation, believed it reflected the environmental dimension. The results from interviews are the only ones from this objective that represent the economic, social and environment described in the concept of triple bottom line by Norman and MacDonald (2004); Slaper and Hall (2011); Laasch and Conaway (2016). The difference in results between data from integrated reports and the perception from respondents comes down to the formal description in the integrated report.

The recognition of the environment dimension in the interview results resonates with O’Connor (2012) who argued that the emphasis should not only be on what the organisation does with its economic gains but should also focus on how economic gains are generated in the first place. These results show a purpose of an organisation that considers the social, economic and environment aspects as theorised by Norman and MacDonald (2004); Gimenez et al. (2012) that an organisation's performance should not only be measured by financial performance but must also include social and environmental performances.

The recognition of the social, economic, environment dimensions in the interview results also align themselves with the concept of sustainable development which can be divided into three dimensions; economic sustainability, social sustainability, and the more popular, environmental sustainability. The Brundtland Commission (1987, p.15) described sustainable development as one “that meets the needs of the present without compromising the ability of future generations to meet their own need”. According to Engert and Baumgartner (2016), sustainability is concerned with striking a balance between economic, social, and ecological needs. Unfortunately, balance between the three dimensions are not seen in these results.

#### 4.3.6. Comparison of Objective 1 Results: Purpose of the Organisation

Table 4.6 shows a comparison of the most constant themes from the various boom and bust periods. According to the data displayed in table 4.6, the Social dimension (highlighted in green) was the most dominant theme in all economic periods apart from the 2007-2009 bust period, highlighted in orange. The environment theme (highlighted in red) had the least focus during the identified periods and in interviews.

**Table 4. 6: Comparison of Themes related to the Purpose of the Organisation (All Boom and Bust Economic Periods)**

	2004-2006 Boom		2007-2009 Bust		Interviews (Current)	
No.	Themes	Count	Themes	Count	Themes	Count
1	Social (People)	72.2%	Economic (Profit)	57%	Social (People)	47.3%
2	Economic (Profit)	27.8%	Social (People)	43%	Economic (Profit)	39.2%
3	Environmental (Planet)	0	Environmental (Planet)	0%	Environmental (Planet)	13.5%
	<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>
	2010-2011 Boom		2012-2013 Bust		Interviews (Current)	
No.	Themes	Count	Themes	Count	Themes	Count
1	Social (People)	75%	Social (People)	55%	Social (People)	47.3%
2	Economic (Profit)	25%	Economic (Profit)	45%	Economic (Profit)	39.2%
3	Environmental (Planet)	0	Environmental (Planet)	0%	Environmental (Planet)	13.5%
	<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>

**Finding 1:** The purpose of the organisation has had a constant *social* (highlighted in green) focus in most of the economic periods, as well as in interviews; but there was a shift in the focus of the purpose of the organisation during the 2007-2009 bust period. The purpose of the organisation leaned towards the *economic* dimension (highlighted in yellow), and this happened to be during the period where the 2009 recession took place in South Africa.

The combined results imply that the purpose of Company X had a greater emphasis on society. These findings imply that Company X's purpose might be on track with the utilitarianism belief that the purpose of an organisation should be to derive the greatest good for the majority of the people, in this case, society (Stanwick and Stanwick, 2014). This is interesting because it is assumed that the primary purpose of an organisation is to make profits; any other purpose after is secondary (Stanwick and Stanwick, 2014). Some theorists go as far as describing the focus on society or the environment as a distraction for the business, or as an attempt by the

Government to take control over the private sector (Sandoval, 2015). Company X's focus on society also coincides with the concept presented by Professor Meyer Feldberg, who urged multinational organisations operating in South Africa to do as their colleagues in the United States and give back to the communities in which they serve (Business in Society Handbook, 2017). The communities mentioned by Professor Meyer Feldberg make up the society represented in table 4.6; illustrating an organisation prioritising society.

The only shift in the purpose of the organisation occurred during the 2007-2009 bust economic period where there was an increased emphasis on the economic value (yellow) as compared to society, which was the principal and constant theme [society] throughout the other economic periods. The shift in the purpose of Company X shows how an organisation can retreat to its primary purpose which is economic gain; but these results do not show any evidence of a Government plot to take control over the private sector as highlighted by Sandoval (2015). It is a bit concerning though that the environment dimension is only identified in results from primary data.

The absent of the environment dimension in the purpose of Company X during economic periods is a concern as all three dimensions are dependent on each other and have the ability to restrict each other; hence the emphasis on balance between the three dimensions in sustainable development and the triple bottom-line framework (Engert and Baumgartner, 2016). Laasch and Conaway (2016) argue that issues relating to economic, social, and the environment should not be looked at in isolation because social issues relate to economic or environmental issues. Improving the lives of people living in poverty may involve adjusting the environment they live in, ensuring they have clean drinking water and proper waste disposal (Postman, 2018).

Company X's official purpose of the organisation is highlighted in their mission and value statements, which are available in the public domain. This is important to note because the social focus of Company X's purpose as an organisation also shows a link to the concept of explicit CSR. This concept is driven from within the organisation and is normally done with a strategic purpose of creating a good public image and appeal to the socially conscious consumers (Brown et al., 2016). The findings from the integrated reports corroborate with the results from interviews; in which the purpose of the organisation has a social focus overall, indicating the validity of the results.

#### **4.4. RESEARCH OBJECTIVE 2: TO DETERMINE HOW THE ORGANISATION PRIORITISES ITS STAKEHOLDERS DURING THE BOOM AND BUST ECONOMIC PERIODS**

The relevance of this objective is to identify Company X's stakeholders and to determine how their competing interests were prioritised during South Africa's boom and bust economic periods. This objective aims to determine the most dominant, relevant and instrumental stakeholder themes during the various economic periods. This is determined by the number of times these themes appear in the integrated reports and interviews discussions.

Stakeholder management is one of the theories that are associated with CSR as the field continues to grow (Garriga and Mele, 2013). According to Mousavi et al., (2013, p.8) an organisation that practices CSR is also described as one that "maintains all ethical, social and personal values, environmental values and benefits of interest groups during its commercial success". This means that all the relevant stakeholders must derive value from an effective CSR programme.

According to Freeman (1999); Freeman, Wicks and Parmar (2004); Ferrero et al., (2014) the stakeholder theory is meant to encourage managers into reflecting and performing on the critical responsibilities to their stakeholders which involve financial, social and environmental performances (Triple bottom line). The trick here is balancing financial, social and environment performance of an organisation while meeting the needs of all stakeholders especially when CSR may be experienced differently among different stakeholders.

##### **4.4.1. 2004-2006 Boom Period: Analysis of Themes – Stakeholders**

Figure 4.7 (next page) is a word cloud, illustrating the most frequent sub-themes captured by NVivo while analysing Company X's integrated reports during the 2004-2006 boom economic periods. According to figure 4.7, the most frequent sub-themes during the 2004-2006 boom period were the *employees*, *communications*, and *customers* sub-themes. Table 4.7, also on the next page, shows the same frequent sub-themes presented in figure 4.7, but grouped further into core themes relating to stakeholders. The themes generated are based on the stakeholder theory, which is one of the theoretical frameworks used in this study. Upon further analysis of the word frequency results, the researcher determined that the word count of *communication* was grouped with the word *community* by the software because the words *community* and *communication* were frequently captured together in the 2004-2006 integrated reports. In essence, *communication* represents the theme *community*.



The main themes linked to Company X's stakeholders during the 2004-2006 boom period were the *Customers* a count of 141 (19.8%), *Employees* with 127 counts (17.8%), and *Investors* with 188 counts (16.5%). These top three themes made up 54.1% of the overall stakeholder themes during the 2004-2006 period. This is considered a good thing according to Freeman (1999); Freeman, Wicks and Parmar (2004); Ferrero et al., (2014); because the organisation is meant to evaluate the value they can bring to their stakeholders and make their relationship stronger. This also shows the organisations key responsibilities towards their customers, employees, and investors which can also translate into accelerated financial, social and environmental performance (Donaldson and Preston (1995; Harrison and Wicks, 2013).

The stakeholders that were prioritised by Company X during the 2004-2006 boom period contribute towards financial performance. The customer has been referred to as the lifeblood of the organisation, and they were considered the primary stakeholder (Stanwick and Stanwick, 2014). It is important to note that the top three stakeholder themes identified during the 2004-2006 boom economic period make up three of the five variables in the Input/output model. The Employees (human capital) and the Investors (shareholders) were the inputs required by the organisation to satisfy the needs of the customer (Donaldson and Preston, 1995). Therefore, the satisfaction of customer needs would translate into financial performance.

**Figure 4. 7: Input, Output Model (Donaldson and Preston, 1995)**

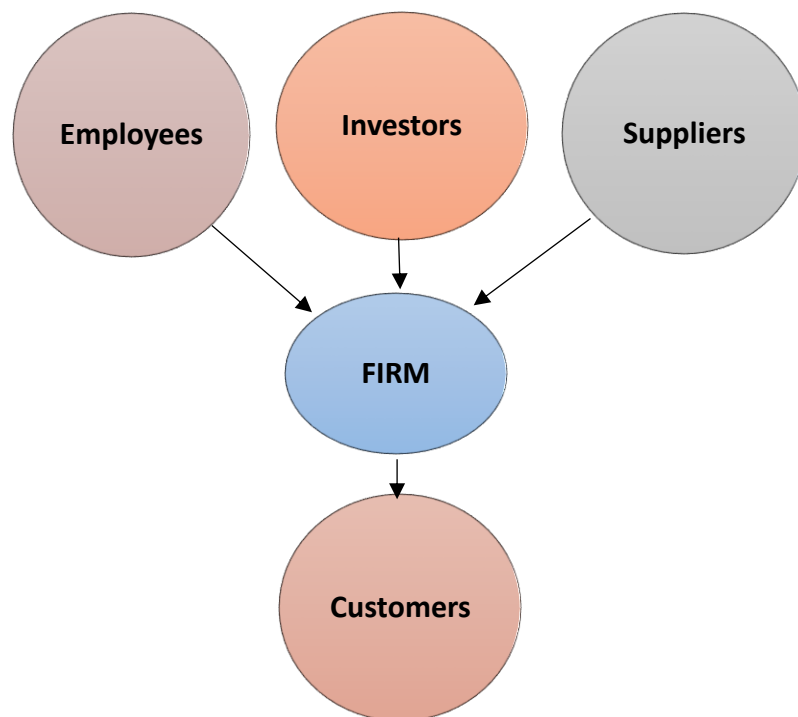






Table 4.8 below, shows Company X's main stakeholder themes during the 2007-2009 period, which were *employees, investors, communities, customers, trade associates, Government* and *suppliers* themes. *Political parties* theme contributed 0% overall stakeholder percentage. The main themes linked to Company X's stakeholders during the bust period were the *Employees* with a count of 191 (21.1%), *Investors* with a count of 174 (19.2%), and *Communities* with a count of 169 (18.7%). These themes made up 59% of the overall stakeholder themes during the 2007-2009 period.

**Table 4. 8: Constant Stakeholder Themes based on the 2007-2009 Word Frequency Query Results**

STAKEHOLDER THEMES (2007-2009 BUST PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Employees	191	21.1%	Employees (84), Training (38), Skills (34), Employed (21), Staff (14)
2	Investors	174	19.2%	Executive (29), Shareholders (29), Sharing (28), Investments (27), Partners (25), Directors (19), Economic (17)
3	Communities	169	18.7%	Community (81), Development (65), Public (23),
4	Customers	156	17.2%	Customers (102), Markets (34), Competitive (20),
5	Trade Associates	109	12%	Industry (29), Licensing (26), ICASA (21), Regulatory (19), Regulators (14)
6	Government	92	10.1%	BBBEE (35), Government (22), Policies (19), BEE (16)
7	Suppliers	15	1.7%	Procurement (15)
8	Political Parties	0	0%	
	<b>Total</b>	<b>906</b>	<b>100%</b>	

Employees and Investors appear again as dominant stakeholders, being carried over from the 2004-2006 boom period. Unlike the 2004-2006 boom period, communities emerge as one of the top stakeholders, replacing customers in the bust period. The prioritisation of the community in an organisation makes sound sense because the business would not exist without the community, their customers, suppliers and workforce all come from communities (Fernando and Lawrence, 2014).

In essence, the community as a stakeholder incorporates other stakeholders within (Evan and Freeman, 1988; Donaldson and Preston, 1995; Tse, 2011; Stanwick and Stanwick, 2014). According to Rexhepia et al. (2013) and Cheng et al. (2014), there are financial benefits in taking part in social empowerment programmes. The relationship between the community and business is well explained by the Legitimacy theory, which states that a business would not exist without the community and the community is also dependent on the business.

The shift from customer to the community during the 2007-2009 bust period is an indication of the acknowledgement of the relationship Company X has with its community during a bust economic period. Laasch and Conaway (2016) refer to this relationship and the creation of social value intrinsic and extrinsically. Uplifting the community refers to the extrinsic social value; meanwhile, improving job satisfaction with their employees is an intrinsic approach to creating social value by looking within the organisation.

Company X's focus on its employees during the recession economic period ties with App et al. (2012) and Namada (2018) who state that motivated and well-trained employees contribute to a sustainable competitive advantage, which translates to increased financial performance. Employees also have a stake in an organisation because their livelihood depends on the organisation. Employees, along with their families, also form part of the community in which Company X operates in (Tse, 2011; Stanwick and Stanwick, 2014). That is why they are an important stakeholder.

#### **4.4.3. 2010-2011 Boom Period: Analysis of Themes Linked to Stakeholders**

Figure 4.9 (next page) shows the most frequent sub-themes captured by NVivo during the analysis of Company X's integrated reports during the 2010-2011 boom economic periods. According to figure 4.9, the most frequent sub-themes were the *Customers* sub-theme in the middle of the cloud; followed by the *Employees* sub-themes. Table 4.9 (next page) shows Company X's main stakeholder themes during the 2010-2011 period, which were the *customers, employees, communities, investors, Government, trade associates, and suppliers* themes. *Political parties* theme contributed 0% overall stakeholder percentage.

The main themes linked to Company X's stakeholders during the bust period were the *customers* with a count of 173 (31.6%), followed by *employees* with a count of 147 (26.6%), and *communities* with a count of 78 (14.2%). These themes made up 72.4% of the overall stakeholder themes during the 2010-2011 boom period. These results state that the most dominant stakeholders in Company X's integrated report, during the 2010-2011 boom period were Company X's customers, employees and communities. These are pretty much the same results as the one recorded from the 2004-2006 boom period. Company X's customers were the most prioritised, followed by their employees, like in the case of the 2004-2006 boom period. Unlike the first boom period, the community was also part of the dominant stakeholders, replacing the investor from the previous boom period.





Table 4.10 shows Company X’s main stakeholder themes during the 2012-2013 bust period, which were the *employees, customers, communities, investors, suppliers, trade Associates, and Government* themes. *Political parties* theme contributed 0%. The main themes linked to Company X’s stakeholders during the bust period were the *employees* with a count of 160 (31.1%), *customers* with a count of 156 (30.4%), and *communities* with a count of 115 (22.4%). These themes made up 83.9% of the overall stakeholder themes during the 2012-2013 period.

**Table 4. 10: Constant Stakeholder themes based on the 2012-2013 Word Frequency Query Results**

STAKEHOLDER THEMES (2012-2013 BUST PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Employees	160	31.1%	Employees (66), Working (26), Safety (22), Talent (20), Training (14), Skills (12)
2	Customers	156	30.4%	Customers (110), Markets (24), Competition (22)
3	Communities	115	22.4%	Engagement (45), People (43), Communities (16), Interact (11)
4	Investors	35	6.8%	Investment (13), Partners (12), investors (10)
5	Suppliers	23	4.5%	Suppliers (23),
6	Trade Associates	13	2.5%	Industry (13)
7	Government	12	2.3%	Government (12)
8	Political Parties	0	0%	
	<b>Total</b>	<b>514</b>	<b>100%</b>	

These results were similar to the 2007-2009 bust period in that Company X employees were the most prioritised stakeholder during the 2012-2013 bust period. It is interesting to see a trend in that Company X prioritises their employees during both South Africa's bust periods. Customers and the community followed after employees, respectively, in that order during this period. The top stakeholders identified during the 2012-2013 bust period are precisely the same as the ones identified in the 2010-2011 boom period, they are just in a different order, according to their prioritisation during this period.

#### **4.4.5. Interviews: Analysis of Stakeholder Themes**

Figure 4.11 (next page) shows the most frequent sub-themes captured by NVivo during the analysis of interview transcripts from respondents. According to figure 4.11, the most frequent sub-themes related to stakeholders mentioned in interviews were the *community* sub-themes in the middle of the cloud. This was then followed by *Government* sub-theme located above *the community*, and the *shareholders* sub-theme, located horizontally below the *community* theme.



Table 4.11 shows Company X's main stakeholder themes gathered from interviews, which were *communities*, *Government*, *trade associates*, *investors*, *employees*, and *customer* themes. The *suppliers* and *political party* themes contributed 0% towards the stakeholder themes in interviews. The main themes linked to Company X's stakeholders are the *communities* with a count of 52 (46%), *Government* with a count of 21 (18.6%), and *trade associates* with a count of 16 (14.2%). These top three themes make up 78.8% of the overall stakeholder themes collected from respondents.

These results also show Communities, Government and Trade associates as the most dominant stakeholders identified in interviews. The community had an overwhelming dominance of 46% when compared to the contribution made by the second most dominant stakeholder, which is the Government with 18.6%. The respondents have a common perception that the community is essential and is considered a significant stakeholder. Above this, customers and employees as stakeholders were identified on the bottom half of stakeholder prioritisation in interviews; contrasting with the results from the economic periods.

The prioritisation of the community in an organisation makes sound sense because the business would not exist without the community, their customers, workforce and suppliers all come from communities (Fernando and Lawrence, 2014). In essence, the community as a stakeholder incorporates other stakeholders within (Evan and Freeman, 1988; Donaldson and Preston, 1995; Tse, 2011; Stanwick and Stanwick, 2014). Respondents perceptions are associated with the Legitimacy theory, which states that a business would not exist without the community and the community is also dependent on the business. According to this theory, the organisation tries to legitimise its operations by developing a social contract due to their existence in the community (Fernando and Lawrence, 2014). Company X has to prove its legitimacy by disclosing its social and environment and maintain stakeholder approval from the organisation (Burlea-Schiopoiu and Popa, 2013).

These results make sense, however. The difference in findings from the documentary analysis and interviews may be as a result of the focus of the CSI department. If the CSI department's CSR programmes have a focus on the community, then it only makes sense they perceive the community as the organisation's most significant stakeholder. Here, a question arises on whether the different departments in the organisation would prioritise different stakeholders. Would the Human Resources Department, for example, see Company X's greatest stakeholder as its employees? With this in mind, all the findings show that the community is the only



stakeholder identified on the top half of the stakeholder prioritisation table, in all economic periods and interviews; making it the most constant stakeholder.

The Government and trade associates appeared as top stakeholders only in interviews. Trade associates are bodies responsible for regulatory duties in a particular industry on behalf of the public to balance out the interests of the business and public. One can argue that the community, Government and trade associates go well together as Company X's main stakeholders. The community is the public; the Government and trade associates represent the interests of the public. The Government, as a stakeholder, plays a crucial but often debatable role; according to Milton Friedman, they are the sole parties responsible for CSR (Stanwick and Stanwick, 2014). According to Banerjee (2014), the Government is responsible for regulating businesses to ensure balance regarding the interests of all stakeholders, and they work collaboratively with Trade Associates (Smillie et al., 2013). According to results from interviews, the Government and trade associates are regarded as crucial stakeholders in the implementation of Company X's CSR programmes.

#### **4.4.6. Comparison of Objective 2 Results: Stakeholder themes**

**Finding 2:** Table 4.12 (next page) shows a comparison of the most constant themes from the various boom and bust periods, and as well as interviews. *Employees* (orange) were the most constant stakeholders in the bust economic periods only. *Customers* (orange) were most constant during the boom periods only. The *Communities* theme (green) was most constant in interviews only. The comparison shows a shift in Company X's stakeholder priority during the various economic periods as customers, who were the most dominant stakeholder during the 2004-2006 and 2010-2011 boom period, being replaced by employees as the most dominant stakeholder during the 2007-2009 and 2012-2013 bust periods. South Africa's bust economic conditions prompted Company X to prioritise and focus on key stakeholders, in this case, its employees were prioritised, as this would aid with the organisation's financial performance; as stated by Ferrero et al. (2014).

The constant prioritisation of employees by Company X during the bust economic periods resonates with the Stewardship theory. According to Klára (2011) and Eddleston et al. (2012); The stewardship theory promotes a collectivist and pro-organisation environment within an organisation by discouraging individualistic or opportunistic behaviours by members of management; they become stewards of the organisation. The stewardship concept also can capitalise on organisational performance because the interests of the stewards are aligned with

those of the organisation (Davis, Schoorman and Donaldson, 1997; Klára, 2011; Eddleston et al., 2012). Making employees stewards of the organisation can help boost organisational performance, especially during a tough economic period. It is interesting to note that employees were the most prioritised stakeholder during the 2007-2009 and 2012-2013 bust economic periods.

**Table 4. 12: Comparison of Themes related to the Stakeholders (All Boom and Bust Economic Periods and Interviews)**

	2004-2006 Boom Period		2007-2009 Bust Period		Interviews (Current)	
No.	Themes	Percentage	Themes	Percentage	Themes	Percentage
1	Customers	19.8%	Employees	21.1%	Communities	46%
2	Employees	17.8%	Investors	19.2%	Government	18.6%
3	Investors	16.5%	Communities	18.7%	Trade Associates	14.2%
4	Communities	14.2%	Customers	17.2%	Investors	11.5%
5	Trade Associates	13%	Trade Associates	12%	Employees	6.2%
6	Suppliers	11.4%	Government	10.1%	Customers	3.5%
7	Government	7.3%	Suppliers	1.7%	Suppliers	0%
8	Political Parties	0%	Political Parties	0%	Political Parties	0%
	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>
	2010-2011 Boom Period		2012-2013 Bust Period		Interviews (Current)	
No.	Themes	Percentage	Themes	Percentage	Themes	Percentage
1	Customers	31.6%	Employees	31.1%	Communities	46%
2	Employees	26.6%	Customers	30.4%	Government	18.6%
3	Communities	14.2%	Communities	22.4%	Trade Associates	14.2%
4	Investors	10.6%	Investors	6.8%	Investors	11.5%
5	Government	6%	Suppliers	4.5%	Employees	6.2%
6	Trade Associates	5.5%	Trade Associates	2.5%	Customers	3.5%
7	Suppliers	5.5%	Government	2.3%	Suppliers	0%
8	Political Parties	0%	Political Parties	0%	Political Parties	0%
	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

The problem with the stewardship theory is that it does not clearly define the interests of other stakeholders outside the firm, it only focuses on the stakeholders within the organisation, primarily the employees and shareholders (Klára, 2011; Van Puyvelde et al., 2012). This very theory by Klára (2011) and Van Puyvelde et al. (2012) played out during the 2007-2009 bust

economic period; whereby employees and investors were the most prioritised stakeholders during that period.

The stakeholder theory has been criticised for not providing details on how to balance the interests of all the stakeholders without neglecting a few (Danielson et al., 2008; Stanwick and Stanwick, 2014). According to interview results from table 4.12, suppliers and political parties were not identified by respondents. The problem is that various stakeholders may be on different ends on their interests from the business and their interests may be neglected as in the case the respondents not identifying these two stakeholders in interviews.

The stakeholder theory has been used over the years to explain many different theories from; explaining the business operation process and organisational behaviour, the decision making process, the balance between workers and owners, and the role an organisation should play in society (Donaldson and Preston, 1995; Friedman, Parent and Mason, 2004; Ferrero et al., 2014). This finding showed a shift between Company X's stakeholders and South Africa's boom and bust economic periods.

Another trend identified in table 4.12 showed that *Investors* (highlighted in yellow) and *Communities* (highlighted in green) were Company X's most prioritised stakeholders, being the only two themes identified among the top stakeholders during all economic periods and in interviews. An interesting observation during the 2007-2009 bust economic period was the increased prioritisation of Company X's investors. This may be as the result of the recession that occurred during this bust economic period. This shows Company X's ability to address the needs and concerns of their stakeholders during the recession. However, Ferrero et al. (2014) cautions the putting too much emphasis on one particular stakeholder and particularly the shareholders.

Shareholders are made up of stakeholders that have a financial claim on the organisation in the form of profits (Evan and Freeman, 1988; Donaldson and Preston, 1995; Tse, 2011; Stanwick and Stanwick, 2014). These are the investors, the only stakeholders that matter, according to Friedman's philosophy and the shareholder theory. Garcia-Torea et al. (2016) state the main objective of corporate governance as having shifted to the protection of all stakeholder interests, and ensuring that the shareholder has equal rights as other stakeholders. Company X's investors also proved to be the most consistent stakeholders because they were consistent in all economic periods and also in interviews.



**Table 4. 13: Constant social themes based on the 2004-2006 Word frequency query results**

CONSTANT SOCIAL THEMES (2004-2006 BOOM PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Health	141	26.3%	Health (33), HIV (18), AIDS (18), Care (14), Clinic (11), Life (11), Sexual (11), Love Life (10), Medication (9), Counselling (6)
2	Education	134	25%	Education (21), School (16), Training (16), University (13), Learning (11), Students (10), Bursary (10), Institute (9), Scholarships (9), Graduates (7), Doctoral (6), Masters (6)
3	Community	125	23.3%	Community (48), Development (23), Needs ( 11), Welfare (11), Feeding (9), Disadvantaged (8), Public (8), Society (7)
4	Safety & Security	100	18.7%	Safety (21), Children (15), Centres (13), Security (13), Technology (13), Abuse (11), Child (7), Victims (7)
5	Government Partnership	36	6.7%	Government (17), Partnerships (13), Department (6)
	<b>Total</b>	<b>536</b>	<b>100%</b>	

However, according to table 4.13, the main theme linked to Company X’s social initiatives during the 2004-2006 boom period was the *Health* theme (highlighted in yellow) with an overall count of 141 (26.3%). Business in Society Handbook (2018) describes health care in South Africa as one of the major concerns. The focus on health as a social intervention was supported by over 53% of South African listed organisations who participated in the survey by the Business in Society Handbook (2018).

The main focus of Company X’s health care intervention focused highly on fighting against HIV and AIDS. The fight against HIV and AIDS included health and sex awareness/educational programmes. One of the pioneers of HIV/AIDS awareness campaigns is Love Life; described as an organisation that “promotes social activism for healthy living, active lifestyles and HIV consciousness among young people; through: Advocacy; Information, education and awareness campaigns; Healthy living and behavioural change interventions” (Love Life, 2017).

One of the sub-themes shown in table 4.13 was *Medication*. Suggesting Company X’s focus on access to medication as one of their approaches to health intervention. Access to medication plays an important part in fighting against HIV/AIDS and improving societal health in general. According to Wilkinson (2015) South Africa has the largest antiretroviral therapy programme in the world and this is due to the large number of South Africans living with HIV/AIDS. According to the Business in Society Handbook (2018) the main focus for health interventions

was primary healthcare. HIV/AIDS; health care education and activities promoting wellbeing; and equipment and infrastructure were the main primary health interventions utilised by listed organisations. This statement is in line with the health sub-themes picked up in table 4.13. Primary health care is represented by all the *Health* sub-themes; meanwhile, health care education and wellbeing is represented by the *Love Life, Counselling, HIV, AIDS, and Sexual* themes. Equipment and physical infrastructure is represented by the *Clinic* sub-theme.

Company X's focus on health as part of their social intervention during the 2004-2006 boom economic period makes sense considering that a considerable number of South African rely on public health care. In 2016, 22 years after democracy; 83% of South Africans relied on public healthcare as compared to the 17% who had access to private healthcare (Statistics South Africa, 2016). It is also important to note that the difference in count between *Health, Education* and *Community* was very minute during this period. *Health* was followed by *Education* with a count of 134 (25%), and *Community* with a count of 125 (22.3%). These top three themes contributed 73.6% towards Company X's overall social initiatives. These results are based on the data collected from integrated reports between 2004-2006.

#### **4.5.2. 2007-2009 Bust Period: Analysis of Themes - Social Initiatives**

Figure 4.13 (next page) shows a word cloud illustrating the most frequent sub-themes relating to Company X's social efforts during the 2007-2009 bust period. According to figure 4.13, the most frequent sub-theme relating to Company X's social efforts during the 2007-2009 bust period was the *Community* theme, in the middle of the word cloud; followed by the *Development* and *Education* sub-themes. However, the most constant social theme during the 2007-2009 bust economic period was the *Education* theme (highlighted in yellow) with a count of 137 (40%), as presented in table 4.14 also on the following page.

Education as a social intervention towards CSR was the focus of Company X's social programmes during the 2007-2009 bust period. Company X's focus on education aligns with the South African Government website on Education (2019, para.1), which states that "all South Africans have a right to basic education and the Bill of Rights obliges the Government to progressively make education available and accessible through reasonable measures." Similarly, the Business in Society Handbook (2018), report that education was supported by 90% of listed organisations, making it the most supported social initiative.



The focus on education in South Africa can be credited to income inequalities and poverty levels; which are a by-product of the apartheid legacy in South Africa (Mandela, 1993; Borat et al., 2013). Apartheid left an “unequal and dysfunctional education system” (McConnachie, Skelton, and McConnachie, 2017, p.14). As a result, education is regarded as the most invested social CSR intervention in South Africa (Business in Society Handbook, 2018).

According to the South African Government (2019); Department of Basic Education (2019); Department of Higher Education and Training (2019) The levels of education in South Africa are categorised as; Early Childhood Development, Basic Education, Tertiary Education, Further Education and Training, and Adult Education. According to table 4.14, Company X’s education interventions focused on three of these categories, which were; Basic Education as represented by the *school*, *accounting* and *computer* sub-themes; Tertiary Education as represented by the *bursaries*, *technology*, *university*, *students*, *scholarship* and *degree* sub-themes; and finally, Further Education and Training was represented by the *institute* and *skills* sub-themes. The identified themes in table 4.14 are very similar to how the Business in Society Handbook (2017, p.99) categorise education interventions as “bursaries, scholarships and university chairs; infrastructure, facilities and equipment like desks, computers and laptops; additional learner programmes; teacher development and skills enhancement; curriculum development; Special needs interventions; and school governance and functionality”.

Company X’s focus on education also links with the Quality Education Goal from the 17 Sustainable Development Goals. The Quality Education Goal plans to give everyone access to quality education up to the tertiary level. This goal is similar to the South African Bill of Rights that specifies that everyone has the right to basic education as mentioned earlier. The difference is that the Quality Education Goal emphasises on education up to tertiary level. Company X’s education interventions had a greater focus on tertiary education and further education and training when compared to themes relating to basic education, thus aligning with the goals of the South African Bill of rights on basic education for all; as well as the Quality Education Goal, which includes tertiary education.

The *Education* theme was followed by *Community* with a count of 98 (28.6%), and *Health* with a count of 77 (22.4%). *Health* was the focus of Company X’s social efforts during the 2004-2006 boom period but dropped to third during the 2007-2009 bust period. None the less, these three themes dominate among other social themes during the 2007-2009 bust period, making up 91% of the overall social initiatives that contribute to Company X’s CSR programme.





**Table 4. 15: Constant social themes based on the 2010-2011 Word Frequency Query results**

CONSTANT SOCIAL THEMES (2010-2011 BOOM PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-themes
1	Education	41	35.3%	Education (9), Training( 7), Technology (5), School (4), Teachers (4), Computers (3), Software (3), Maths (2), Matric (2), Microsoft (2)
2	Health	39	33.6%	Healthcare (8), Health (7), Health (5), Hospital (4), AIDS (3), HIV (3), Surgery (3), Care (2), Live (2), Medical (2),
3	Community	19	16.4%	Community (10), Volunteers (4), Public (3), Citizens (2),
4	Government Partnerships	14	12.1	Government (5), Partners (4), NGO(3), NGOs (2)
5	Safety & Security	3	2.6	Victims (3)
	<b>Total</b>	<b>116</b>	<b>100%</b>	

An interesting observation is the constant dominance of the *Education*, *Health*, and *Community* themes during all the economic periods analysed thus far. These themes align exactly with the results from a survey done by the Business in Society Handbook (2018), which established Education, Social and Community Development, and Health as the social efforts most invested in.

#### **4.5.4. 2012-2013 Bust Period: Analysis of Themes - Social Initiatives**

Figure 4.15 (next page) shows a word cloud illustrating the most frequent sub-themes relating to Company X's social efforts during the 2012-2013 bust economic period. The most frequent sub-themes relating to Company X's social efforts during the bust period was the *Community* sub-theme, in the middle of the word cloud; followed by the *Health* and *Education* sub-themes. These results are also reflected in table 4.16, also on the next page, which presents the main theme linked to Company X's social initiatives between 2012 and 2013, as *Community* (highlighted in yellow) with a count of 35 (39.3%). The importance of the community has been covered in this chapter from the context of the community as a stakeholder. The significance of the community is once again emphasized but this time as a social intervention strategy.

The community makes up a large part of the Social in Corporate Social Responsibility. KLD Research and Analytics (2008); Marano and Kostova (2015) site community engagement as one of the most important aspects in common global CSR practices. Community development in South Africa could not be stressed enough due to the social inequalities as a result of apartheid legacy emphasised by Mandela (1993); Bhorat et al. (2013); and McConnachie et al. (2017). The apartheid system created the same inequalities on the Country's education system as the non-white communities, which was majority of South Africans. As a result, community



large portion of the community and social development beneficiaries in 2018 were the South African youth. This is because of the growing level of youth unemployment.

**Table 4. 16: Constant social themes based on the 2012-2013 Word Frequency Query results**

CONSTANT SOCIAL THEMES (2012-2013 BUST PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-themes
1	Community	35	39.3%	Community (14), Development (5), Local (4), Society (3), Volunteers(3), Challenges (2), Population (2), Rural (2)
2	Education	30	33.7%	Education (8), Teachers (8), Schools (5), Training (3), Computer (2), Laptops (2), Learn (2),
3	Health	16	18%	Health (9), Love Life (4), HIV (3),
4	Government Partnerships	5	5.6	Governments (3), Partnerships (2),
5	Safety & Security	3	3.4	Safety (3),
	<b>Total</b>	<b>89</b>	<b>100%</b>	

Another approach taken by listed organisations towards community and social development involved committing to welfare initiatives; and promoting awareness campaigns. This approach is linked to the *Volunteers* theme from table 4.16 (Business in Society Handbook, 2018). The concept of volunteering was debated in the literature review section of this study from the perspective of whether CSR is seen as voluntary or as an obligation. The *Volunteering* theme in table 4.16 refers to Company X working with volunteers within communities and not in the context of how CSR is viewed.

The focus of community and social development is very much linked to the *Reduced Inequalities* SDG and the concept of social sustainability. This goal aims to reduce the gap between the rich and the poor by providing opportunities for everyone regardless of the background. This is the process of ensuring human progress for further generations to come. Social sustainability looks at tackling the ever-growing poverty lines and social inequalities in communities. The gap between the rich and poor grows further, causing conflict over scarce resources. This conflict over resources has been seen in South Africa through the series of xenophobic attacks towards other African immigrants fleeing conflict and uncertainty in their own countries (Choane, Shulika, and Mthombeni, 2016). According to Goodland (2017) Countries whos economies depend of the export of raw materials may see conflict in the future as natural resources get scarce.



The *Obligation* sub-theme indicated the respondent's perception of how they view Company X's social initiatives; they saw them as an obligation. This answers part of the debate covered in the literature review on whether CSR should be seen as a voluntary act or as an obligation. An argument on the real motive of firms participating in CSR in South Africa has been raised. According to Muzindutsi and Sekhampu (2015, p.130), "CSR plays an important role in enhancing how a company is perceived within the community it operates in". In their view, it is for this reason why it is unclear if South African organisations participate in CSR due to the public relations exposure or South African legislation requiring social and environmental reporting along with financial reporting.

The theory that CSR is an organisation's obligation can be traced to the Contractarianism frameworks in business ethics whereby it is believed that all entities have a social contract that has to be abided by as part of society (Garriga and Melé, 2013; Stanwick and Stanwick, 2014). CSR has been described as a 'duty' or as an 'obligation' by the EU Green Paper (2012); Noack (2012); Griffin and Barney (2012); Bowen (2013); Mousavi et al., (2013); Stanwick and Stanwick (2014). O'Connor (2012) described CSR as when organisations are held accountable not only by shareholders but also by stakeholders, which include its employees, suppliers, community, consumers, and policymakers.

In South Africa, CSR as an obligation is executed under the King IV report. The King IV report requires all JSE listed companies to report on the social and environmental impact of their activities (Business in Society Handbook, 2017). The King Report on Corporate Governance became a significant milestone for CSR in South Africa because the report put Social and Environmental reporting in the spotlight, making them as an equal priority as financial reporting. Organisations are mandated to report on the social and environmental impacts of their business practices (King Report III, 2009; King III Amendment, 2012; Business in Society Handbook, 2017). This is applied to Company X as it is a JSE listed organisation and therefore they publish their social and environmental impacts yearly. Company X's commitment to this obligation is also apparent to the researcher because secondary data for this research was acquired through this obligation that requires organisations to report on their social and environment impacts.

To understand why CSR is an obligation in South Africa, one would have to understand the context in which voluntary CSR is applied. Jothi (2010); Torugsam et al. (2013); and the Department for Business Innovation and Skills (2014) all believe CSR as a voluntary act should

be seen when an organisation goes beyond the legal requirements. CSR as a voluntary act is taken by organisations operation in developed nations who see it as going beyond the legal requirements as described by Jothi (2010); Torugsam et al. (2013) and the Department for Business Innovation and Skills (2014) Marano and Kostova (2015), argue that the perception of CSR as a noble act or legal obligation depends on the country’s environmental standards.

Rexhepia et al. (2013) pointed out that CSR in developed countries like the United States of America is seen as a voluntary act and going beyond the prescribed legal requirements. On the other hand, CSR is seen as more of an obligation in developing countries like the Republic of Macedonia, who have a small number of business entities who fully grasp the concept of CSR. CSR is also commonly made an obligation in developed countries whose citizens are highly dependent on social grants like in the case of South Africa. Statistics South Africa (2018) state that social grants are the most important source of income for many disadvantaged South Africans. This results in policies made, making a legal requirement to participate in CSR.

Table 4.17 (below) shows the same frequent sub-themes as figure 4.16, but they are now grouped further into core themes. The main theme linked to Company X’s social initiatives according to data gathered from interviews was the *Community* theme (highlighted in yellow), similar to the 2012-2013 bust period. Company X’s social efforts focused on the Community with 120 counts (49%). Company X’s focus on the community is more elaborated with more sub-themes present from collected data. In these results community challenges are presented in the form of *Disadvantaged*, *Youth* and *Unemployed*, *Gender*, and *Kids*. An interesting observation is that solutions for these challenges were also identified as sub-themes like *Employment*, *Empower*, and *Empowerment*.

**Table 4. 17: Constant social themes based on Interviews**

CONSTANT SOCIAL THEMES (INTERVIEWS)				
No.	Themes	Count	Percentage	Associated Sub-themes
1	Community	120	49%	People (30), Community (18), Development (8), Centre (6), Centres (6), Employment (6), Empower (6), Entrepreneurs (6), Public (5), Society (5), Disadvantaged (4), Empowerment (4), Gender (4), Kids (4), Unemployed (4), Youth (4)
2	Education	78	31.8%	Education (14), Teacher (12), Know (11), School (10), Training (7), Computer (6), Classroom (3), Lab (3), Learning (3), Skills (3), Students (3), Teaching (3)
3	Government	23	9.4%	Obligation (19), Funding (4)
4	Safety & Security	13	5.3%	Women (7), Security (6)
5	Health	11	4.5%	Health (11)
	<b>Total</b>	<b>245</b>	<b>100%</b>	

The results from interviews tend to change a bit compared to the findings from the integrated reports. According to respondents, The Community theme is followed by Education with 78 counts orated (31.8%), and Government Partnerships with 23 counts (9.4%). These three themes make up 90.2% of the overall social efforts into CSR when analysing interviews. The emphasis on social initiatives partnered with the Government in interviews makes sense because the Government was also identified as a significant stakeholder in the second objective. According to the Business in Society Handbook (2018) CSR programmes in South Africa are shaped on Governments approach to social concerns. Basically Government leads on societal problems as their primary mandate, and organisations provide support and work together.

Government partnership is also aligned with the final Sustainable Development Goal labelled *Partnerships for the Goals*. This goal involves the partnering of 193 countries to help achieve all 17 SDGs. This goal promotes the partnership between businesses and Governments from the 193 countries to achieve all the goals. The strong relationship and constant engagement with Government contributes to respondents viewing Government partnerships as a greater priority as compared to results from integrated reports.

In essence, the partnership with Government in social programmes explains why the respondents perceived the Government as a critical stakeholder in the second objective. Similarly, programmes focusing on community uplifting were perceived by respondents as the most prioritised social programme in Company X's CSR because the respondents are in constant contact with the communities. This is supported by the interview results in the second objective, whereby respondents believed the community was the most important stakeholder.

#### **4.5.6. Comparison of Objective 3 Results: Social Initiative themes**

Table 4.18 (next page) shows a comparison of the most constant themes from the various boom and bust periods. Safety and Security (highlighted in orange) is a constant theme but at the bottom of all economic periods studied and in results from interviews. Safety and security programmes were part of Company X's social initiatives aimed at addressing woman and children abuse and crime in South African communities. Safety and security are important in South Africa because 138 in 1000 women are victims of rape, this figure is one of the highest in the world (Statistics South Africa, 2018). Unfortunately, safety and security was only supported by 6 out of the 76 listed organisations who participated in the Business in Society



Handbook’s survey. It so happens that Company X has safety and security interventions; these interventions may not have been as dominant as the education, community, and health and themes, but they still made a contribution.

**Table 4. 18: Comparison of Social related Programmes**

No.	2004-2006 Boom Period		2007-2009 Bust Period		Interviews (Current)	
	Themes	Percentage	Themes	Percentage	Themes	Percentage
1	Health	26.3%	Education	40%	Community	49%
2	Education	25%	Community	28.6%	Education	31.8%
3	Community	23.3%	Health	22.4%	Government Partnership	9.4%
4	Safety & Security	18.7%	Government Partnerships	5.2%	Safety & Security	5.3%
5	Government Partnership	6.7%	Safety & Security	3.8%	Health	4.5%
	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>
No.	2010-2011 Boom Period		2012-2013 Bust Period		Interviews (Current)	
	Themes	Percentage	Themes	Percentage	Themes	Percentage
1	Education	35.3%	Community	39.3%	Community	49%
2	Health	33.6%	Education	33.7%	Education	31.8%
3	Community	16.4%	Health	18%	Government Partnership	9.4%
4	Government Partnerships	12.1%	Government Partnerships	5.6%	Safety & Security	5.3%
5	Safety & Security	2.6%	Safety & Security	3.4%	Health	4.5%
	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

Safety and security is related to the Peace, Justice and Strong Institutions SDG. This goal has a focus on reducing all forms of violence (United Nations, 2015). Almost 50% of the safety and security interventions are focused on national anti-crime and safety campaigns. Safety and security expenditure is also made up of “infrastructure; facilities and equipment; capacity-building/empowerment programmes; community policing forums; road safety; and support of relevant authorities” (Business in Society, 2018, p.122).

**Finding 3:** Programmes focusing education and community development seemed to be the focus on Company X’s CSR programme as shown in table 4.18, highlighted in yellow. This is

a trend because they are identified in interviews and during all the economic periods. *Health* (green) is also a focus but only during the economic periods; *Health* is not a constant theme in interviews though.

The third finding suggests that the focus of Company X's social initiatives did not change during the different economic periods and interviews. Company X's social efforts continued to focus on education and community development outreach programmes. These were the constant themes during all economic periods and interviews. At this point, it is difficult to determine whether the shift in social efforts was due to South Africa's economic activities in the case of Company X because the most dominant programmes (Education, Health and Community outreaches) were identified in all economic periods. These results are constant with the Business in Society Handbook (2018) survey which identified Education, Social and Community Development, and Health as the most invested social programmes by South African listed organisations.

#### **4.6. RESEARCH OBJECTIVE 4: TO DETERMINE TRENDS IN THE ENVIRONMENT DIMENSION DURING THE BOOM AND BUST ECONOMIC PERIODS**

The relevance of this objective is to determine the trends in the Environmental dimension of CSR over the various boom and bust economic periods. Objective 3 focused on the social trends in the CSR programme; the aim of objective 4 is to determine the focus of their environmental initiatives and its contribution towards the CSR programme. The focus on environmental themes stems from the environmental dimension (planet) in the Triple Bottom Line framework; which is the second framework adopted in this study. Another dimension that makes up the concept of CSR is the Environment dimension. This dimension looks at environment awareness and the organisation's operational effects on the environment (Torugsa et al., 2013). According to Welch (2009); and Ellis and Bastin (2011), an organisation has the option to focus on either the social or environmental dimensions when faced with tough economic times. So Company X could have chosen only to adjust their environment dimension and leave their social dimension as it is, or vice versa.

##### **4.6.1. 2004-2006 Boom Period: Analysis of Themes Linked to Environment Initiatives**

Figure 4.17 (next page) is a word cloud illustrating the most frequent sub-themes relating to Company X's environmental efforts. According to figure 4.17, the most frequent sub-themes



**Table 4. 19: Constant Environment themes based on the 2004-2006 Word frequency query results**

CONSTANT ENVIRONMENT THEMES (2004-2006 BOOM PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-themes
1	Operation Efficiency	172	55.1%	Management (31), Operating (25), Safety (23), Systems (16), Activity (8), Facilities (8), Monitoring (8), Policies (8), Governance (6), Structures (6), Sites (5), Compliance (4), Evaluate (4), Practice (4), Procedures (4), Standards (4), Assessment (3), Ethics (3), Adheres (2)
2	Natural Environment	63	20.2%	Environmental Health(25), Environment (10), Resources (9), Eagle (6), Nesting (5), Breeding (4), Water (4)
3	Sustainability	36	11.5%	Sustainability (9), Initiatives (7), Efforts (6), Impact (5), Projects (5), Projects (4),
4	Waste	26	8.3%	Consumption (18), Paper (4), Reduction (4)
5	Energy	15	4.8%	Electricity (6), Electro (3), Magnetic (3), Radiation (3)
	<b>Total</b>	<b>312</b>	<b>100%</b>	

Company X’s focus on operational efficiency also resonates with the concept of economic sustainability. Fifka and Drabble (2012); and Goodland (2017) described economic sustainability as a reaction from the traditional economic belief of using goods or materials efficiently to increase profits. Economic sustainability on the other hand changes the goal of achieving operational efficiency, from being efficient to growing earnings, to being efficient with the aim of reducing the impact of business activity on the environment. One would argue the reasons for achieving operational efficiency would depend on which side of the spectrum operational efficiency is being viewed. Danielson et al. (2008); Stanwick and Stanwick (2014) refers to this notion as when various stakeholders are on different ends on their interests from the business. Shareholders would look at operational efficiency from the lens of growing earnings, while CSR practitioners would look at this concept as a benefit for the environment first.

*Operational efficiency* was followed by *Environment* with 63 counts (20.2%), and *Sustainability* with 36 counts (11.5%). These three themes made up 86.8% of the overall environment efforts into CSR between 2004 and 2006. Efforts promoting sustainability and the natural environment looked at the external value derived from the environment initiatives like the community and the actual environment. According to Laasch and Conaway (2016), an organisation should look at both the internal and external value of the triple bottom line. In this case of Company X, improving operations efficiency looked at the inherent value derived from

the environment initiatives because it looked at improving the internal operating processes for Company X.

#### 4.6.2. 2007-2009 Bust Period: Analysis of Themes Linked to Environment Initiatives

Figure 4.18 is a word cloud illustrating the most frequent sub-themes relating to Company X's environmental efforts during the 2007-2009 bust period. According to figure 4.18, the most frequent sub-themes relating to the environmental dimension, in Company X's integrated during the 2007-2009 bust period was *Reducing*, in the middle of the word cloud, followed by the *Environmental* and the *Waste* sub-themes.

Figure 4. 18: Word Cloud Illustrating Word Frequency - Environment (2007-2009 Bust Period)



Table 4.20 (next page) shows the same frequent sub-themes as figure 4.18, but they are now grouped further into core themes. The main environmental theme during the 2007-2009 bust period was once again *Operation efficiency* (highlighted in yellow) with a count of 89 (36.5%). This was followed by *Waste* with a count of 50 (20.5%), and *Sustainability* with a count of 37

(15.2%). These top three themes made up 72.2% of the overall environment efforts into CSR during the 2007-2009 bust period.

**Table 4. 20: Constant Environment themes based on the 2007-2009**

CONSTANT ENVIRONMENT THEMES (2007-2009 BUST PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Operations Efficiency	89	36.5%	Management (12), Equipment (9), Buildings (9), Technology (8), ISO (7), Safety (7), Improvement (6), Legislation (5), Systems (5), Compliance (4), Issues (4), Process (4), Measure (3), Organisation (3), Site (3)
2	Waste	50	20.5%	Reduced (14), Waste (13), Consumption (9), Co2 (5), Disposal (5), Emissions (4)
3	Sustainability	37	15.2%	Recycling (8), Impact (7), Responsibility (6), Projects (5), Resources (5), Sustainability (3), Prevent (3)
4	Energy	36	14.7%	Energy (11), Power (6), Electricity (5), Diesel (4), Renewable (4), Electromagnetic (3), Fuel (3)
5	Natural Environment	32	13.1%	Environmental (14), Water (10), Environment (6), Air (2)
	<b>Total</b>	<b>244</b>	<b>100%</b>	

Operations efficiency and sustainability were also in the top three of the most dominant environment efforts during the 2004-2006 boom period. The difference in the 2007-2009 bust economic period is the introduction of the *Waste* theme as one of the most dominant efforts contributing to Company X's environment CSR programme. Company X's efforts into managing waste was straight forward when compared to other environment themes which had more variations of sub-themes as illustrated in table 4.20. Company X's waste management efforts involved the reduction or proper disposal of waste, Co2 and other emissions, and consumption directly or indirectly linked to the organisation.

Company X's waste management efforts, operations efficiency, and sustainability are closely related because all three environmental themes are aligned with the 12<sup>th</sup> Sustainable Development Goal focusing on *Sustainable Consumption and Production*. This SDG promotes the responsible use of natural resources in the production process and the disposal of waste responsibly (United Nations Development Programme, 2015; Laasch and Conaway, 2016). Company X's focus on waste addresses the *Sustainable Consumption* part of the goal; and operational efficiency represents the *Sustainable Production* part of this goal. According to the Business in Society Handbook (2018) waste management along with recycling are the most common environment CSR interventions implemented by listed organisations in South Africa. It further illustrates a dire need of recycling in South Africa.



**Table 4. 21: Constant Environment themes based on the 2010-2011 Word frequency query results**

CONSTANT ENVIRONMENT THEMES (2010-2011 BOOM PERIOD)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Operations Efficiency	100	29.4%	Sites (25), Working (13), Operators (11), Buildings (9), Generators (8), Technologies (8), Measure (7), Equipment (6), Infrastructure (4), Lights (3), Practices (3), Compliance (3),
2	Waste	76	22.3%	Emissions (14), Reduce (14), Consumption (13), Waste (12), Co2 (10), Carbon Footprint (9), Usage (4)
3	Energy	75	22.1%	Energy (24), Electricity (14), Power (13), Fuel (8), Battery (6), Diesel (6), Solar (4),
4	Sustainability	58	17.1%	Savings (17), Cooling (12), Recycling (9), Efficient (6), Projects (4), Responsible (4), Green (3), Initiatives (3),
5	Natural Environment	31	9.1	Environmental (12), Water (7), Environment (6), Temperature (3), Outside (3)
	<b>Total</b>	<b>340</b>	<b>100%</b>	

The operations efficiency and waste efforts have also been identified as dominant environment efforts in the previous 2007-2009 bust economic period. What sets these results apart in the 2010-2011 boom period, is the emergence of the *Energy* theme as part of the top three environment themes; symbolising the use of alternative energy sources by Company X. Energy was the most frequent sub-theme identified by figure 4.19. The *Energy* theme looked at the various power alternatives used by Company X to ensure a minimal impact on the environment. Electricity, fuel, batteries, diesel, and solar power are all forms of energy utilised by Company X during the 2010-2011 boom period. There is more emphasis on energy during this period to make it part of the top three environment themes. This could be due to increased knowledge and calls for better energy sources. The emphasis on energy in this finding is aligned with the *Affordable and Clean Energy* SDG, promoting the use of alternative and more sustainable energy sources (United Nations Development Programme, 2015; Laasch and Conaway, 2016).

#### **4.6.4. 2012-2013 Bust Period: Analysis of Themes Linked to Environment Initiatives**

Figure 4.20 (next page) illustrates the most frequent sub-themes relating to Company X's environmental efforts. These were captured by NVivo in the analysis of Company X's integrated reports during the 2012-2013 bust economic period. According to Figure 4.20, the most frequent sub-themes relating to the environmental dimension during the 2012-2013 bust period were *Reduced*, *Operating*, and *Cost* in the middle of the word cloud. However, table 4.22 (next page) shows the same frequent sub-themes in figure 4.20, but grouped further into core themes. According to table 4.22, the main environmental theme during the 2012-2013 bust







Table 4.23 shows the same frequent sub-themes as figure 4.22, but they are now grouped further into core themes. The main environmental themes identified in interviews were the *Natural Environment* with a count of 40 (36.7%), *Operations efficiency* with a count of 33 (30.2%) and *Sustainability* with a count of 13 (12%). These themes contributed 78.9% towards the overall environment efforts into CSR.

**Table 4. 23: Constant Environment themes based on the Interview Word frequency query results**

CONSTANT ENVIRONMENT THEMES (INTERVIEW)				
No.	Themes	Count	Percentage	Associated Sub-Themes
1	Natural Environment	40	36.7%	Environmental, Environment, Impact, Water, Tree, Air, Palm, Clean, Cleaner, Cleanliness,
2	Operations Efficiency	33	30.2%	Stations, People, Business, Building, Cool, Skype, Technology, Site, Africa,
3	Sustainability	13	12%	Reduce, Programmes, Conserving,
4	Renewable Energy	12	11%	Energy, Electric, Diesel
5	Waste	11	10.1%	Carbon, Consumption, Landfill, Waste
	<b>Total</b>	<b>109</b>	<b>100%</b>	

Results from interviews shows the natural environment as the most dominant environment theme. Company X’s focus on the natural environment shows an example both the extrinsic and intrinsic approach towards the environment initiatives of CSR. The reasoning for this statement is because the preservation of the natural environment involves all three types of sustainability, which involve intervention within and outside the organisation. Social and economic sustainability have been covered in relation to results presented in this chapter, but they are all linked and can be traced to environmental sustainability (Goodland, 2017).

Environmental sustainability is described as preserving natural capital or natural resources. Environmental sustainability has a focus on the natural materials used as input and outputs for business processes. Businesses must ensure that the rate in which renewable resources are extracted is at the same capacity as its ability to regenerate naturally. This also means the extraction rate of non-renewable resources is below the ability to grow substitutes of those natural resources. Waste, also identified in previous economic periods studied, should not exceed the natural environments ability to regenerate itself (Goodland, 2017). Themes presented in table 4.23 include Environmental, Environment, Impact, Water, Tree, Air, Palm, Clean, Cleaner, and Cleanliness. Company X’s approach to the natural environment mostly involves investing in awareness and clean up campaigns. This is because Company X’s daily activities do not require the extraction of raw materials.

It is for this reason their environment approach to CSR involves improving their internal operational process to have a less impact on the environment. Environmental sustainability also states that technological advancements should focus on ensuring production efficiency rather than increasing output at the cost of the environment. Threats to environmental sustainability are that the natural environment has rapidly decreased while human capacity continues to grow, making it difficult for the natural environment's regeneration process to meet the demand.

#### 4.6.6. Comparison of Objective 4 Results: Environment Initiative Themes

Table 4.24 shows a comparison of the most constant themes from the various boom and bust periods. These are then compared with the constant themes generated from interviews.

**Table 4. 24: Comparison of Environment related themes**

	2004-2006 Boom Period		2007-2009 Bust Period		Interviews (Current)	
No.	Themes	Percentage	Themes	Percentage	Themes	Percentage
1	Operation Efficiency	55.1%	Operations Efficiency	36.5%	Natural Environment	36.7%
2	Natural Environment	20.2%	Waste	20.5%	Operations Efficiency	30.2%
3	Sustainability	11.5%	Sustainability	15.2%	Sustainability	12%
4	Waste	8.3%	Energy	14.7%	Energy	11%
5	Energy	4.8%	Natural Environment	13.1%	Waste	10.1%
	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>
	2010-2011 Boom Period		2012-2013 Bust Period		Interviews (Current)	
No.	Themes	Percentage	Themes	Percentage	Themes	Percentage
1	Operations Efficiency	29.4%	Operations Efficiency	42.9%	Natural Environment	36.7%
2	Waste	22.3%	Sustainability	19.3%	Operations Efficiency	30.2%
3	Energy	22.1%	Waste	17.1%	Sustainability	12%
4	Sustainability	17.1%	Energy	15.7%	Energy	11%
5	Natural Environment	9.1	Natural Environment	5%	Waste	10.1%
	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>	<b>Total</b>	<b>100%</b>

**Finding 4:** Programmes focusing on *Operations Efficiency* was the focus of Company X's environmental efforts towards CSR during the economic periods. This is identified as a trend

because *Operations Efficiency* was also highly prioritised according to interviews; but was short by 6.5% to being on par with the *Natural Environment* (highlighted in green).

These results show operations efficiency (highlighted in yellow) has the most consistent environment effort as it appears as part of the most dominant environment effort in all South African economic periods, as well as in interviews. The investment in operations efficiency is aligned with a number of the Sustainable Development Goals including the Climate Action, Clean Water and Sanitation, Sustainable Consumption and Production, The Climate Action sustainable goal, which involves the use of technology to help limit the impact on the environment and climate change. The environment approach is also associated with the Clean Water and Sanitation goal, which wants to promote the accessibility to sustainable clean and safe water for everyone. This goal also involves attacking action against water shortages. The Sustainable Consumption and Production goal ensures that people consume natural resources in a responsible manner that will allow future generations to enjoy them. This involves the reduction of use, recycling, and responsibly disposing of toxic waste.

The importance of sustainable operations in Company X's environmental efforts is aligned with the basic principles of sustainable development which involves "development that meets the needs of the present without compromising the ability of future generations to meet their own need" (Brundtland Commission, 1987, p.30). The results from the comparison show that operation efficiency was not affected by the either the boom or bust economic periods.

#### **4.7. RESEARCH OBJECTIVE 5: TO EXPLORE TRENDS IN THE CSR BUDGET DURING THE BOOM AND BUST ECONOMIC PERIODS.**

The last objective in this study explores the financial dimension of CSR and its implication on the rest of the CSR programme. To meet this objective, one would have to make a comparison between Company X's CSR budget and South Africa's economic growth. Through interviews, one of the respondents, who was Company X's Acting Executive Head of CSI, indicated that there was a link between CSR and the organisation's finance:

*"The size of the CSI budget is determined by the percentage of [Company-x's] turnover; so it means the size of the budget for CSI would then be affected either positively or negatively because it is based on 1.5 percentage of the annual turnover".*

**Finding 5:** Company X’s CSR budget and its annual turnover are linked since it is 1.5% of annual turnover.

This finding suggests an undeniable link between CSR and the organisation's financial performance. According to the Canadian Mining Journal (2009) the survival of CSR is highly dependent on the profitability of an organisation, there are no funds for CSR if the organisation goes down, therefore emphasising the importance of economic gain. Company X's CSR budget is 1.5 percent of its annual turnover; this means that the CSR budget varies according to increased or decreased sales figures.

**Figure 4. 22: Actual Turnover Figures from 2004 to 2013 (Source: Company X Integrated Report)**

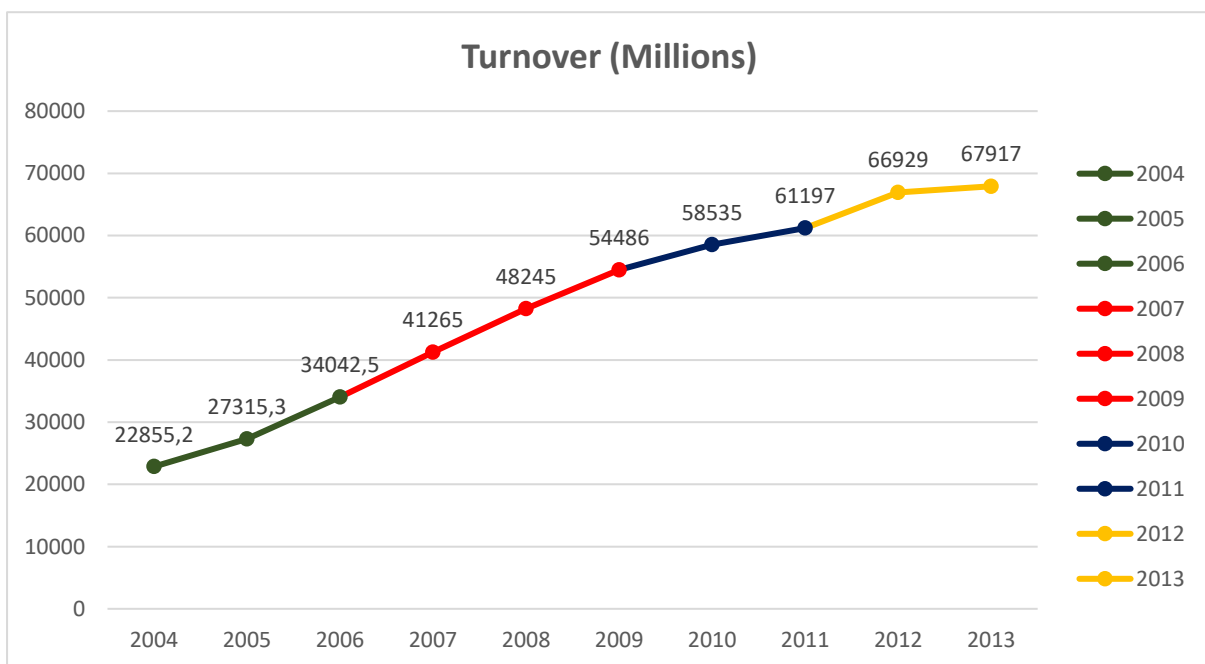
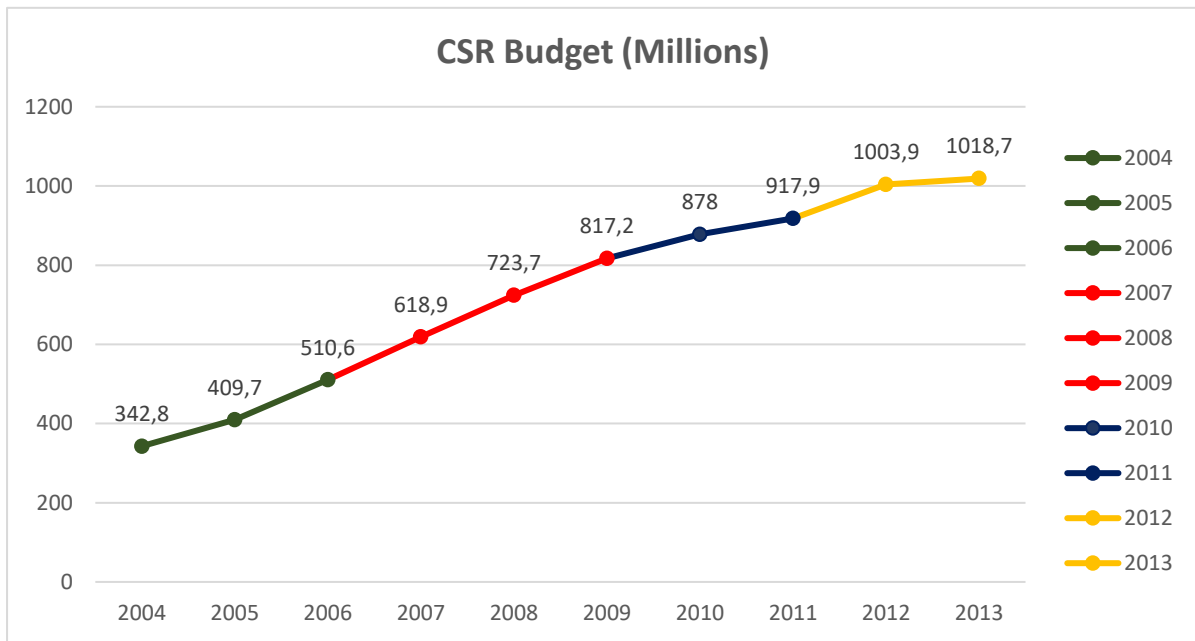


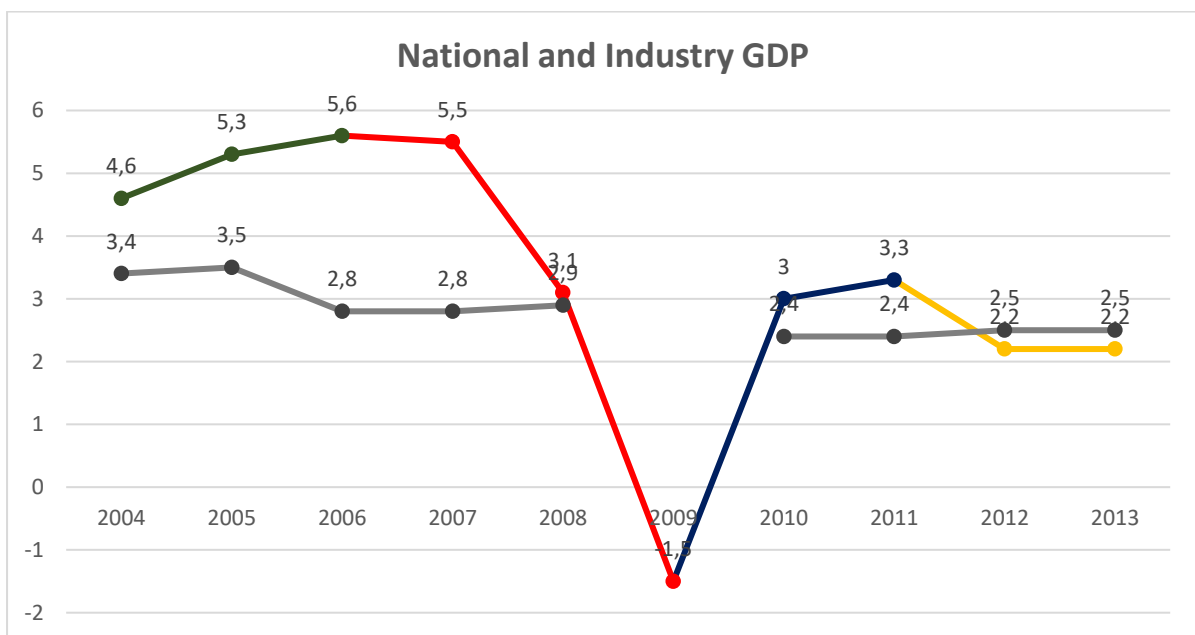
Figure 4.22 is a graph showing actual turnover figures in millions during the 2004-2013 economic periods. The 2004-2006 boom period is colour coded in green; 2007-2009 bust period coded in red; 2010-2011 boom period coded in blue; 2012-2013 bust coded in yellow. Figure 4.22 also shows a continuous growth of revenue (Turnover) during these periods. It has been established there is a link between Company X’s CSR budget and annual turnover; subsequently, Company X's CSR budget also increased steadily throughout the different economic periods as displayed in figure 4.23 (next page). Company X’s CSR budget was in the hundred million every year. According to data presented in the findings chapter, Company X's CSR budget was on a constant increase due to sales increasing every year regardless of Industry GDP or National GDP growth. Data for that period showed a trend in annual turnover increasing throughout all the economic periods analysed.

**Figure 4. 23: CSR Budget Figures Calculated from 1.5% of Annual Turnover (2004 to 2013)**



The increase in CSR budget occurs despite an economic decline dipping to negative figures in 2009, as illustrated in figure 4.24 below. Company X's CSR budget increased by 93.5 million in 2009 and continued to grow throughout the other periods regardless of variations in national GDP growth after the recession. Unfortunately, figures for industry GDP (Grey), for 2009 are not available; this is the year when the global economic meltdown reached South Africa. Despite this, annual turnover and CSR budget continued to grow steadily.

**Figure 4. 24: Variations in national and Industry (Source: South African ICT Performance Reviews, 2013; Trading Economics, 2019, Statistics South Africa, 2019)**



**Finding 6:** Trends identified suggest Company X's Annual turnover saw a constant increase throughout the various economic periods analysed in this study; it was not affected by South Africa's negative GDP growth in 2009.

These findings do however contradict Jothi (2010) who believed there would be a high chance that challenging economic times would have some link to CSR initiatives and how they are implemented. The keyword here is 'challenging', in terms of sales revenues, Company X, did not face challenging times and therefore, did not have to change how they were implemented. Company X's CSR programme is highly dependent on its financial performance because the budget is 1.5 percent of annual turnover. The relentless CSR budget growth was evident when the national and industry GDP declined in 2009. This was not enough though to affect annual turnover; instead, sales revenue continued to increase. Company X had increased sales revenues year-by-year. It is difficult to pinpoint as to what exactly what was the reason for these results. This could be an example of consumer behaviour rallying behind the organisation and increasing sales revenue despite the economic climate.

Company X's customers were prioritised during the boom and bust economic periods, but the focus was sturdier during the boom periods, almost as if laying the foundation for the support that would carry them through the bust periods. According to Stanwick and Stanwick (2014), the consumer is the most critical stakeholder in that they are the 'lifeblood' of the organisation. In the case of Company X, the customer contributed to increased turnover that translated into increased CSR budget. The CSR budget's dependency on sales turnover can also mean a decrease in CSR budget if Company X records lower sales figures. This phenomenon can come down to Company X's sales and operational sales strategy because they managed to have increased turnover despite industry performance; which was in a more stable condition when compared to the national GDP.

#### **4.8. CONCLUSION**

In conclusion, this chapter provided data presentation and research findings relating to trends in Company X's CSR programmes and South Africa's economy during boom and bust periods. Data presented in this chapter was made up of both primary data gathered from interviews with Company X employees; and secondary data from integrated reports.

The data presentation from the first research objective showed a primarily social focus on the purpose of the organisation in most of the economic periods; although there was a shift in the



purpose of the organisation during the 2007-2009 bust period, where the purpose of the organisation had an economic focus. An interesting observation showed an economic focus during the period where South Africa was going through a recession. Bansal et al. (2015) described this as an example of an organisation retreating to its core purpose when the its very survival is on the line.

The second objective revealed another shift in the prioritisation of Company X's stakeholders. It showed a shift from customers as a significant stakeholder during the boom periods, to employees being the focus during both bust periods. This was an example of Company X's prioritisation of key stakeholders during the various economic periods to aid the organisations financial performance (Ferrero et al., 2014).

The third objective identified trends in that programmes focusing on education and community uplifting were consistently prioritised during all economic periods. Unfortunately, programmes focusing on safety and security were the least prioritised in Company X's social initiatives. The fourth objective identified trends, programmes focusing on Company X's operations efficiency were constant in all the economic periods; this corroborated with the findings from interviews.

The last research objective linked Company X's financial performance and its CSR budget, indicating their CSR budget was made up of 1.5% of annual turnover. A trend was established in that annual turnover continued to climb regardless of bust economic periods; therefore, the CSR budget was unaffected by the bust economic period. The constant increase in Company X's CSR budget was because Company X's CSR budget was based on their annual turnover.

Referring back to original discussion regarding the impact of a country's economic climate on CSR Initiatives, which is what this study is based on. Jimena (2009); Lagace (2009); Welch (2009); Gohier (2010); Ellis and Bastin (2011); Klára (2011); Coles, Fenclova and Dinan (2011); Herzig and Moon (2011); and Bansal et al., (2015) all concluded that CSR in developed nations could survive economic fluctuations but strategies may have to be adjusted. This is also the case in this study especially considering shifts during the studied economic periods in the case of the purpose of Company X and the prioritisation of their stakeholders. However, the social and environment approaches to CSR did not show changes in focus linked to the economic periods. This was the results of Company X's growing turnover figures, even amidst tough economic periods.

# CHAPTER V

## CONCLUSION AND RECOMMENDATIONS

### **5.1. INTRODUCTION**

The aim of this chapter is to provide a summary of results and recommendations. This is achieved by proving the key points derived from this study along with implications for these results to the organisation, policy, academia and practitioners. This chapter starts off by giving a concise conclusion of each of the five research objectives, and then moves on by giving a conclusion of the entire dissertation. Lastly, the study gives recommendations, limitations and future research derived from this study.

### **5.2. RESEARCH OBJECTIVE 1: DETERMINING THE PURPOSE OF THE ORGANISATION DURING THE BOOM AND BUST ECONOMIC PERIODS**

The aim of this objective was to determine the purpose of Company X as an organisation and whether this purpose would shift amid different economic periods. This was achieved by comparing the focus of the purpose of Company X in all economic periods and interviews. By theory, the purpose of the organisation establishes the primary reason for its existent, which has been considerable debate, with some theorist believing, its sole purpose is to make profits, and others believing the business has a more significant obligation.

Analysis of integrated reports and interviews suggest the purpose of the organisation had a social focus in all but the 2007-2009 bust economic period. The social focus was supported by similar findings from respondents, indicating employee's perception of Company X's awareness of the general public. The environment focus was only identified in interviews, and even then, it was minimum. The only change in the purpose of the organisation occurred during the 2007-2009 bust period; this is during the period when the global economic meltdown occurred. This finding argues that the focus of the purpose of the organisation can shift in varying economic periods. It is worthwhile to point out that the focus of Company X's purpose did not shift during the 2012-2013 bust period. The shift during the 2007-2009 bust periods can only be due to the extent of the economic bust. One must keep in mind that this was the only period where South Africa reached negative growth since achieving democracy.

### **5.3. RESEARCH OBJECTIVE 2: DETERMINING HOW THE ORGANISATION PRIORITISES ITS STAKEHOLDERS DURING THE BOOM AND BUST ECONOMIC PERIOD**

This objective aimed to determine the organisation's most instrumental stakeholders in the execution of Company X's CSR programme, and to determine how these stakeholder's interests are balanced during the different economic periods. Theory suggests all interested parties must derive value from CSR programmes, and managers must ensure they carry out critical responsibilities to these stakeholders in terms of social, economic and environmental performance. An analysis was done using both primary and secondary data relating to Company X CSR programme. The overall findings suggest that Company X's employees were the most prioritised stakeholders during the bust economic periods, and their customers were the most prioritised during the boom economic periods.

The findings also identified the community and investors as Company X's most constant stakeholders, being identified among top stakeholders in all economic periods and in interviews. The argument for different stakeholder prioritisation during different economic periods can be argued in this objective to a certain extent considering Company X's employees were identified as the most dominant stakeholder when the Country's economy slowed down in both bust economic periods; and customers were prioritised when the economy picked up. The change in stakeholder priority can be argued as; a result of the boom and bust economic periods; and therefore, argue that there was a shift in stakeholder prioritisation during South Africa's boom and bust economic periods.

### **5.4. RESEARCH OBJECTIVE 3: DETERMINING TRENDS IN THE SOCIAL CSR EFFORTS DURING THE BOOM AND BUST ECONOMIC PERIODS.**

This objective aimed to determine the trends in the social dimension of CSR and how the social efforts had been addressed by Company X during the boom and bust economic periods. In theory, the social dimension of CSR looks at programmes aimed at the wellbeing of the society at large and how they can benefit from the existence of the organisation. An analysis was also done using both primary and secondary data, and the overall results suggested the focus of Company X's social initiatives are in education and community development programmes. These results were also identified in interviews, supporting the findings from the integrated reports. The implementation of Company X's social initiatives did not change because they did

not feel the financial pressures to adjust their approach. This can be attributed to the company's CSR budget, not feeling the pressure from the bust economic period.

#### **5.5. RESEARCH OBJECTIVE 4: DETERMINING TRENDS IN THE ENVIRONMENT CSR EFFORTS DURING THE BOOM AND BUST ECONOMIC PERIODS.**

This objective aimed to determine trends in Company X's environmental efforts and how the environmental dimension of CSR had been addressed during the boom and bust economic periods. In theory, the environmental dimension of CSR looks at the environment awareness campaigns of the organisation and how they can help preserve the environment the business operates in. An analysis was also done using both primary and secondary data, and the overall results suggested the focus of Company X's environment initiatives were in improving operational efficiency. Operational efficiency was the focus in all economic periods and interviews, but efforts on sustainability also became the focus of Company X's environment efforts during other periods apart from the 2010-2011 boom period. Sustainability was also identified as a constant focus in interviews. In this objective, there was no shift in the implementation of Company X's environment programmes due to South Africa's boom or bust economic periods. This can also be attributed to the company's CSR budget, not feeling the pressure from the bust economic period.

#### **5.6. RESEARCH OBJECTIVE 5: EXPLORING TRENDS IN THE CSR BUDGET DURING THE BOOM AND BUST ECONOMIC PERIODS.**

The aim of this objective was to explore the trends in Company X's CSR budget during South Africa's boom and bust economic periods. This was the final objective in the quest to explore CSR in different economic periods. By theory, the budget allocated to an organisation's CSR programme is dependent on revenue figures, that is why the starting point for this objective was to determine the link between CSR budget and revenues. A percentage of sales revenues contributing to CSR was determined, and a clear link between CSR budget and revenues was established. The next step was to determine trends in sales revenues and GDP growth fluctuations.

Between 2004-2013, Company X's CSR budget continued to grow regardless of South Africa's economic condition. The argument regarding CSR's survival during a recession cannot be argued in Company X's case because their CSR budget is based on annual turnover and not net profit, and their sales are highly dependent on customer behaviour. Maybe if there were an

economic decline so radical it affects consumer behaviour, the CSR budget would react by virtue of sales revenue decreasing. There would also be a shift in Company X's CSR budget if Company X's CSR budget stemmed from its net profit, which reacted to fluctuations to national GDP.

## **5.7. RECOMMENDATIONS**

Reporting on environmental activities is not as emphasised as the social aspect of CSR. This is seen by how Company X describes its purpose as an organisation in integrated reports. Based on the data gathered from the integrated reports, Company X only mentions social and economic aspects into their mission and vision statements, with minimal mention of the environment. There may be a need for balance in all three dimensions of CSR in their purpose as an organisation, especially when the environmental dimension was identified in interviews but not in the integrated reports.

Policies promoting complete transparency in the CSR space in the same manner a listed organisation is legally compelled to release financial statements each year. Actual CSR budget figures should be included in integrated reports, on how much of the budget was spent, and specific rationale on why and how these figures were allocated. Transparency in CSR programmes budgets and expenditures identical to the financial reporting in the integrated reports would add value to CSR reporting.

## **5.8. LIMITATIONS**

A limitation for this study is that the study it will not be generalizable, as the study will be based on Company X. Generalizability “refers to the scope of applicability of the research findings in one organisational setting to other settings” (Sekaran and Bougie, 2013, p.22). The findings from this study may not be valid in other companies in the same industry as Company X or other industries in general; thus limiting the generalizability of this study; but this is often the case with qualitative research approaches (Mackey and Gass, 2015; Taylor, Bogdan, and DeVault, 2015).

Qualitative research should not be judged in the same lenses as quantitative research because they are fundamentally different in approach and they meet different research needs (Samra, 2015). Quantitative research involves measurement and testing of theories, while qualitative research involves making sense of how a phenomenon is experienced, which is more subjective

and makes a great starting point into researching on the phenomenon (Creswell, 2013; Mackey and Gass, 2015; Taylor, Bogdan, and DeVault, 2015).

Despite this limitation, steps were taken to improve the quality of data presented; the use of data triangulation, both primary and secondary data were used for analysis to ensure validity and reliability in the findings. According to Myers (2000); Rolfe (2006); and Leung (2015), the issue of generalizability should not be a concern for a qualitative study where data was analysed in-depth. It is further urged that researchers need to keep in mind the objectives of the study when determining whether generalizability should be a concern. The issue of generalizability in this study should be looked at from a view that this is an exploratory case study.

## **5.9. FUTURE RESEARCH**

One of the limitations of this study is the lack of generalisation of the findings identified from Company X. A broader analysis can be done on other organisations with comprehensive CSR programmes, preferably those also listed as the top 100 on the Johannesburg stock exchange as these companies have to comply with the King IV standards of reporting on the environment and social impact of their activities. This would help make the findings generalizable. Company X's CSR budget was unaffected by the bust economic period; this may be due to the organisation's ability to adjust its strategy amidst tough economic times. It would be interesting to determine if this was also the case in other JSE listed companies. It would also be interesting to explore the trends in other organisations, social and environmental CSR efforts. Education and community programmes were the focus of Company X's social efforts, could these aspects be the focus across the industry? A study of this type would present data on the nature of South African CSR programmes and reflect the state of South Africa's social and environmental issues.

## **5.10. RESEARCH CONCLUSION**

This study had been based on the discussion on the impact of a country's economic climate on CSR initiatives. This discussion became severe in 2009 for South Africans when the economic meltdown reached the economy and affected more than 20 million people in the Country. Literature regarding this phenomenon differs in that some theorist believe CSR programmes should not be affected by bust economic periods, while others believe CSR programmes should at least be adjusted for the business to survive. This study sorts out to explore the adjustment

or shift in CSR programmes due to the South African economic conditions. This study saw an opportunity to explore this phenomenon from a developing country's point of view using South Africa's often variable economic growth and one of the largest CSR programmes in the Country as a case.

The argument regarding CSR in boom and bust economic conditions begins with the philosophical ideology of what the organisation perceives as their role in society. Does the organisation see their role in society as purely an economic role or do they also have a social and environmental role to play in society. How a CSR programme is structured also depends on whether organisations feel pressured by law to fulfil their CSR duties or they see it as an opportunity to uplift society. The literature revealed how institutions like the European Union changed their view on CSR from a voluntary activity to a social obligation. Literature for this study also looked at other aspects that influence CSR within and outside the organisation in the form of explicit and implicit CSR. Literature showed how external forces like societal norms and legislation helped shape the manner in which CSR was implemented by organisations. The Sustainable Development Goals and King Reports were examples of implicit CSR where external forces were indirectly shaping the implementation of CSR. Literature also suggested that internal forces are just as important as external in the shaping of CSR activities. CSR driven from within the organisation is generally implemented on purpose and in a strategical manner, which also affords the organisation the ability to derive public relations benefits from their CSR programmes.

Theories underpinning this study included the Stakeholder theory and Triple-Bottom-Line frameworks. The stakeholder theory was identified as an ideal framework for this study because it was the only framework out of the ones listed that could identify all stakeholders without compromising the needs of others. This theory was applied in this study as a lens to determine how Company X prioritised the needs of its stakeholders in order to accomplish key performance areas. The stakeholder framework was used to determine who were Company X's stakeholders and how were they prioritised in their CSR initiatives. The Triple-Bottom-Line framework was used as a lens in determining the balance between the Finance, Social and Environment dimension in the implementation of Company X's CSR programmes.

This study was done as an exploratory case study, using Company X as a real-world example in order to gain insight and to further understand the phenomenon. This was purely a qualitative

study using both primary and desktop research. Secondary data came from Company X's CSR reports from their annual integrated reports. Primary data was extracted through in-depth interviews with their employees working in their CSR department in their Head Offices. These interviews were administered telephonically and face-to-face. Reliability in interviews was assured by ensuring that the respondents interviewed had the knowledge and expertise on the questions asked. Interviews were recorded using a recorder, while essential aspects were jotted down by the interviewer. Reliability in secondary data was done by the classification of data using the Stakeholder and Triple-Bottom-Line Frameworks. Data were analysed using automated content and comparative analysis. This was done using NVivo's word frequency query to generate word clouds related to the most common themes identified in documents or interview schedules. The results from the different economic periods and interviews were then compared manually in table form.

This study was made up of five research objectives exploring the purpose of the organisation, stakeholder prioritisation, trends in the social and environmental efforts, and the financial implications on the CSR programme. Findings from the study identified a shift in the purpose of the organisation in the 2007-2009 bust period when the purpose had an economic focus as opposed to the social focus in all the other economic periods and interviews. There was also a shift in stakeholder prioritisation in CSR programmes during boom and bust periods. Stakeholder prioritisation was on customers during both boom periods, but this shifted to employees during both bust periods. The constant stakeholders in all economic periods and interviews were Company X's employees and investors.

The implementation of Company X's social programmes saw a trend in the implementation of Educational programmes and initiatives aimed at uplifting the community. The implementation in of environment efforts saw a trend in the implementation of programmes aimed at increasing operations efficiency within Company X's daily activities. There was no evidence of a shift in the implementation of social or environment initiatives during the economic periods assessed, this was due to Company X's financial performance against South Africa's and industry GDP.

Trends in Company X's CSR budget saw a steady increase in all economic periods regardless of economic growth or decline. This was due to Company X's CSR budget being made up of 10% of their annual turnover. Company X's turnover continued to grow throughout all the



years between 2004 and 2013. This might have changed if their CSR budget was a percentage of their net profits, which took a hit in 2009.

At this point, it can be deduced that Company X's CSR programmes were successfully sustained during the boom and bust economic periods but some parts of the organisation were affected. The boom and bust economic periods analysed were enough to make Company X adjust the purpose of the organisation and stakeholder prioritisation; but this was not enough to present adjustments in the implementation of the social and environment programmes. The fact that annual turnover did not react to the economic conditions means the CSR budget was not affected by South Africa's varying economic climate.

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## APPENDIX A: ETHICAL CLEARANCE



23 October 2019

Mr Langelihle Khaya lethu Nxumalo (212562147)  
School of Management, IT & Governance  
Pietermaritzburg Campus

Dear Mr Nxumalo,

**Protocol reference number: HSS/0437/018M**

**New project title:** Investigating a South African Listed Company's Corporate Social Responsibility Initiatives in varying economic conditions

### Approval Notification – Amendment Application

This letter serves to notify you that your application and request for an amendment received on 21 October 2019 has now been approved as follows:

- Change in Title

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form; Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number.

**PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for period of 3 years from the date of original issue. Thereafter Recertification must be applied for on an annual basis.

Best wishes for the successful completion of your research protocol.

Yours faithfully

pp Dr Rosemary Sibanda (Chair)

/ms

Cc Supervisor: Mr Nigel Chiweshe  
Cc Academic Leader Research: Professor Isabel Martins  
Cc School Administrator: Ms Debbie Cunynghame

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#### Humanities & Social Sciences Research Ethics Committee

Dr Rosemary Sibanda (Chair)

Westville Campus, Govan Mbeki Building

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Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)



Founding Campuses: ■ Edgewood ■ Howard College ■ Medical School ■ Pietermaritzburg ■ Westville

## APPENDIX B: CONSENT LETTER

20 July 2017

TO WHOM IT MAY CONCERN

This letter serves as confirmation that I give permission to Langelihle Khayaletu Nxumalo, student number: 212562147, to conduct research in my organisation, ..... Foundation.

I also wish to mention that I have recently changed portfolios and therefore no longer the Executive Head of the ..... Foundation. I have however occupied that position for 9 years.

Regards



**Mthobeli Tengimfene**  
Specialist: E-education  
0829974895

Boulevard, Midrand, 1685  
Private Bag X9904, Sandton, 2146

Phone +27 (0)11 653 5000

Directors: MS Aziz Joosub (Group CEO and Managing Director), BB Williams (Finance Director), ZBM Bassa, NF Bhetay, AD Delpont, MBN Dube, V Jarana, IKD Kobue, JA Mabena, NC Mabunda, TE Nefshitenzhe, T Streichert  
Alternate Directors: U Luchi, Company Secretary: A Dhaasir  
Reg No 1993/003367/07



## APPENDIX C: INTERVIEW SCHEDULE

### In-Depth Interviews with Staff

In-depth Interview Number			
Participant's Demographic Information	1	Age	
	2	Position	
	3	Race	
	4	Gender	
Date of In-depth Interview			
Time Allocation			

#### Research Objective 1: Determining the purpose of the organisation during the boom and bust economic periods.

1. What is the purpose of Company X as an organisation?

2. Has there been a change in the purpose of the organisation during the 'boom' economic conditions?

3. Has there been a change in the purpose of the organisation during the 'bust' economic conditions?

**Research Objective 2: Determining how the organisation prioritises its stakeholders during the boom and bust economic period.**

4. Identify Company X's stakeholders?

5. How are the competing interests of these stakeholder's addressed?

**Research Objective 3: Determining trends in the social CSR efforts during the boom and bust economic periods.**

6. How have the Social dimensions of CSR been addressed by Company X?

- Please describe Company X's CSR programmes targeted at addressing the social dimension of CSR.

**Research Objective 4: Determining trends in the environment CSR efforts during the boom and bust economic periods.**

7. How have the Environmental dimensions of CSR been addressed by Company X?

- Please describe Company X's CSR programmes targeted at addressing the environment dimension of CSR.

**Research Objective 5: Exploring trends in the CSR budget during the boom and bust economic periods.**

8. Is there a relationship between Company X's Financial performance and the implementation of its CSR initiatives?

**End**

## APPENDIX D: WORD FREQUENCY GRAPHS

### 1. Research Objective 1: Determine Shifts in the Purpose of the Organisation During the Boom and Bust Economic Periods.

#### 1.1. 2004-2006 Boom Period: Analysis of Themes - Purpose of Organisation

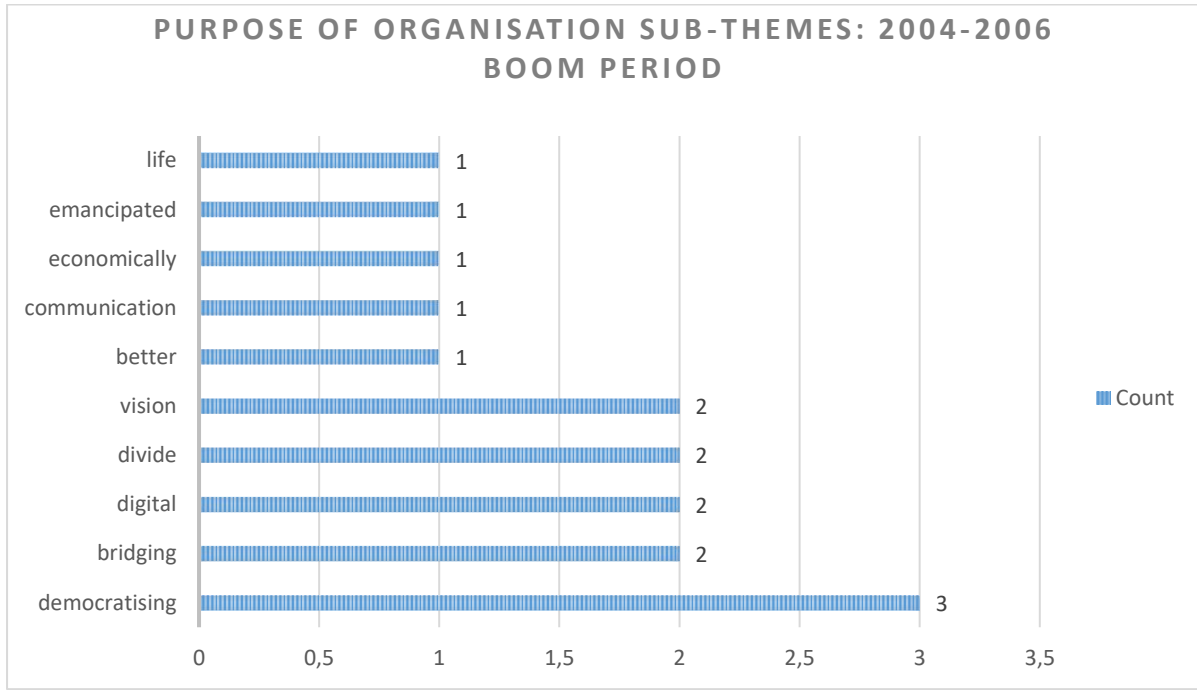


Figure 5. 1: Word Frequency Graph Showing Purpose of Organisation Sub-themes (2004-2006 Boom Period)

#### 1.2. 2007-2009 Bust Period: Analysis of Themes - Purpose of Organisation

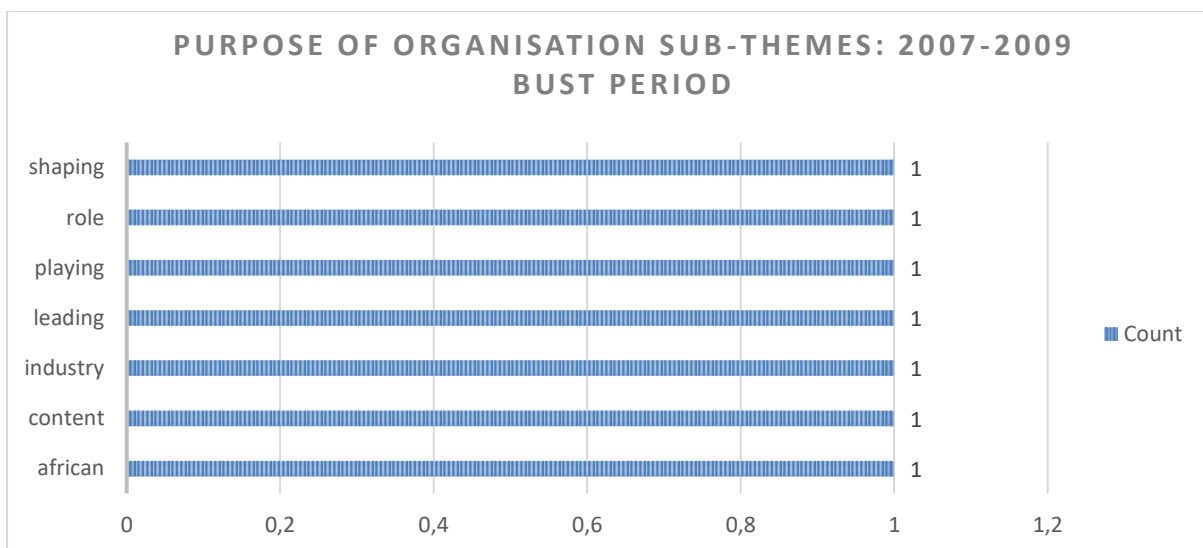


Figure 5. 2: Word Frequency Graph Showing Purpose of Organisation Sub-themes (2007-2009 Bust Period)

### 1.3. 2010-2011 Boom Period: Analysis of Themes - Purpose of Organisation

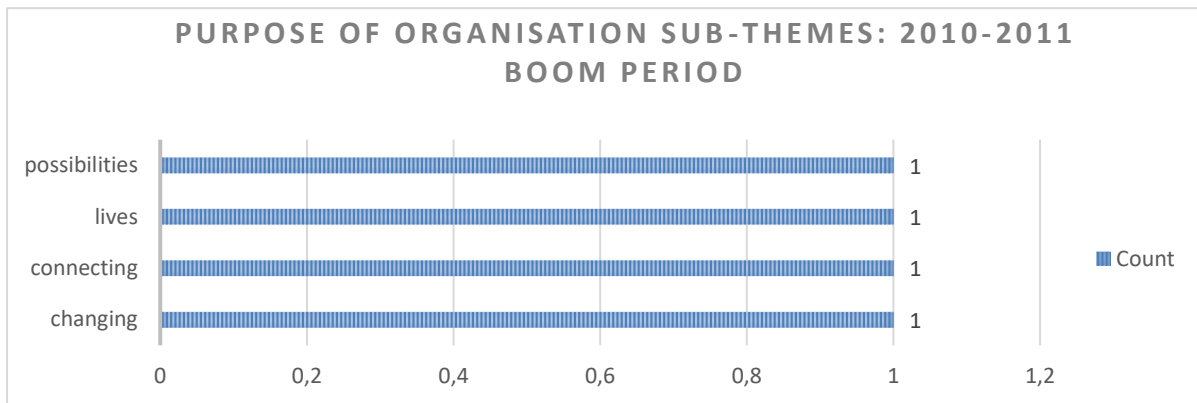


Figure 5. 3: Word Frequency Graph Showing Purpose of Organisation Sub-themes (2010-2011 Boom Period)

### 1.4. 2012-2013 Bust Period: Analysis of Themes - Purpose of Organisation

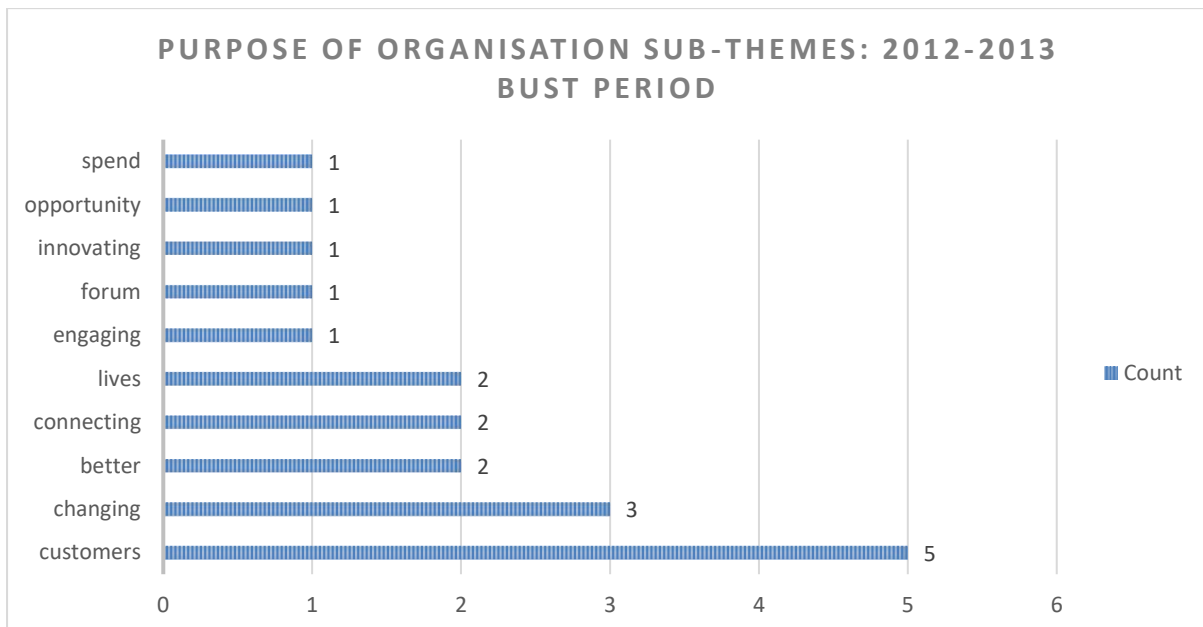


Figure 5. 4: Word Frequency Graph Showing Purpose of Organisation Sub-themes (2010-2013 Bust Period)

### 1.5. Interviews: Analysis of Themes - Purpose of Organisation

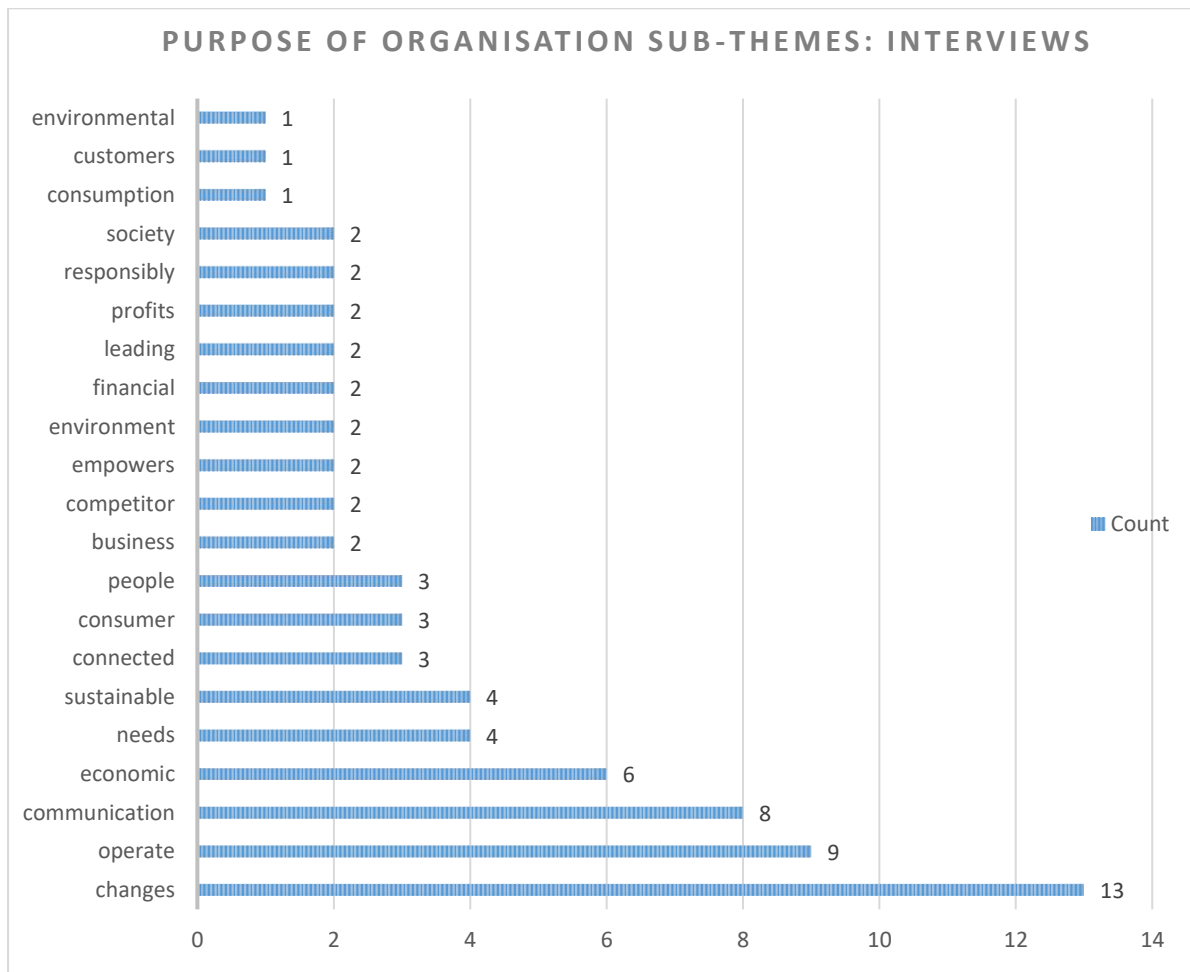
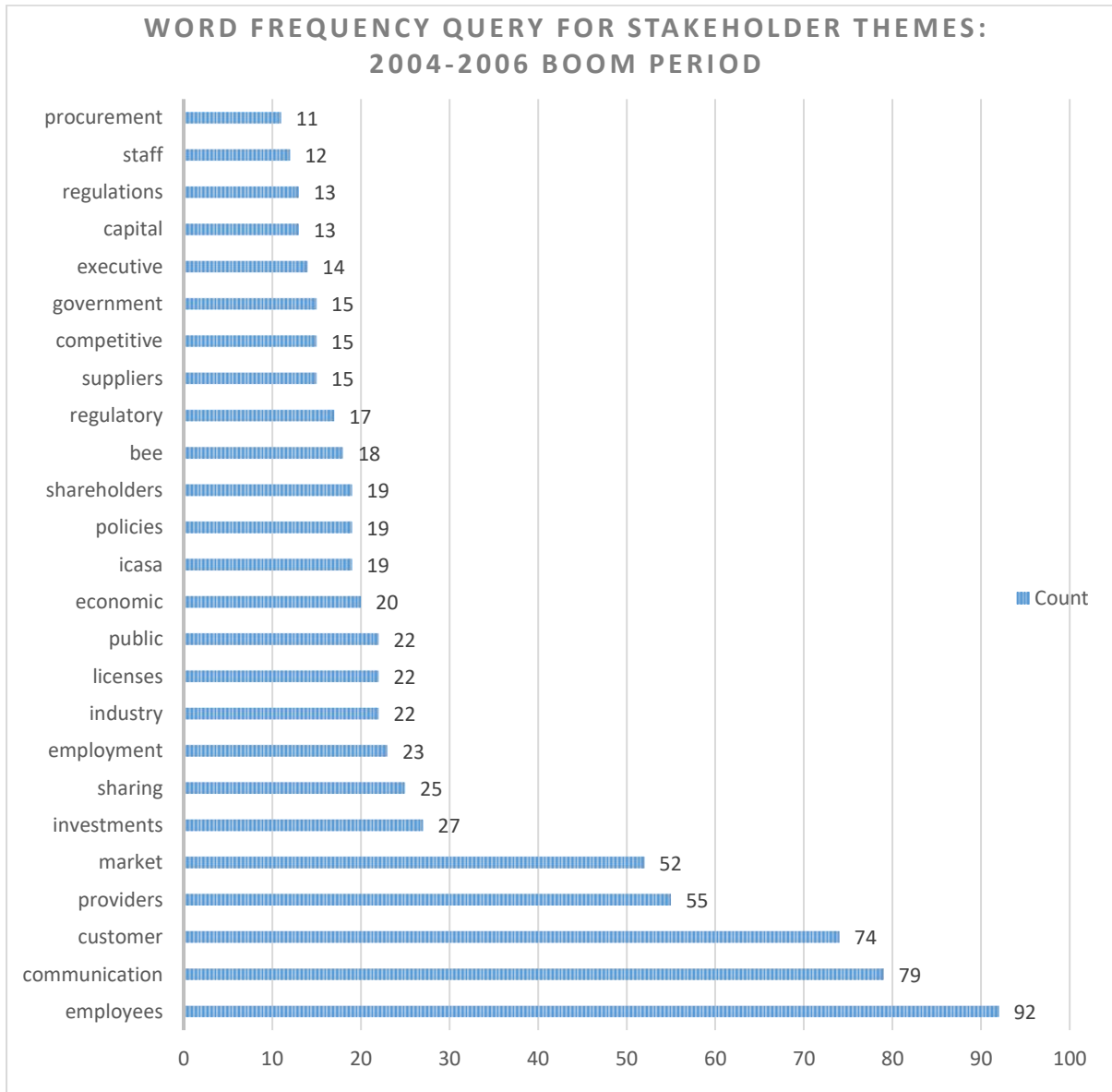


Figure 5. 5: Word Frequency Graph Showing Purpose of Organisation Sub-themes (Interviews)

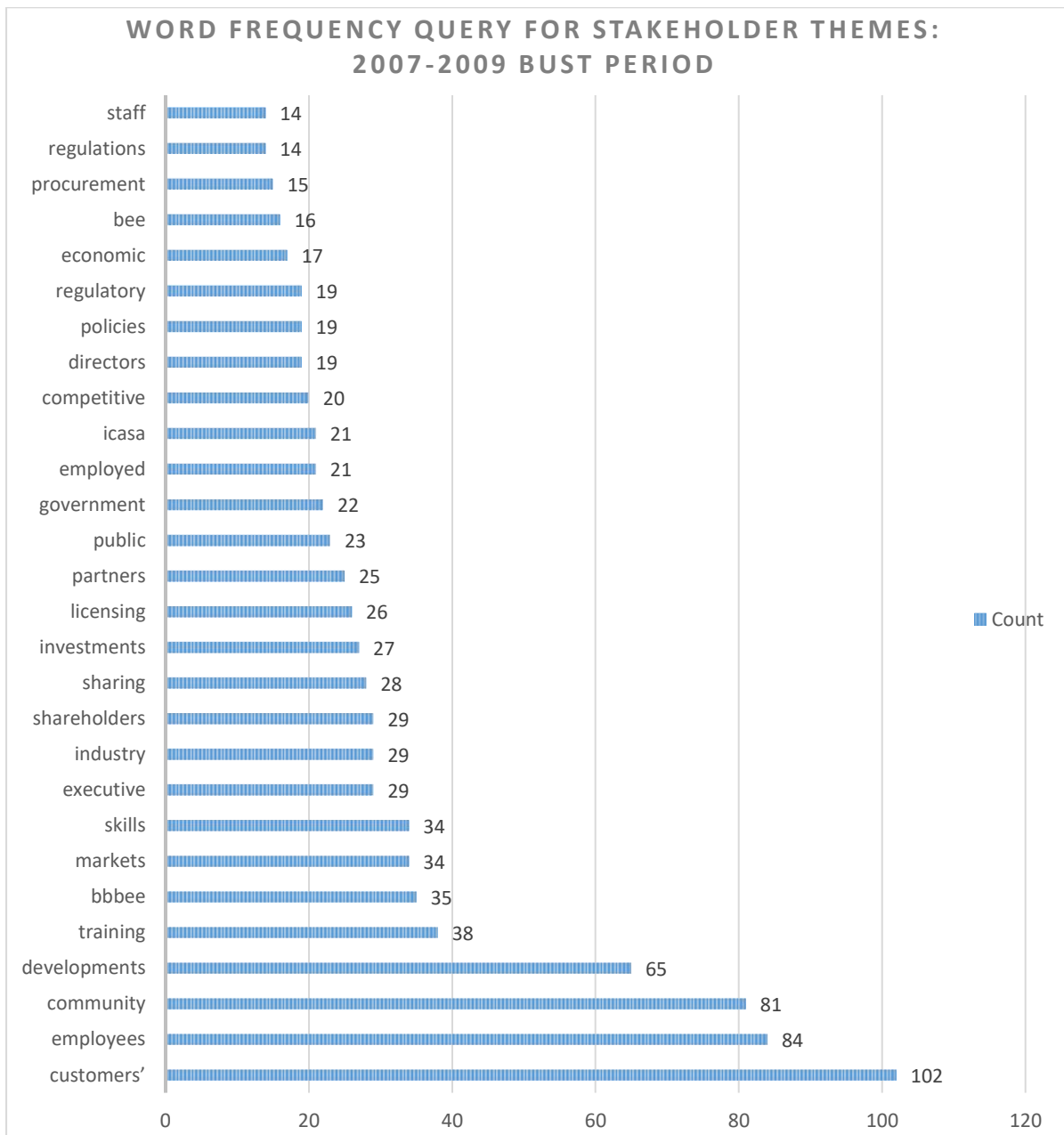
**2. Research Objective 2: Determine Shifts in the Organisation’s Stakeholder Prioritisation During the Boom and Bust Economic Periods.**

**2.1. 2004-2006 Boom Period: Analysis of Themes - Stakeholders**



*Figure 5. 6: Word Frequency Graph Showing Sub-themes for Stakeholders (2004-2006 Boom Period)*

## 2.2. 2007-2009 Bust Period: Analysis of Themes - Stakeholders



*Figure 5. 7: Word Frequency Graph Showing Sub-themes for Stakeholders (2007-2009 Bust Period)*



### 2.3. 2010-2011 Boom Period: Analysis of Themes Linked to Stakeholders

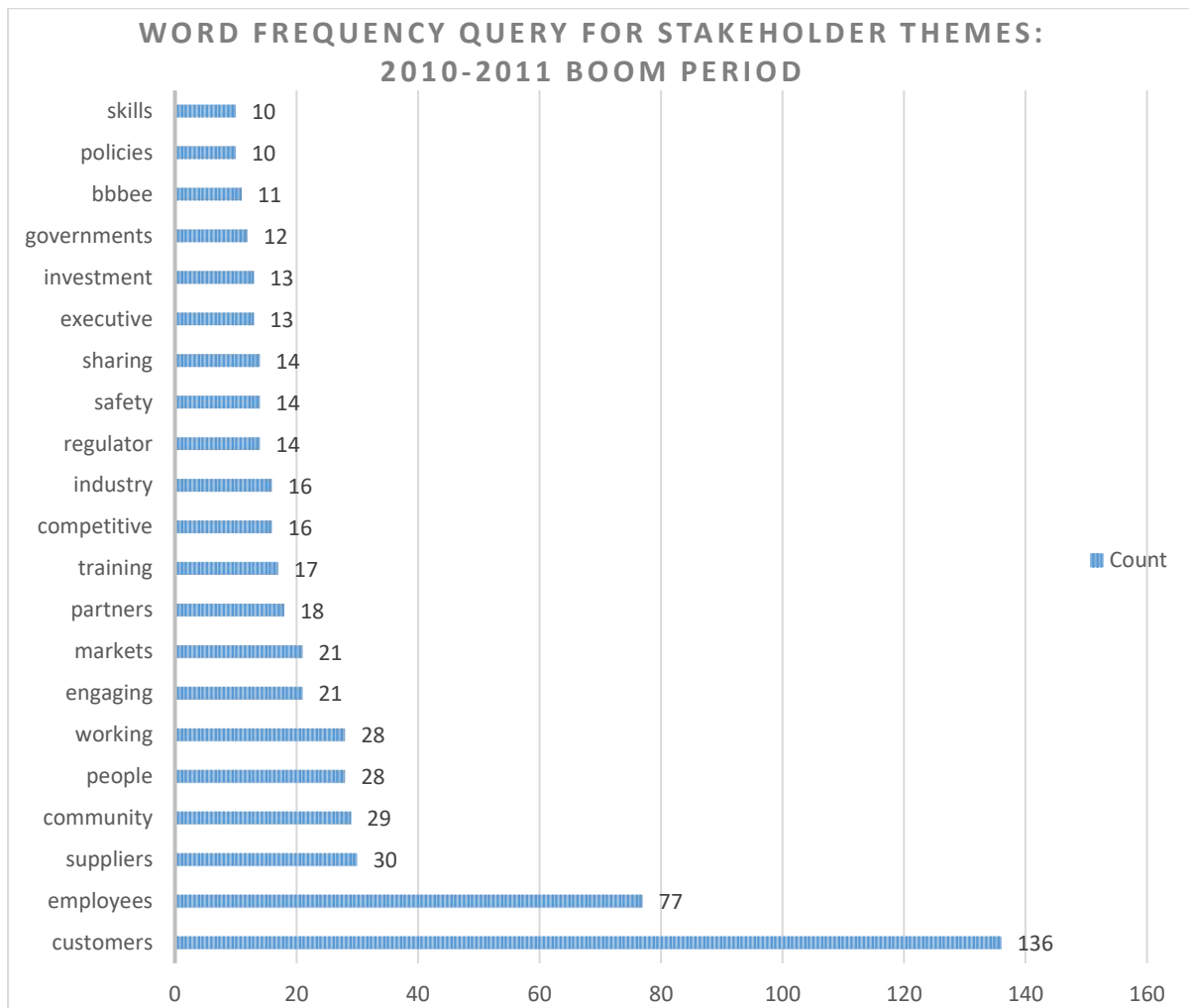
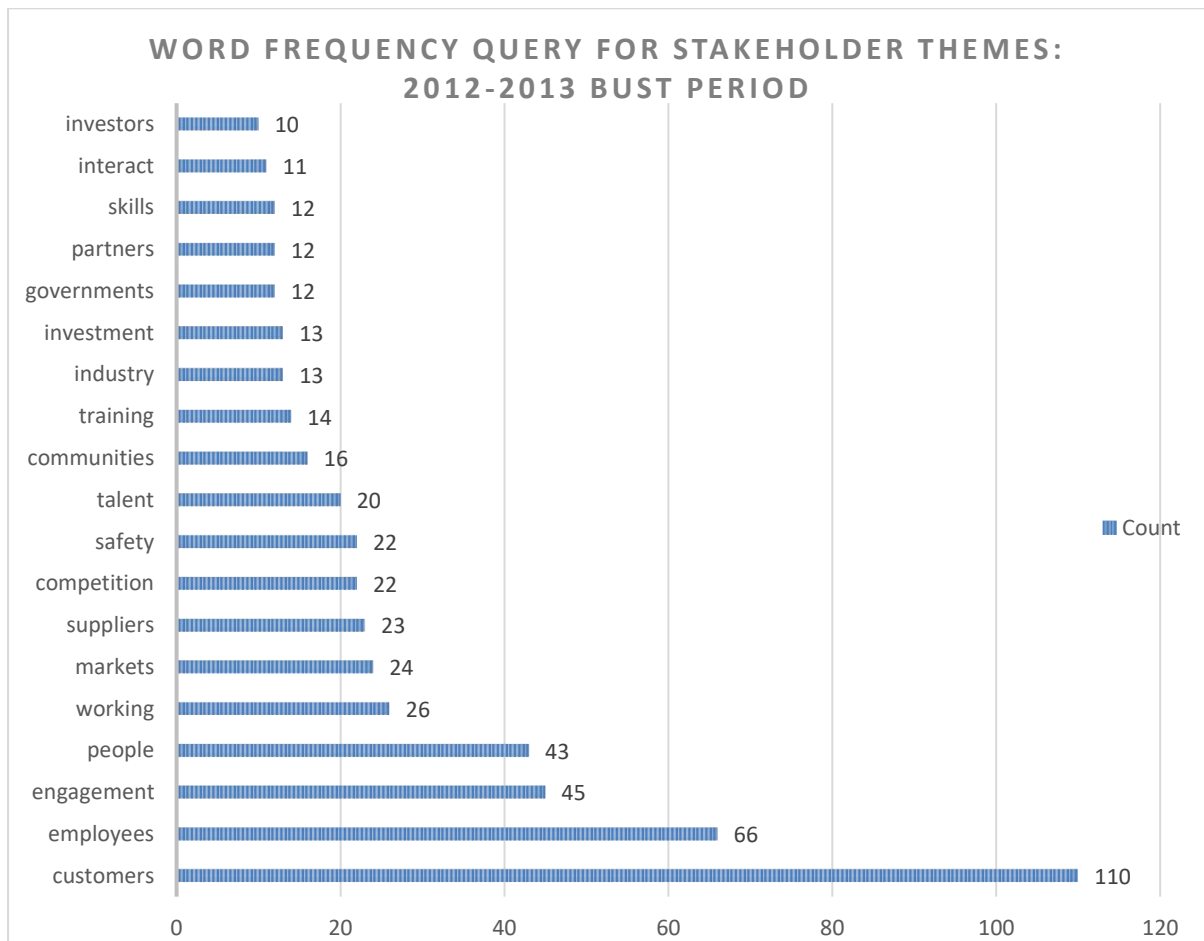


Figure 5. 8: Word Frequency Graph Showing Word Frequency Sub-themes - Stakeholder (2010-2011 boom Period)

## 2.4. 2012-2013 Bust Period: Analysis of Themes Linked to Stakeholders



*Figure 5. 9: Word Frequency Graph Showing Word Frequency Sub-themes - Stakeholder (2012-2013 Boom Period)*

## 2.5. Interviews: Analysis of Stakeholder Themes

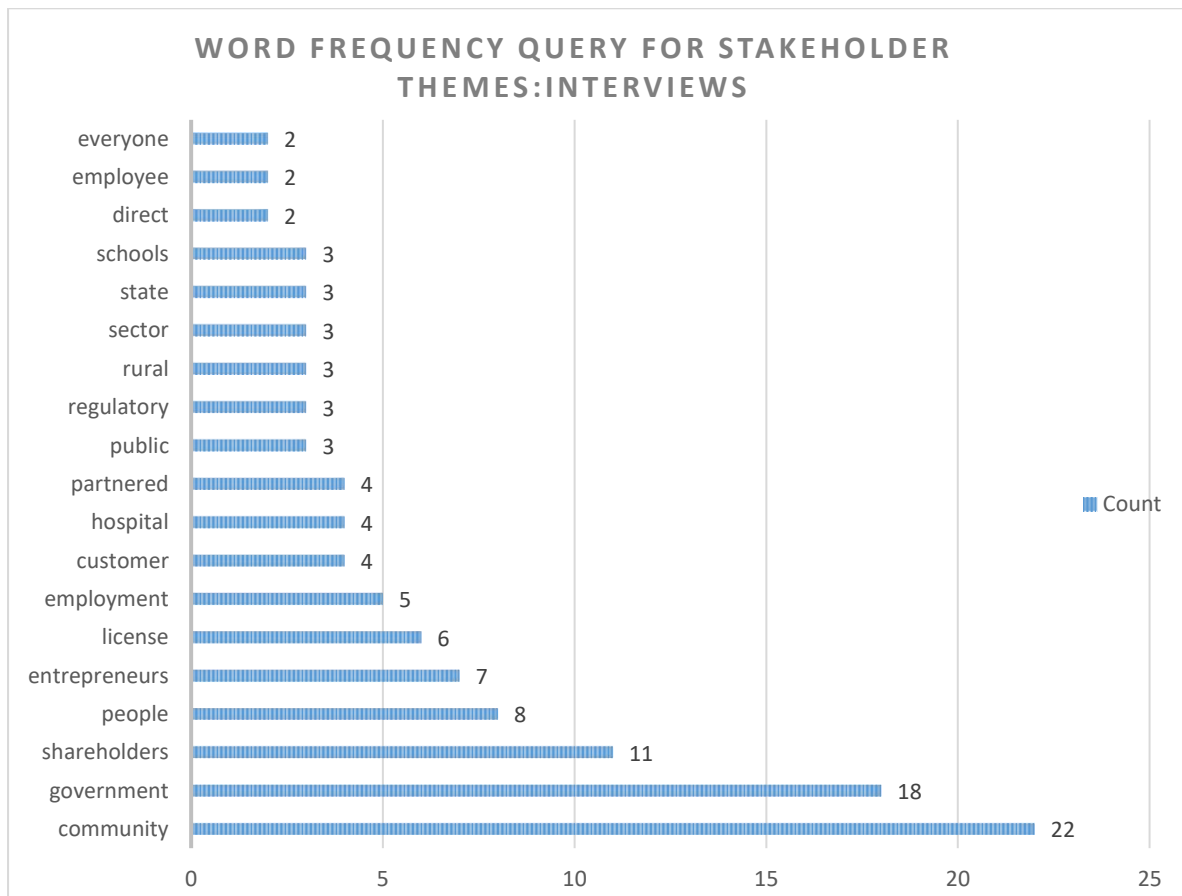


Figure 5. 10: Graph Showing Word Frequency Query Sub-themes – Interviews

### 3. Research Objective 3: Determine Trends in the Social Dimension During Boom and Bust Economic Periods

#### 3.1. 2004-2006 Boom Period: Analysis of Themes - Social Initiatives

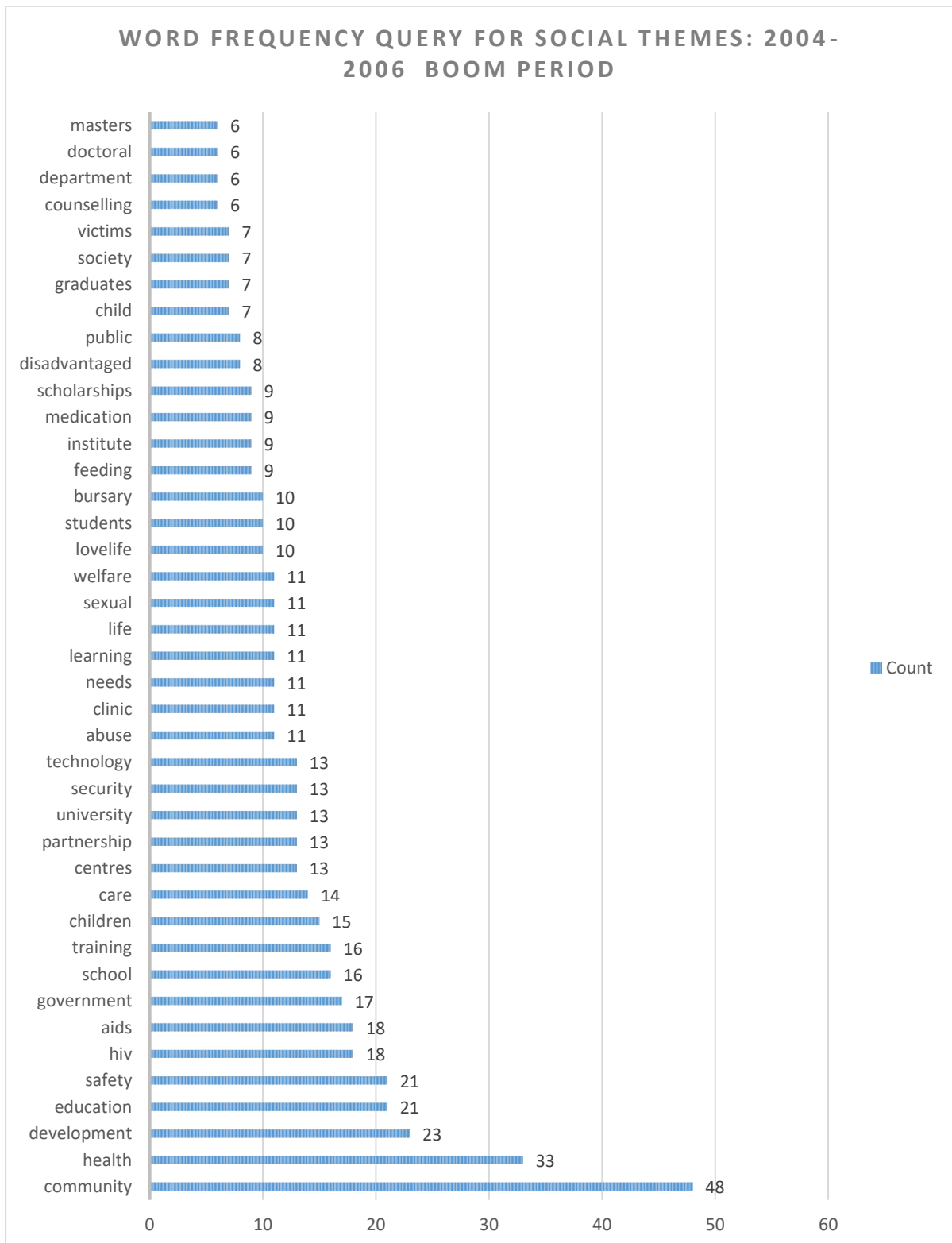


Figure 5. 11: Word Frequency Graph Showing Word Frequency Sub-themes - Social Initiatives (2004-2006 Boom Period)

### 3.2. 2007-2009 Bust Period: Analysis of Themes - Social Initiatives

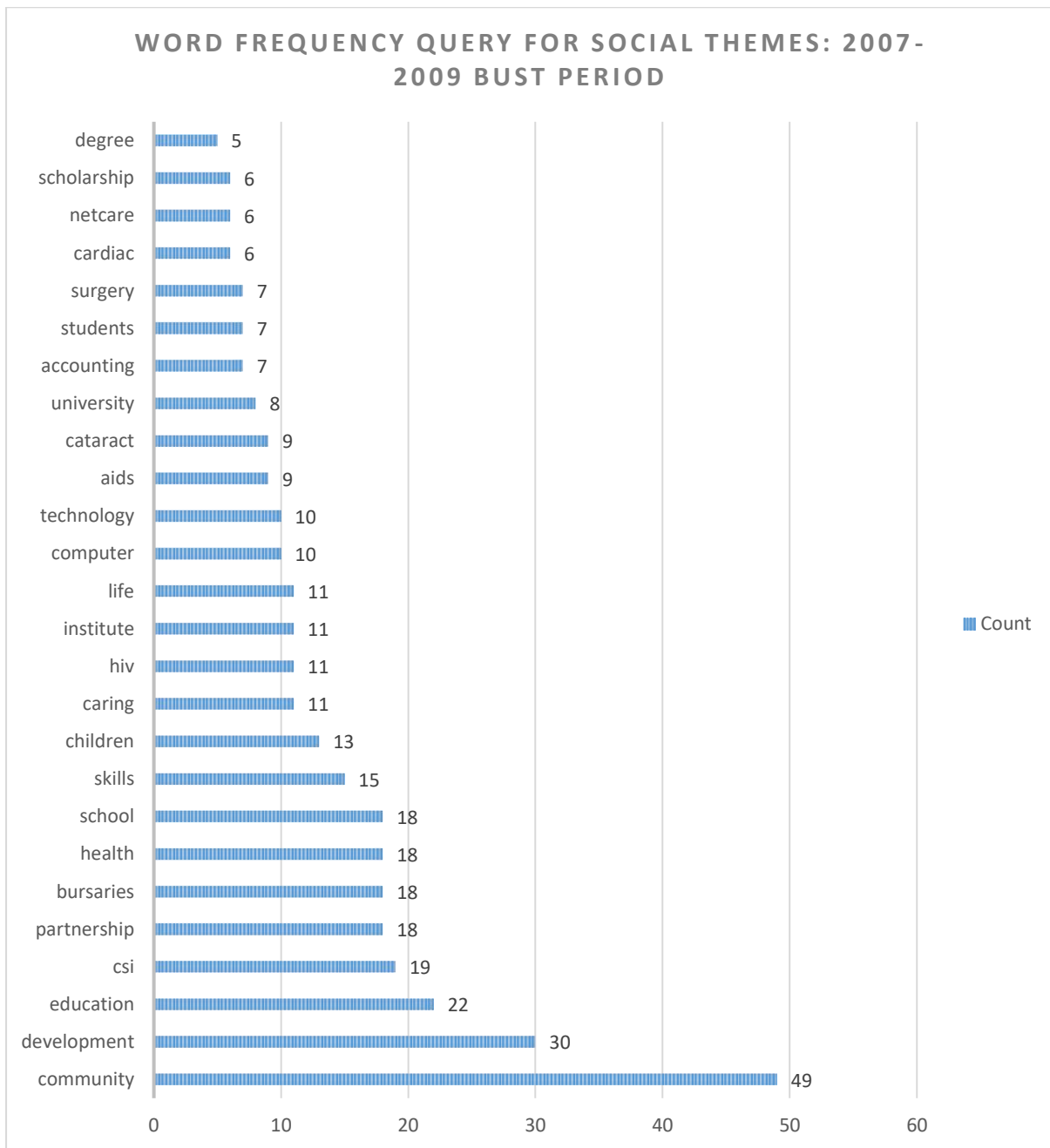


Figure 5. 12: Word Frequency Graph Showing Word Frequency Sub-themes - Social Initiatives (2007-2009 Bust Period)

### 3.3. 2010-2011 Boom Period: Analysis of Themes - Social Initiatives

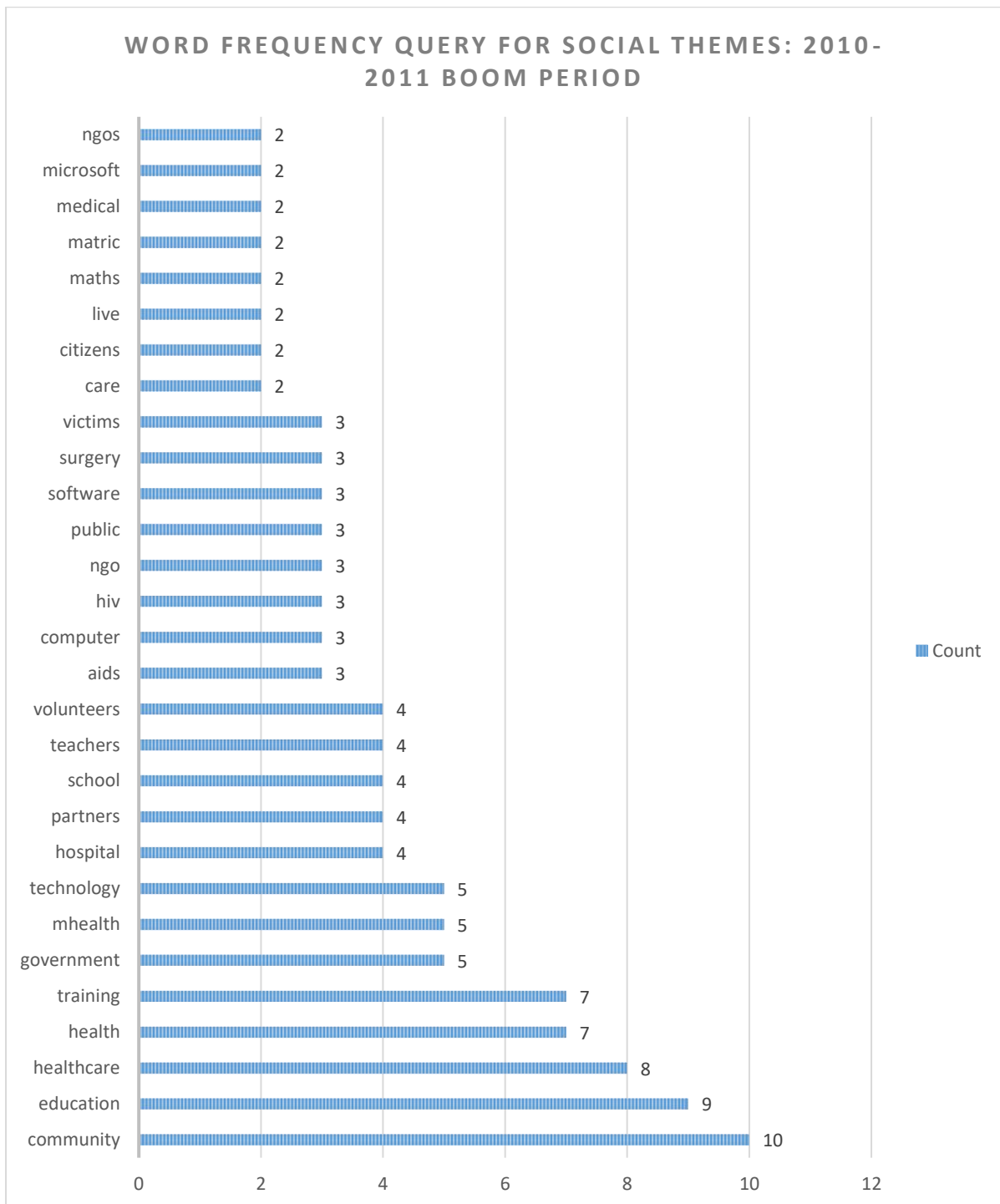


Figure 5. 13: Word Frequency Graph Showing Word Frequency Sub-themes - Social Initiatives (2010-2011 Boom Period)

### 3.4. 2012-2013 Bust Period: Analysis of Themes - Social Initiatives

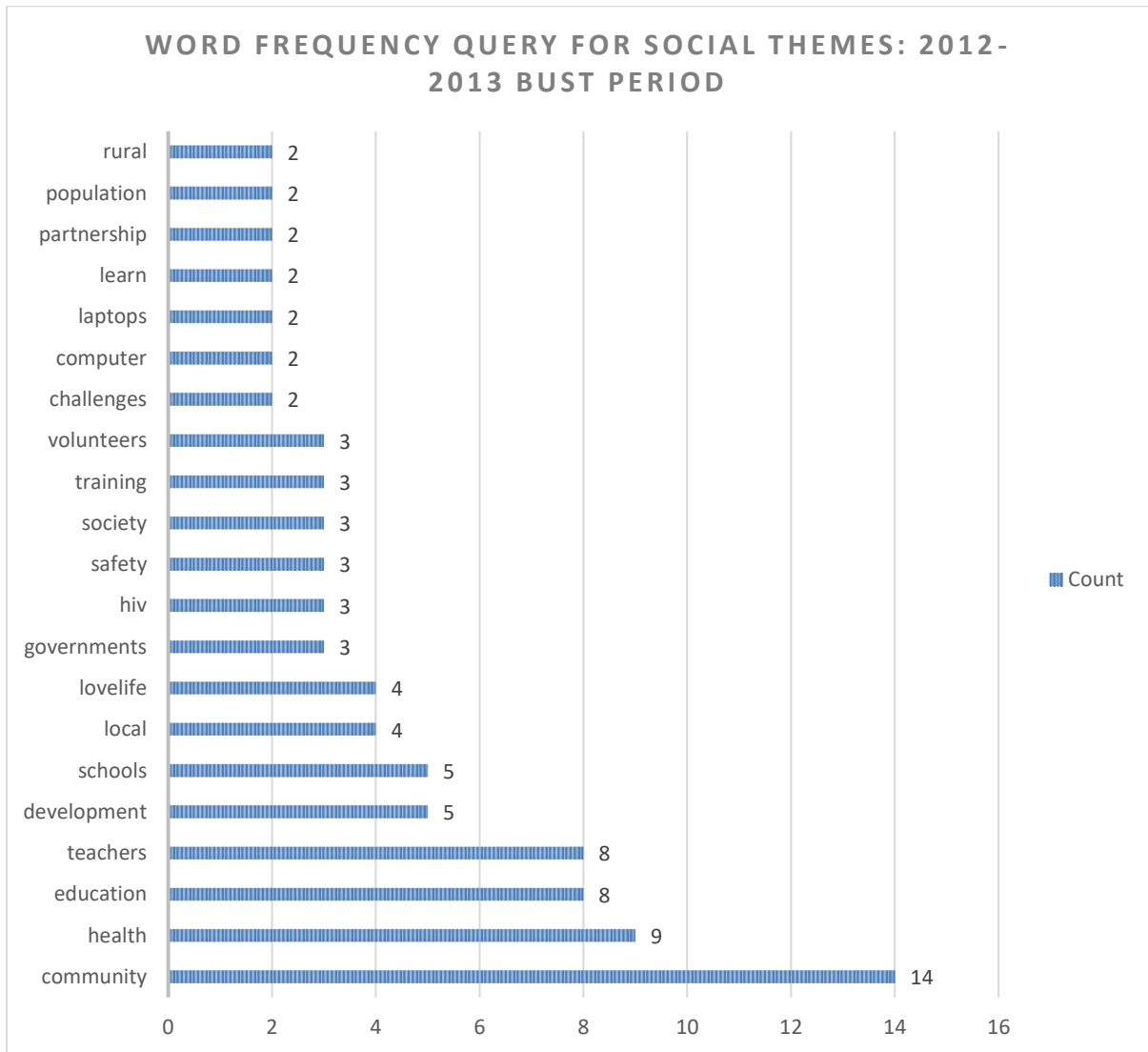


Figure 5. 14: Word Frequency Graph Showing Word Frequency Sub-themes - Social initiatives (2012-2013 Bust Period)

### 3.5. Interviews: Analysis of Social Initiative Themes

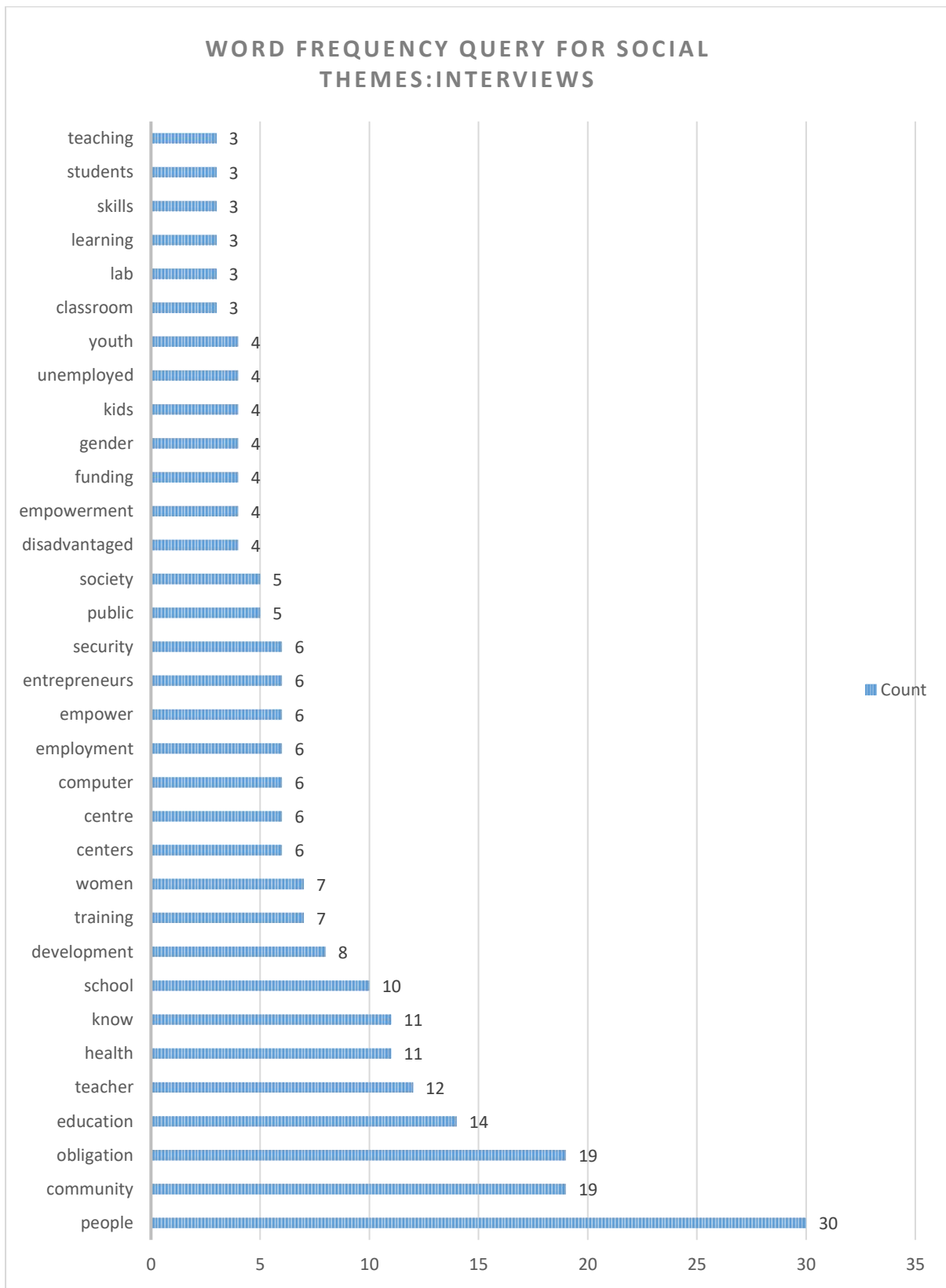


Figure 5. 15: Word Frequency Graph Showing Word Frequency Sub-themes - Social Initiatives (Interviews)



#### 4. Research Objective 4: Determine Trends in the Environment Dimension During the Boom and Bust Economic Periods

##### 4.1. 2004-2006 Boom Period: Analysis of Themes Linked to Environment Initiatives

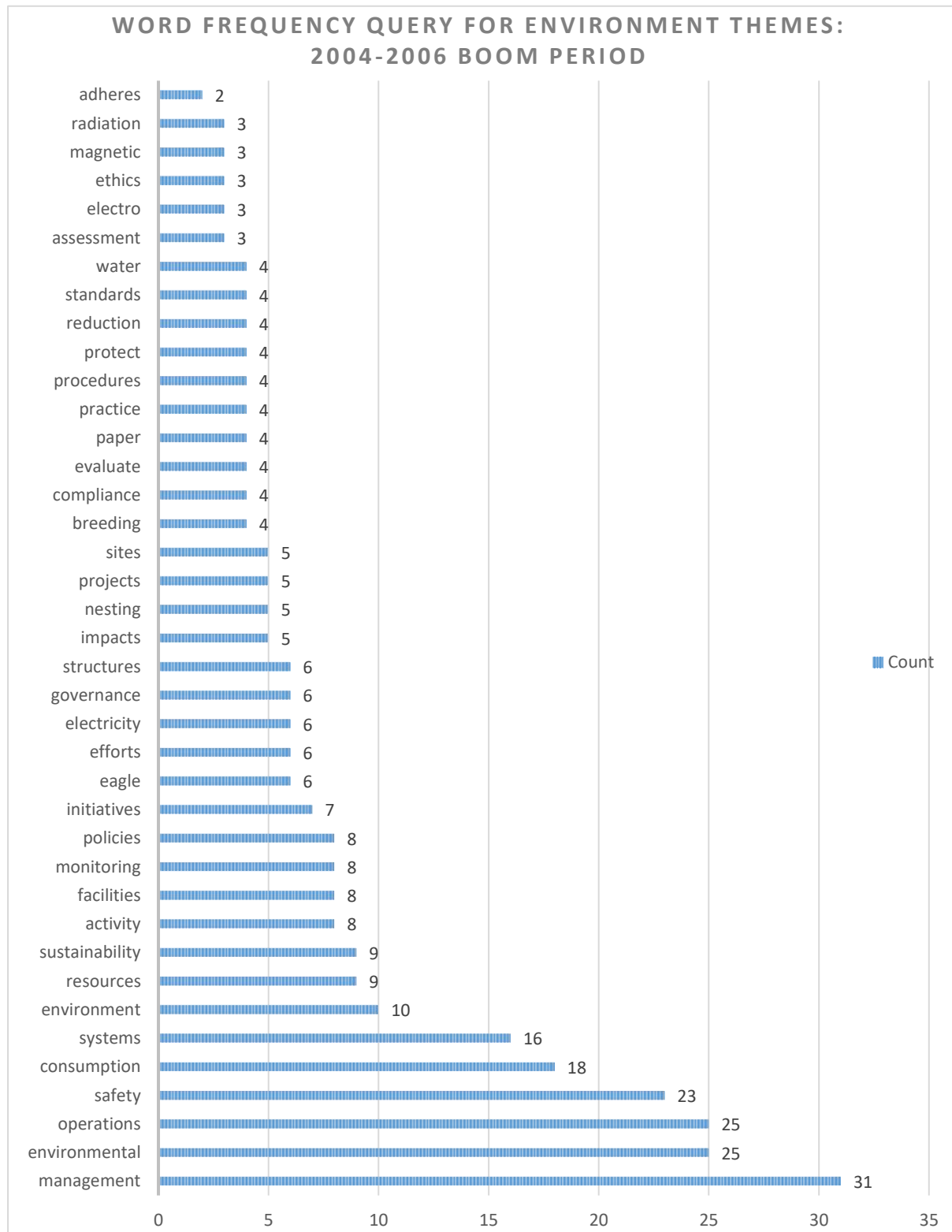


Figure 5. 16: Word Frequency Graph Showing Word Frequency Sub-themes - Environment Dimension (2004-2006 Boom Period)

#### 4.2. 2007-2009 Bust Period: Analysis of Themes Linked to Environment Initiatives

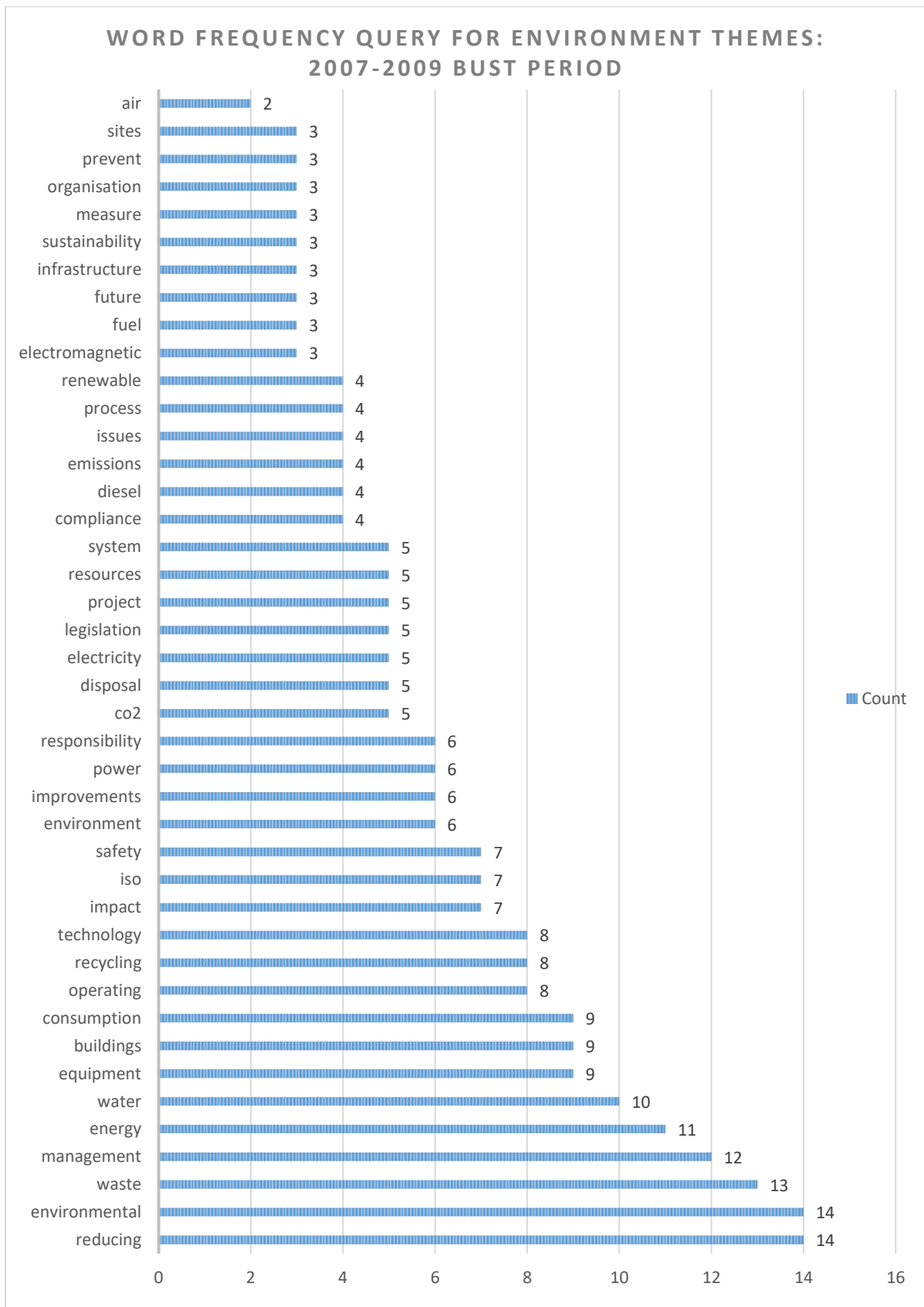
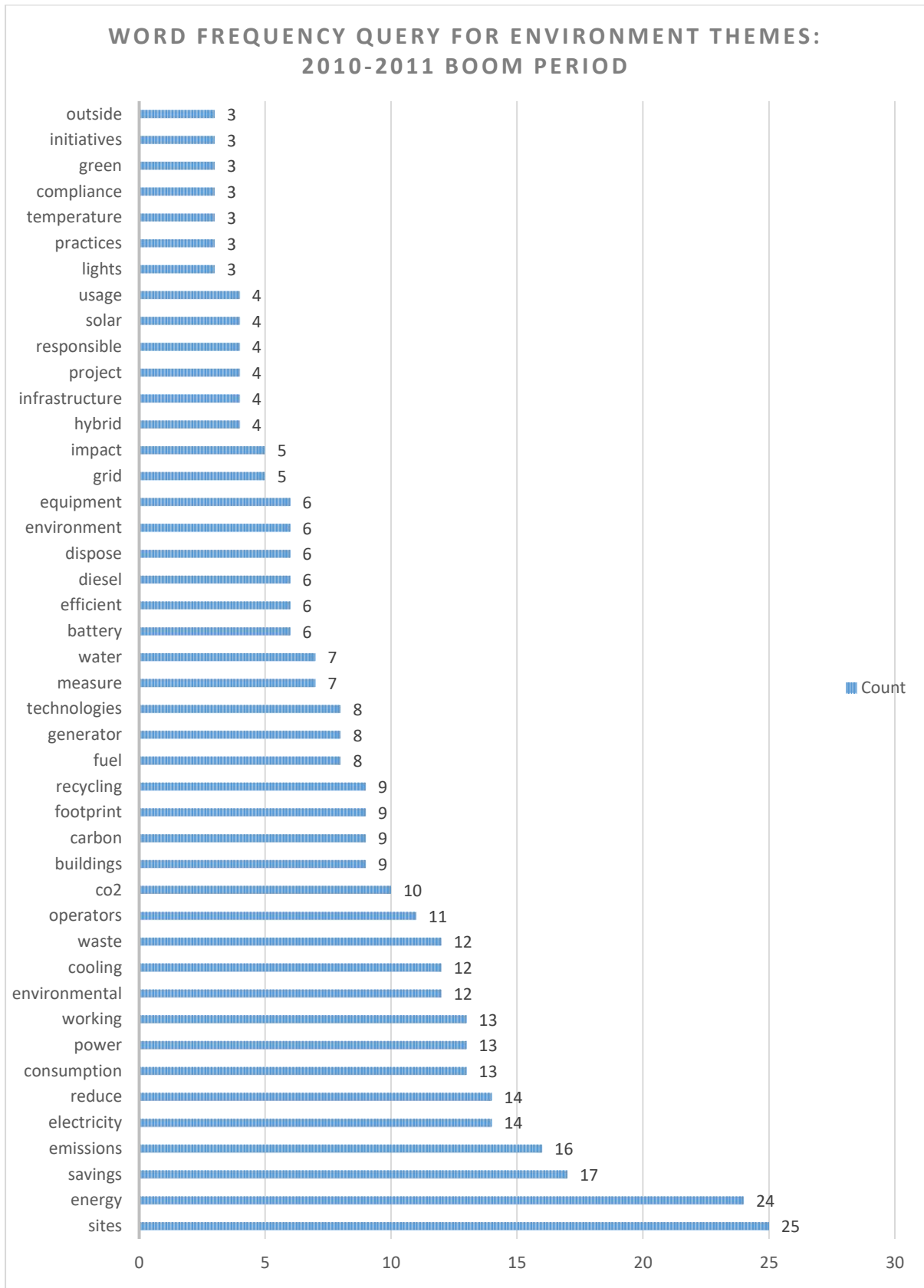


Figure 5. 17: Word Frequency Graph showing Word Frequency Sub-themes - Environment Dimension (2007-2009 Bust Period)

### 4.3. 2010-2011 Boom Period: Analysis of Themes Linked to Environment Initiatives



**Figure 5. 18: Word Frequency Graph showing Word Frequency Sub-themes - Environment Dimension (2010-2011 Boom Period)**

4.4. 2012-2013 Bust Period: Analysis of Themes Linked to Environment Initiatives

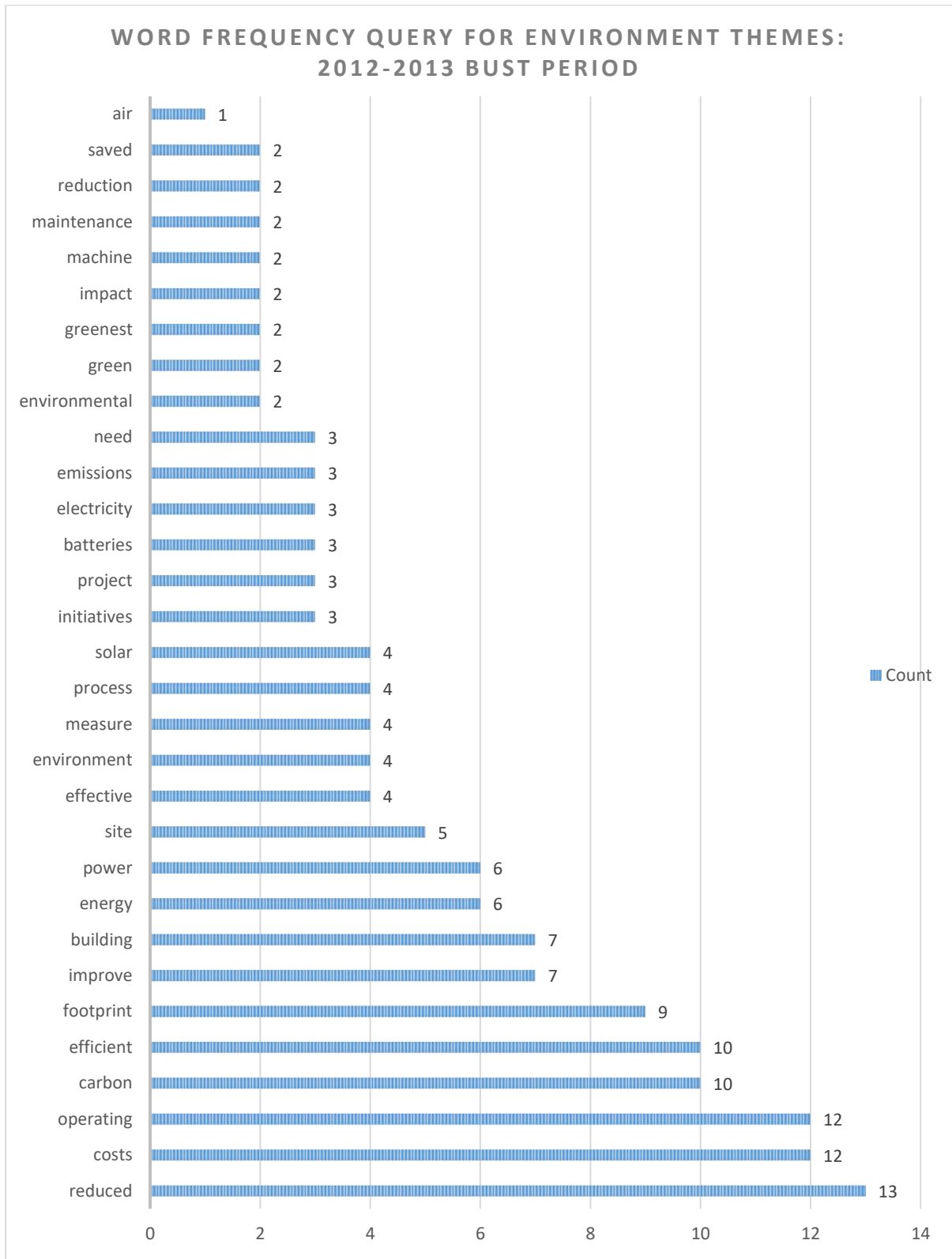


Figure 5. 19: Word Frequency Graph showing Word Frequency Sub-themes - Environment Dimension (2012-2013 Bust Period)

#### 4.5. Interviews: Analysis of Environment Initiative Themes

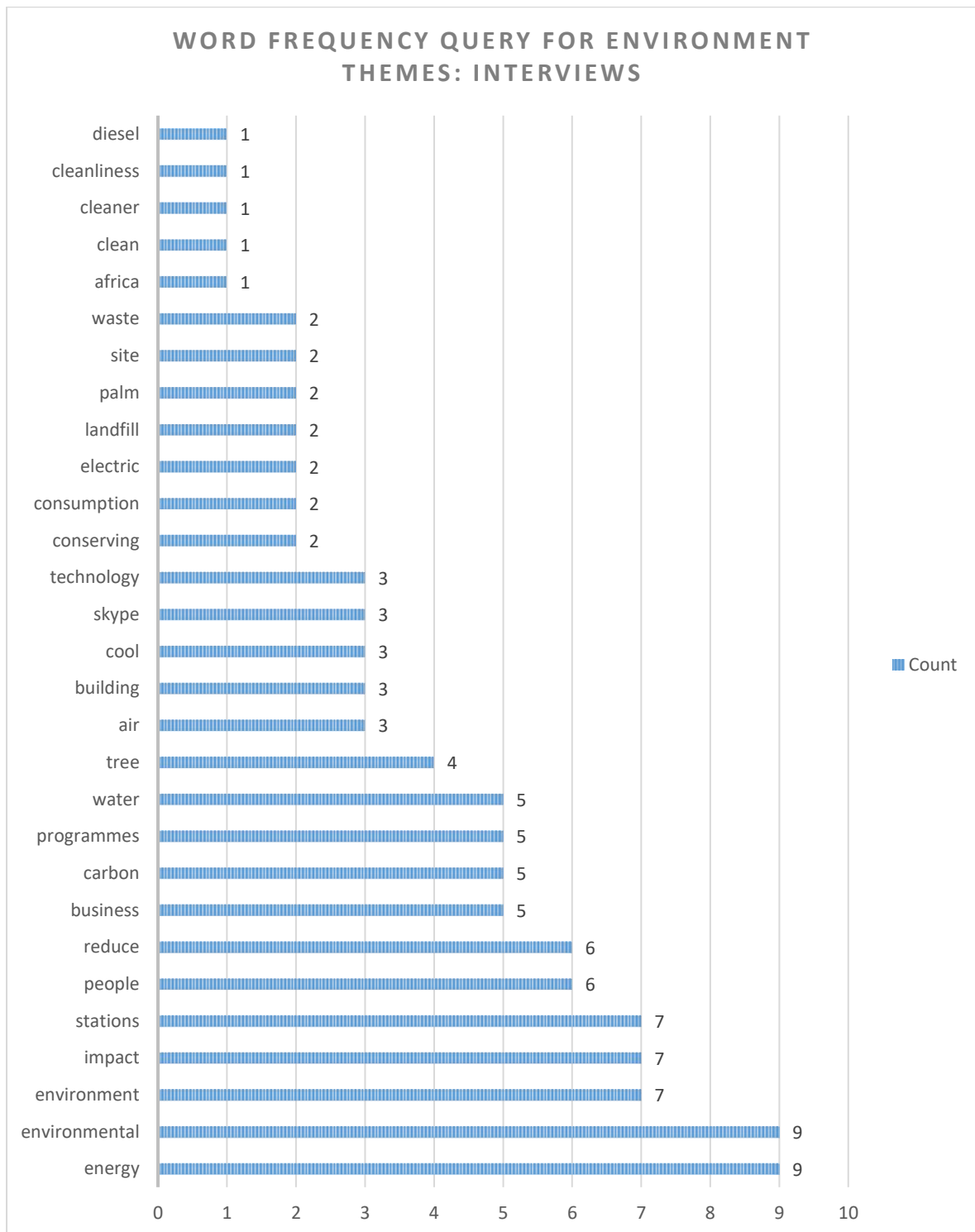


Figure 5. 20: Word Frequency Graph showing Word Frequency Query Sub-themes - Environment Dimension (Interviews)