

UNIVERSITY OF KWAZULU-NATAL

**ASSESSING THE IMPACT THAT CORPORATE
CITIZENSHIP HAS ON THE PERFORMANCE OF ALPHA
BANK**

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DECLARATION

I Mohamed Shahiem Patel declare that

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ABSTRACT

Alpha Bank is one of the largest banks in South Africa. The bank operates in African countries as well as in other countries across the world. Alpha Bank provides financial products and services to personal markets, businesses as well as public sector and state-owned enterprises.

The aim of this study is to assess the impact that corporate citizenship has on the performance of Alpha Bank. Due to the fact that Alpha Bank runs numerous corporate citizenship initiatives of varying size and scope, it would be of value to the organisation to understand how these impact on the performance of the organisation. Interviews with executive management of Alpha Bank were conducted in order to assess the impact of corporate citizenship on Alpha Bank's performance.

The findings of this research suggest that corporate citizenship has had a positive impact on the performance of Alpha Bank. Despite the positive impact that corporate citizenship has had on the organisation, the findings also suggest that there is a lot of potential for Alpha Bank to extract much more value from the corporate citizenship initiatives that it involves itself with. Furthermore, the findings indicate that Alpha Bank would see a stronger positive impact on its performance if it markets and showcases its corporate citizenship more aggressively. The findings also suggest that Alpha Bank should capitalise on its position as an established bank in Africa by expanding its corporate citizenship programmes and projects outside South Africa as this would lead to a stronger impact on the performance of the organisation. Alpha Bank could use the findings of this study to improve its operations and activities.

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CHAPTER ONE: INTRODUCTION TO THE PROBLEM AND OVERVIEW

1.1 Introduction

Ibem (2010) suggests that the objective of governments and corporations is that they need to deliver against the expectations of their citizens and shareholders respectively. Across the globe, partnerships and collaborations between governments and corporations have been attempted as a means for both parties to reach their goals in an efficient manner. Phusavat, Anussornnitisarn, Helo & Dwight (2009) states that corporate citizenship often plays an important role in such partnerships and collaborations and the purpose of this study is to investigate the impact of corporate citizenship on the performance of one of the 4 largest banks in South Africa (Alpha Bank).

This chapter provides a background of the public sector and private sector and discusses the research problem. The objectives and research questions of the study are outlined, followed by a discussion on the significance scope and limitations of the study. The chapter outline of the study is also highlighted.

1.2 Background – A View of the Public Sector

Coovadia, Jewkes, Barron, Sanders & McIntyre (2009) suggest that the South African government has, and continues to face constant challenges in addressing racial imbalances of the past. Coovadia *et al.*, (2009), express the view that the South African government has made significant progress in addressing these challenges. An example of this progress is the adoption of the South African Broad Based Black Economic Empowerment Act 53 of 2003 that seeks to provide opportunities for previously disadvantaged individuals to prosper in the job market. Thabe (2010) states that this Legislation seeks to redress racial imbalances of the past, as well as to empower communities and encourage social investment.

Despite government's efforts to address the challenges it faces, the International Monetary Fund (IMF) (2013) draws attention to the fact that issues such as inadequate health care, a lack of quality education and effective skills development programmes, an ageing road infrastructure, as well as a volatile and erratic energy supply continue to plague South Africa. In addition The Times Live (2013) reports that corruption is cited by critics as one of the main reasons why Government has failed to adequately address these and other issues Olawale & Garwe (2010) states the opposition parties point to a lack of skills on government as another reason why many challenges facing South Africa have not been adequately addressed.

1.3 Background – A View of the Private Sector

Worden (2012) as well as Clark & Worger (2014) discusses the sanctions on the South African Government during Apartheid and mentions that these sanctions restricted corporations and organisations in the private sector from trading freely in International markets. Clark and Worger (2014) suggests that the dawn of democracy in South Africa, under the political leadership of the African National Congress (ANC) had ushered in an era of economic opportunity and liberty, wherein which corporations were now able to compete in the global economy and foreign investments flowed into the country. Goldman Sachs (2013) mentioned that between 1996 and 2011, the South African economy grew by 250%. This growth was in spite of the prevailing global recessionary conditions, and would not have been possible under Apartheid. This demonstrates the economic growth that South Africa has experienced under a democratic Government.

As the South African economy begins to mature and settle into the global economy, it is also subjected to the global economic dynamics that influence economic activity. Naude (2009) emphasises this point by mentioning that unemployment has decreased, and that the Rand has weakened by as much as 40 percent against the US Dollar due to the global financial crisis of 2008. Naude (2009) goes on further to mention that it is possible that these and other issues will continue to plague the South African economy as well as other economies in the future.

The European Union (2014) states that South Africa has a very strong trading relationship with European nations, and is currently the European Union's (EU) largest African trading partner. Attinasi, Checherita & Nickel (2009) suggests that the European economy has been in a state of decline for a number of years, and is continuously battling to overcome the numerous economic challenges it faces. Because South Africa has such close trading ties with the EU, any decline in economic activity in Europe will result in negative consequences for the South African economy, which will ultimately make it increasingly difficult for business and corporations to thrive.

1.4 Motivation for the Research

Alpha Bank has not assessed the impact its corporate citizenship initiatives have had on the performance of the organisation. By understanding what impact these initiatives have on the performance of the organisation, the Bank will be well placed to improve its outlook on corporate citizenship. Furthermore, the Bank will be in a position to strengthen its performance and ultimately gain a competitive advantage in the market.

1.5 The Research Problem

Porter & Kramer (2011) argue that it is not only the responsibility of the Government to address the challenges facing South Africans, but rather the responsibility of Corporations and citizens

as well. There are certain expectations that The King III report (2009) place on the private sector insofar as contributing to the economy, as well as social development is concerned. Reciprocally, the private sector places expectations on the Government - to the extent that businesses and corporations should be enabled to thrive in South Africa.

The research problem is that Alpha Bank is not sure what impact their corporate citizenship initiatives have had on its performance. Alpha Bank is also not sure what role corporate citizenship should play in its overall corporate strategy in the future. This research problem is addressed by assessing the impact that Corporate Citizenship has had on the performance of Alpha Bank. Furthermore, the study seeks an understanding of Corporate Citizenship and where it is headed in the future. Gupta & Kumar (2013) suggest that corporate citizenship initiatives that lead to a positive impact on the performance of an organisation could incentivise managers and executives to expand the organisation's corporate citizenship plans. This addresses the research problem as Alpha Bank's executive management could use the findings of this study as a tool to make decisions regarding its future corporate citizenship programs.

1.6 Objectives

The objectives of this research are to investigate:

1. The relationship between the level of Corporate Citizenship performed by Alpha Bank and its performance. The study also probed the various factors in the organisation that drive this relationship.
2. Whether Alpha Bank's corporate citizenship initiatives have had a positive or negative impact on the performance of the organisation. This has been measured by investigating how respondents anticipate the organisation's corporate citizenship initiatives may evolve, in light of past initiatives.
3. The relationship between the organisation's corporate citizenship initiatives and any competitive advantage that the organisation may have over its competitors as a result of its corporate citizenship initiatives.
4. How corporate citizenship may influence Alpha Bank's vision, mission and goals in the future.

1.7 The Research Questions

1. Is there a relationship between the level of corporate citizenship performed by Alpha Bank and its performance?
2. What are the factors that drive or influence the relationship between Alpha Bank's corporate citizenship and its performance?
3. Will an increase in the number and/or scope of corporate citizenship initiatives that Alpha Bank embarks upon result in an increased level of performance?

4. Has Alpha Bank enjoyed a competitive advantage over its competitors as a result of its corporate citizenship?
5. Will Alpha Bank's corporate citizenship ever evolve to the point that it shapes or defines the corporate strategy of the organisation?

1.8 Significance of the Study

The findings of the study will empower Alpha Bank to make informed decisions regarding the role that corporate citizenship can play in improving the performance of the organisation. Findings that reveal corporate citizenship has had a positive impact on the performance of Alpha Bank strengthen the case for Alpha Bank to increase the number and scope of corporate citizenship initiatives. Similarly, findings that reveal corporate citizenship has adversely impacted on Alpha Bank's performance strengthen case for Alpha Bank to review its approach to corporate citizenship. The study is also significant because the management of Alpha Bank may use the findings of the study to understand the valuable of corporate citizenship as an asset.

1.9 Limitations of the Study

The scope of the study is restricted to the impact that corporate citizenship has on the performance of Alpha Bank. During the data gathering process, interviewees were asked questions regarding their perception of what the performance_of the organisation actually is. Despite the fact that a broad interpretation of the term 'performance' could result in a deeper understanding of any benefits of disadvantages of corporate citizenship, numerous interviewees may measure the performance of the organisation against a broad range of variables. This could limit the study in that the findings could point towards the fact that the performance of the organisation has been impacted, without necessarily providing deep insight on which aspects of the Bank's operations are impacted.

A purposive sample was selected to participate in the study. The sample consisted of executive and/or senior management at Alpha Bank. The reason for selecting these members of staff is that they are assumed to be more knowledgeable on issues regarding the nature of the organisation's corporate citizenship as well as the performance of the bank, than staff that occupy junior and customer-facing positions. The work by Eckerson (2011) confirms the notion that management are often in the best position to comment on the performance of an organisation. However, the sample that was selected could potentially limit the study in that the interviewees selected may not necessarily be as familiar or aware of the Bank's corporate citizenship and performance as they are currently assumed to be. Corporate citizenship initiatives that may take place in one area of the Bank and an executive or senior manager in another area of the Bank may not be aware of such initiatives. As such interviewees have only

answered questions in accordance with that what they are aware of and that is a limitation of the study.

1.10 Chapter Outline

Beyond this chapter, the study consists of four main chapters, which are outlined below.

Chapter Two – Literature Review

This chapter addresses corporate citizenship, the role that the Government and corporations play in corporate citizenship. The chapter also focuses on the Banking industry and the initiatives that banks have embarked upon in respect of corporate citizenship. The chapter describes the corporate citizenship initiatives that Alpha Bank is involved with.

Chapter Three – Research Methodology

Chapter three details the research methodology of the study. The data for this study is gathered by means of in-depth interviews with senior management of Alpha Bank. This approach encouraged interviewees to provide meaningful information by communicating their perceptions of the impact that corporate citizenship has had on the performance of Alpha Bank.

Chapter Four – Findings and Analysis

This chapter details the findings of the study. The data gathered during interviews was synthesised and interpreted, analysed and is presented in this chapter.

Chapter Five – Conclusions and Recommendations

Conclusions and recommendations will be made in this chapter. Recommendations will be made for Alpha Bank to improve its approach to corporate citizenship.

1.11 Summary

The purpose of this study was to investigate the impact of Alpha Bank's corporate citizenship has on its performance. This is against the backdrop of challenges faced by the private sector in delivering on stakeholder expectations and in complying with legislation. The research problem was therefore to understand what role corporate citizenship serves in the relationship between the public and private sectors in reaching their respective objectives. The objectives and research questions of the study focus primarily on the role that corporate citizenship has played at Alpha Bank, the role it currently plays, and the role it is likely to play in the future. Specific emphasis is placed on understanding how corporate citizenship has affected the performance of the organisation. The significance of the study is that the findings of the study are of value to Alpha Bank and that they could help governments as well as other organisations to understand

the benefits and/or drawbacks of corporate citizenship initiatives in order that they make decisions accordingly.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter deals with the numerous definitions of corporate citizenship that have been put forward by academics are discussed. The focus is on the corporate citizenship-related legislative and regulatory framework within which organisations have to operate. Alpha Bank Sustainability (2014) regards the National Development Plan as the government's plan for economic development for the foreseeable future, and forms an important part of the discussion.

The literature related to performance in an organisation is discussed in this chapter. The chapter also acknowledges the view of academics that criticises attempts to assess the impact of corporate citizenship on an organisation's performance. Examples of corporate citizenship from the South African Banking industry are discussed, followed by an in-depth understanding of the approach adopted by Alpha Bank.

2.2 Corporate Citizenship

O'Brien, Hayward & Berkes (2009) suggest that there is a global need to address the relationship that exists between citizens of a country and the institutions that they interact with. The primary need to address this relationship is because there is a perception that citizens from across the globe are frustrated by government corruption, lack of service delivery to the poor, and a general disregard by governments to adequately meet the needs and expectations of voters. O'Brien *et al.*, (2009) goes on to explain that this global perception of disillusionment with government could be addressed by focussing on the relationship between citizens and corporations, and challenging the rights and responsibilities of corporations as well as other global institutions.

O'Brien *et al.*, (2009) argues that the right to challenge the role of corporations in society is founded on the commonly held view that corporations should be held accountable to citizens in respect of their operations and activities. O'Brien *et al.*, (2009) believes that by holding corporations accountable for their actions, a number of functions that would ordinarily be fulfilled by a government would now be fulfilled by corporations. This does not imply that governments are absolved from accountability, but rather implies that responsibility is shared between corporations and governments, with accountability thereof resting with the latter.

Rasche (2009) further states that in a modern society, it is insufficient to hold corporations accountable according to a standard that is defined by corporations themselves or its representatives. It is however essential that corporations are held accountable regarding their

economic, legal, ethical and discretionary responsibilities against a standard that is defined and imposed by all stakeholders that interact with such corporations.

This broader application of corporate accountability forms the basis of the concept of corporate citizenship – a term which many scholars have attempted to define.

O'Brien *et al.*, (2009) state that corporate citizenship, along with all its terminology has been used inconsistently amongst academics as well as practitioners. O'Brien *et al.*, (2009) also states that the most obvious mistake that gets made amongst users of the term corporate citizenship is that many of them have merely used the term as a synonym, or a re-branded term for corporate social responsibility. Hahn (2009) also mentions that very few commentators and corporate citizenship practitioners address the fact that there are implications for including the word 'citizenship' in the term 'corporate citizenship'. By accepting that corporations can act as 'citizens', it is important to note then that certain rights and duties will accrue to them.

From the above, it is clear that an understanding of the term corporate citizenship will be incomplete without delving into the main definitions of the corporate citizenship. It is also important to focus on the academic analysis of these definitions in order to create a crisp awareness of the context within which the objectives of the study are being researched.

2.2.1 Definitions of Corporate Citizenship

The assertion made by Carroll & Shabana (2010) that corporate citizenship is founded on the premise that corporations should be accountable to stakeholders in matters relating to the economics, legality, ethics and discretionary responsibilities, which forms the conceptual basis of what corporate citizenship actually means. This conceptual idea of corporate citizenship is supported by Shum & Yam (2011) and is an extension of the work done by Hemphill (2004), which focuses on the idea that these four issues are a model for corporate citizenship. By way of definition, Hemphill (2004) builds on this suggestion by broadly defining corporate citizenship in a normative and descriptive model of corporate citizenship that is representative of a firm's economic, legal, ethical, and philanthropic 'faces'. These 'four faces of corporate citizenship' summarises a socially responsible corporation's attempts at making a profit, compliance with all legal requirements to conduct business, steps taken to conduct its business in an ethical manner, as well as all steps taken by a corporation to address social issues such as education, skills development and nation-building.

Hemphill (2004) suggests that there are four areas of accountability or 'faces' that a socially responsible corporation relates to corporate citizenship. Hemphill (2004) also holds the view that the metaphorical face of philanthropy that corporations wear is founded upon a strategic approach that is adopted when corporations uplift the condition of the people and environment

of the communities within which they operate, whilst corporate social responsibility is often little more than charity contributions that are merely part of a strategy aimed at achieving another business objective.

Benabou & Tirole (2010) casts doubt on how best to differentiate between corporate social responsibility and corporate citizenship and in doing so. They address the doubt by mentioning that corporate social responsibility carries with it a connotation that businesses does not necessarily incorporate any form of responsibility towards the external environment within which they operate and that they need to be reminded by other stakeholders of what they should and should not be doing. Furthermore, there is a need to explain why corporate citizenship has grown into a broader concept than corporate social responsibility.

According to Visser, Matten, Pohl & Tolhurst (2010), the terminology around corporate social responsibility has been vague and made it difficult to interpret what does and does not constitute sound corporate social responsibility practices. This vague understanding allows for corporations to draw their own conclusions regarding their responsibility to society and hence, set forth their own agenda on how best to act as a responsible corporation. Visser *et al.*, (2010) further mention that by extending social responsibility to include corporate citizenship, the presence of the word ‘citizenship’ in the term allows for a more strict definition of what the term is about.

This allows for all stakeholders in a relationship with corporations to be better placed to understand what an acceptable view of corporate citizenship might be. Hahn (2009) expands on this point by suggesting that the word ‘citizenship’ is used in the context of corporate citizenship, the connotation is that corporations view themselves as having a sense of belonging in a society and that they form communities with other citizens that they interact with. Once communities are formed, various rights and responsibilities are created when relationships are formed between citizens of a particular community – including corporations that enjoy citizenship in the community.

In order to help better understand how corporations fulfil their roles as citizens in communities, Crane & Matten (2010) has put forth three views of corporate citizenship. Two of the views have a strong leaning towards traditional perceptions of corporate social responsibility and do not explicitly refer to the fact that corporations are expected to behave as citizens of a community. The third view goes beyond traditional conceptions of corporate social responsibility and is regarded as an extended view of corporate citizenship. These three views are explained below.

2.2.2 The Limited View of Corporate Citizenship

The limited view of corporate citizenship that is discussed by Crane & Matten (2010) is founded on the idea that corporations are involved in corporate social responsibility initiatives because there is a need to ensure that a healthily functioning business operating environment is one that is conducive to making financial profits. This implies that there is a strong element of self-interest on the part of corporations that are outwardly seeking to uplift the community that they operate in. This view supposes that any act of goodwill by corporations to their communities is fuelled by a hope and desire on the part of communities that the corporations they interact with will go beyond merely trading with them, as opposed to an expectation that those corporations will conduct their businesses in accordance with a set of rights and responsibilities.

The limited view of corporate citizenship also supposes that corporations engage in corporate social responsibility initiatives as a means of building up a form of reputational capital. This reputational capital is merely a term used to describe how corporations market themselves in their communities as social philanthropists to members of their communities in order to attract more business. Crane & Matten (2010) explain that this further strengthens the point that self-interest drives corporations towards this version of corporate citizenship, but in reality this version of corporate citizenship is not much more than corporate social responsibility being masked as corporate citizenship.

2.2.3 The Equivalent View of Corporate Citizenship

Crane & Matten (2010) state that an analysis of early academic works that attempt to define corporate citizenship reveals that the only difference between those definitions and definitions of corporate social responsibility amount to little more than variation in the use of semantics. Therefore the Equivalent View of corporate citizenship reduces corporate citizenship to nothing more than a synonym for corporate social responsibility. The rationale for this perceived yet ineffective change from corporate social responsibility to corporate citizenship is that it made business sense for corporations to re-brand their self-fulfilling social activities.

By creating the impression in the minds of the citizens of their communities that something ground breaking and innovative was happening in the relationship between them and corporations, those very citizens would be inclined to spend more money on goods and services that those corporations provide. The Equivalent View exposes a version of corporate citizenship that is characterised by self-fulfilling business goals. This version of corporate citizenship is still not reflective of corporations that act as citizens of a community, and is essentially another version of corporate social responsibility.

2.2.4 The Extended View of Corporate Citizenship

The Extended View of corporate citizenship elevates the word ‘citizenship’ to a critical component of corporate citizenship. Due to the fact that there is not much academic discussion on the role of corporations as citizens in society, Crane & Matten (2010) draw on literature from the social sciences – especially political theory – in order to understand citizenship. An application of this understanding of citizenship is then used to complete the Extended View of corporate citizenship.

Crane & Matten (2010) rely on a concept from political theory on citizenship which is called liberal citizenship. This concept affords three distinct set of rights to citizens:

- **Civil Rights** – These rights are primarily related freedoms from abuse by others as well as interference from another party – including the Government. The right to ownership of land and property, as well as freedom of trade and expression are also enshrined under civil rights.
- **Social Rights** – These rights afford citizens the freedom to form part of society. Included in these rights are education, healthcare and other social welfare benefits.
- **Political Rights** – These rights relate to a citizen’s freedom to actively participate in society. Included in these rights is the freedom to vote and to occupy positions of office, and any other freedom that involves participation in a collective formation of intent beyond his or her individuality.

Civil and Social rights appear to have clear implications for individuals rather than for corporations. Crane & Matten (2010) explain that civil rights are typically granted to citizens and social rights of citizens are cared for by Governments. Social rights are typically cared for by the various state-run welfare institutions established by government. Political rights are not as centred on the individual as civil and social rights because the very nature of political rights is founded in collective interaction. Given that a citizen will enjoy these three categories of rights under liberal citizenship, Crane & Matten (2010) find it difficult at first glance, to reconcile how this understanding of citizenship ties in with corporations. Whilst one may argue that corporations should enjoy certain civil rights such as the right to own land and property, there appears to be no sound argument to suggest that all civil, social or political rights should explicitly be afforded to corporations.

The work of Hahn (2009) is amongst the rare works that focus on citizenship in the term corporate citizenship. Hahn (2009) introduces other normative ideas of citizenship, over and above the liberal citizenship concept. Amongst these ideas is the notion that citizenship is not

restricted to rights, but includes duties and responsibilities as well. This opens the door for corporations to be regarded as citizens. This is not because corporations will explicitly enjoy the rights that individual citizens in a community would enjoy, but because they would need to respect the rights that individual citizens in a community enjoy. By corporations respecting the rights of individual citizens, it becomes clear that there are duties and responsibilities that are placed on these corporations. In light of the work by Hahn (2009) it is clear that corporations can be regarded as citizens.

By demonstrating that corporations can be regarded as citizens in a community, the term corporate citizenship becomes easier to understand and the distinction between corporate social responsibility and corporate citizenship becomes clear – a corporation should fulfil the duties of a responsible citizen in a community and respect the rights of other citizens in that community. Crane & Matten (2010) incorporate the theory that a corporation should fulfil the duties in a definition of the term corporate citizenship. Crane & Matten (2010) define ‘corporate citizenship’ as follows:

“The role of the corporation in administering citizenship rights for individuals”

Crane & Matten (2010) explain that this definition accepts that corporations are citizens, but marks them apart from individual citizens because corporations have a duty to administer the rights of individual citizens – a role that very often sees corporations carrying out functions that Governments should ordinarily be addressing. The discussion above on the meaning of the term corporate citizenship is comprehensive and succinct. It is however noteworthy to discuss some of the other attempts made by scholars to define corporate citizenship.

Sadler & Lloyd (2009) state that the World Economic Forum puts forward a definition of corporate citizenship and states that it is a company’s contribution to society by means of its main business activities, its investments in society, its philanthropic programmes, as well as its engagement in public policy. Sadler & Lloyd (2009) also mention that the World Economic Forum regards corporate citizenship as the way in which a firm manages its relationship with the environment and key stakeholders such as employees, customers, governments and communities.

Maon, Lindgreen & Swaen (2010) suggest that corporate citizenship is a manifestation of the strategic and operational practices that a corporation implements in relation to its interactions with stakeholders and the natural environment. Maon *et al.*, (2010) also mention that this definition encompasses the fact that there are responsibilities that are placed on businesses in the capacity of a citizen. This allusion to the responsibility on corporations is similar to the definition of corporate citizenship of Crane & Matten (2010).

Baumgartner & Ebner (2010) contend that it is not absolutely correct to regard a corporation as a citizen because it is impossible for a corporation to enjoy all the rights and benefits that a natural citizen would ordinarily enjoy. It is also not possible for a corporation to always behave as a citizen. Davis, Lukomnik & Pitt-Watson (2013) do however agree that corporations can enjoy similar rights and can behave in a similar manner to natural citizens and as a result, can be regarded as metaphorical citizens.

It is important to highlight the fact that sustainability and corporate citizenship is very closely linked. Baumgartner & Ebner (2010) therefore suggests a broad definition of corporate citizenship to be a set of certain conditions that need to be respected by corporations, certain criteria that they should fulfil and certain obligations that they should meet. Davis *et al.*, (2013) is very clear that corporate citizenship has got to be focused on the issue of sustainability. Gupta & Kumar (2013) believe that many corporate citizenship initiatives amongst banks have a strong focus on sustainability.

Mitra & Borza (2010) believe that the next step in the evolution of corporate citizenship will see organisations using corporate citizenship as a tool for entrepreneurship. Corporations will translate the principles of corporate citizenship and sustainability into economic and commercial value.

This has a bearing on objective number four of the study as it speaks to corporate citizenship as part of future business strategy. He also mentions that corporate citizenship is sustainable in itself because it is in the interests of businesses to engage in corporate citizenship. Mitra and Borza (2010) mention the following examples of corporate citizenship that translates to business value:

- Deutsche Bank providing customers with socially responsible products and innovative microfinance schemes
- Toyota Motor Corporation building hybrid cars – these cars are environmentally-friendly
- Unilever enabling women to become entrepreneurial in rural areas of India by creating awareness around the importance of hygiene as well as nutrition

Carroll & Shabana (2010) cite the work of Dahlsrud (2008), who analysed 37 different definitions of corporate citizenship. The conclusion that Dahlsrud (2008) drew from the analysis is that despite variations in definitions of corporate citizenship, the true definition of corporate citizenship is unique in the way that each corporation operationalises its corporate citizenship programmes or initiatives. It is in this light that the impact of corporate citizenship on Alpha Bank's performance is assessed.

2.2.5 Drivers of Corporate Citizenship

Having addressed the concept of corporate citizenship and how it is defined, the focus of the literature now shifts towards the factors that drive corporate citizenship. Muller & Kolk (2010) state that corporate citizenship is driven by intrinsic forces such as the management of an organisation's morality and desire to do good in society. It is also driven by extrinsic factors such as shareholder expectations and pressure from the media. Yoon & Tello (2009) and Kemp (2010) support the earlier work of Warhurst (2001) by indicating that businesses need to respond to corporate citizenship factors that influence corporations globally (macro-level factors), as well as factors that influence each corporation at a project level (micro-level factors). These factors ultimately combine to form the drivers of corporate citizenship and play an important role in corporations reaching their sustainable development goals. The work of Warhurst (2001) will be explained in detail, so as to ensure the theory and literature related to objective number one of the study is addressed.

2.2.5.1 Macro-Level Drivers of Corporate Citizenship

There are a number of macro-level issues or drivers of corporate citizenship that impact the overall activities of a business, and are highlighted below.

Globalisation - Warhurst (2001) mentions that numerous trade and investment regimes across the globe have been liberalised over the last century in order to explore the potential for natural resources. As a consequence of this liberalisation and exploration, privatisation of natural resources has become a global reality, specifically in the mining, oil and gas industries. Privatisation is often to the benefit of foreign-owned corporations.

The effect of this is that state-owned entities scale down any subsidised benefits for staff that are employed in such industries such as food, health care and education. This leaves the door open for corporations that assume ownership of previously state-owned corporations to continue to play a part in addressing the social issues that were being subsidised by the state-owned entities. This principle demonstrates how globalisation drives corporations towards involvement in corporate citizenship.

'Voice of Society', NGO's and Voluntary Codes of Conduct – Individuals and organisations that are representative of society are demanding in their calls for businesses to distribute the benefit of business equitably. An example of the voice of society can be seen in the Economic Freedom Fighters (2014) demands that the transfer of wealth in South Africa should take place immediately in order to reflect the true racial and cultural composition of the country. Businesses are also expected to take steps that limit any negative consequences of their operations on the environment as well as on the health of staff and the general public. This

pressure that is exerted by the ‘voice of society’ that Warhurst (2001) speaks of drives corporate citizenship.

The calls and concerns raised by society often leads to businesses and industries establishing voluntary codes of conduct, which serve as guidelines that corporations use in their relations with the public. Warhurst (2001) believes that the establishment of voluntary codes of conduct further drives corporate citizenship because they aid in levelling corporate activity and can be used to hold organisations accountable for their dealings with society.

Regulation and the Conditions of Finance – Warhurst (2001) suggests that regulatory issues drive corporate citizenship as it can be used as a vehicle to encourage prevailing positive corporate citizenship practices as well as to develop new corporate citizenship practices when there is a need to do so. Legislation and regulations pertaining to corporate citizenship will be discussed in greater detail below.

Warhurst (2001) also mentions that operating in certain industries such as mining attract large investment costs for corporations. Such corporations typically ensure that environmental and social conditions are included in their agreements with financiers. This is a mechanism that corporations use to safeguard against any future liabilities that may arise as a result of their operations.

These conditions drive corporate citizenship because it is a manifestation of the awareness on the part of corporations that they need to conduct their business in an ethical and progressive manner.

Supply-Chain and Industry Peer Pressures – There are many opportunities for businesses to trade with other businesses that are morally, ethically and environmentally defensible. Alive2Green (2014) highlights the example of Woolworths, a consumer-goods retailer in South Africa that has committed to source 95% of its goods from local businesses. As Warhurst (2001) suggests, in the global economy there is much pressure being exerted on corporations to establish a supply chain that consists of businesses that adhere to the principles of corporate citizenship. This supply-chain pressure drives corporate citizenship by increasing the number of businesses that become corporate citizens.

Industry Peer pressure also drives corporate citizenship, according to Warhurst (2001). According to Alive2Green (2014), Woolworths also boasts shopper carrier bags that are sold to customers at check-out counters that are made from 100% recycled material. This is as a result of leading corporations in a given industry that demonstrate genuine and broad corporate citizenship behaviour which ultimately leads to increased market share in that industry. Competitors in that industry usually respond in kind by also initiating corporate citizenship

programmes in an effort to regain the market share that they had lost. The net result is that corporate citizenship is driven forward and new businesses are engaging in corporate citizenship.

Internal Pressures and Environmental Change – Internal pressures within organisations to be socially and environmentally conscious, drives corporate citizenship forward, according to Warhurst (2001). Shareholders as well as staff members are pressurising corporations to ensure that their operations are geared towards a cause that is greater than any self-fulfilling goals such as purely economic profit. Warhurst (2001) states that there are instances of NGO's exerting internal pressure on organisations by purchasing shares in those organisations in order to influence their corporate citizenship activity.

Changes to the environment such as global warming are leading corporations to take proactive steps to ensure that the impact that their operations have on the environment does not cause any further harm. Business Day (2014) reports that the South African Department of Environmental Affairs is finalising a plan to implement a carbon tax in the country. This is in light of the commitment made by government to reduce 42% of carbon emissions by 2035. Warhurst (2001) considers such measures to be driving corporate citizenship because it forces corporations to be cognisant of the impact that their operations has on the environment

2.2.5.2 Micro-Level Drivers of Corporate Citizenship

In contrast to macro-level drivers of corporate citizenship, the discussion on micro-level drivers of corporate citizenship explains how these drivers are operationalised on a project level.

Contributions by Business to Local Community Development – Warhurst (2001) indicates that when corporations implement large-scale projects, they are expected to contribute to the development of the local community where the projects are being implemented. The pressure to develop local communities is equally applied in both urban and rural areas. If projects are implemented in urban areas there is pressure on business to develop the community in respect of issues that range from recreational facilities to the creation of new income opportunities. When businesses respond to this pressure at a project level, corporate citizenship gets driven at a micro-level.

Legal Funding Frameworks and Community Participation in Core Business – Corporations often get involved in the funding of local community organisations that run social welfare programmes, says Warhurst (2001). Beyond financial contributions, businesses offer managerial and technical skills development to the community welfare development programmes. In developing social welfare organisations, corporate citizenship is being driven, and strengthens the relationship between businesses and their stakeholders.

Warhurst (2001) also mentions that the development of communities is often extended to community participation in the core business of corporations. This form of participation typically takes the shape of community leaders in welfare organisations, and other institutions gain exposure to business processes and production at the premises of the corporation. This exposure enhances local expertise and knowledge, which can subsequently be applied in the development of communities. NGO involvement in core business processes is also seen as a way to develop local communities.

Implementing Corporate Policy and Practice – Warhurst (2001) suggests that businesses that develop and implement sound corporate policies and practices assist in driving corporate citizenship. The difficulties that corporations experience in operationalising those policies and practices at a project level results in the corporations looking towards the communities to assist in implementing those policies. It is through this interaction that communities are developed and relations between corporations and communities are strengthened.

Local Technological Innovation – Warhurst (2001) mentions that projects that are implemented in certain areas afford corporations the opportunity to partner with local community organisations and NGO's and identify technologically innovative ideas that will solve social and environmental issues. Such innovation could include increasing access to education in rural areas through the use of technology as well as addressing threatening environmental challenges. The Mine Health and Safety Council (2014) mentions acid mine drainage – a consequence of mining activity that compromises the quality of consumable water – is a major challenge in parts of South Africa. The government is prepared to explore technologically innovative ways of addressing this issue.

Local Reputational Management – According to Warhurst (2001), corporations can enhance their local reputation by engaging in corporate citizenship initiatives when they implement projects in communities. By demonstrating a genuine commitment to incorporating social development goals into their business goals, business can promote their image and reputation amongst public sector agencies and civil society.

From the above discussion on the drivers of corporate citizenship, it is clear that various issues can play a role at a strategic or macro level of a corporation, as well as at an operational project or micro level. The issues are diverse and could potentially stem from any aspect of business, social or government initiative or activity. The work of Warhurst (2001) highlights that there are numerous benefits to communities and businesses that accrues when corporate citizenship is driven through these issues.

2.2.6 Perspectives on Corporate Citizenship

It has already been established that Legislation and regulations are key drivers of corporate citizenship. However it is necessary to outline the Legislation and regulations that specifically pertain to corporate citizenship globally, regionally and in South Africa. By understanding what is expected of organisations in South Africa with respect to corporate citizenship, objective number two of this study will be addressed as this enables the measurement of Alpha Bank's past corporate citizenship initiatives against the Legislative and regulatory requirements for corporate citizenship.

2.2.6.1 Corporate Citizenship - The Global Perspective

Zarsky (2010) refer to the Millennium Development Goals that were instituted by the United Nations. This is a global framework that is focused on the eradication of poverty and the achievement of sustainable development. The framework commits member states of the United Nations to the goals contained in the framework within a specified timeframe, in a manner that is measurable. The United Nations Development Programme (UNDP) (2014) has explained that there are eight Millennium Goals for 2015 that United Nations member states need to commit to. These goals are as follows:

- Eradicate extreme hunger and poverty
- Achieve universal primary education
- Promote gender equality and empower women
- Reduce child mortality
- Improve maternal health
- Combat HIV/AIDS, malaria and other diseases
- Ensure environmental stability
- Develop a global partnership for development

The UNDP (2014) also states that the achievement of the Millennium Development Goals can only be accelerated by encouraging and challenging businesses to develop business models that are inclusive in nature and that offer business benefit as well as strong elements of social and economic benefits. In light of the definition of corporate citizenship that is discussed above, it is clear that corporations that engage each of the Millennium Development Goals will indeed be engaging in corporate citizenship. Statistics South Africa (2014) reports that South Africa had compared favourably against each of the Millennium Development Goals in 2013 because of the fact that corporations were encouraged to compete and innovate in the achievement of economic and social development goals at a local as well as a regional level.

2.2.6.2 Corporate Citizenship - The African Perspective

According to Berger, Murugi, Buch, IJsselmuiden, Moran, Guzman, Devlin & Kubata (2011), the New Partnership for African Development (NEPAD) as well as the African Peer Review Mechanism is one of the main platforms for the implementation and monitoring of sustainable development initiatives in Africa. Berger *et al.*, (2011) also mention that NEPAD encourages governments to partner with corporations in order to strengthen and align development initiatives on the continent.

NEPAD

According to NEPAD (2014), NEPAD is a strategic framework that is owned by the African Union and focuses on pan-African socio-economic development. The framework encourages African nations to control their development agendas by working closely with one another, alongside the private sector and other international partners. NEPAD (2014) also states that there are six themes that are managed as part of NEPAD. The six themes are as follows:

- Agriculture and Food Security
- Climate Change and Natural Resource Management
- Regional Integration and Infrastructure
- Human Development
- Economic and Corporate Governance
- Cross-cutting Issues, such as Gender and Capacity Development

The Department of International Affairs and Cooperation (2014) states that it is critical for corporations to play a role in the success of NEPAD by actively engaging in initiatives that are aimed at overcoming issues such as health and education. These six issues are also aligned to the definition of corporate citizenship and any corporation that addresses these issues will therefore be engaging in corporate citizenship.

The African Peer Review Mechanism

The African Peer Review Mechanism (2014) mentions that the African Peer Review Mechanism (APRM) is the African Union's framework for the implementation of NEPAD and that the primary objectives of APRM is to formalise the policies, standards and practices that will lead to political stability, high economic growth and sustainable development on the African continent. African Union member states can gain membership to the APRM on a voluntary basis. The African Peer Review Mechanism (2014) also states that there are four thematic areas of the APRM. The four themes are as follows:

- Democracy and Political Governance
- Economic Governance
- Corporate Governance and
- Socio-economic Development

As mentioned above, the APRM is the framework for implementing NEPAD, and it is important for corporations to play an active role in order for NEPAD to succeed. Much of the themes of the APRM have a bearing on corporate citizenship, and as Berger *et al.*, (2011) reiterate, in a globalising world, it is necessary for corporations to be actively involved in the development agenda, and can play a key role in eradicating poverty in the communities within which they operate.

2.2.6.3 Corporate Citizenship – The South African Perspective

Mukole (2010) state that a great number of South African corporations have moved well beyond the point of viewing their role in society as being restricted to charity giving and managing their relations with the public at a superficial level. Corporations have and continue to apply a strategy in acting out their role as citizens in South African society. Mukole (2010) had evaluated the societal and business benefits of corporate citizenship in a survey that revealed more than two thirds of corporations that responded have dedicated business units or departments to oversee the corporate citizenship activities of their organisations.

According to Mukole (2010), South African corporations that implement the following corporate citizenship guidelines will be well placed to balance their business objectives against the socio-economic goals of the country:

- Corporations should share their business knowledge and expertise with communities in the areas in which they operate, in alignment with their core business objectives, or the economic sector. This approach could enable a competitive advantage for corporations in the long term.
- Corporations should focus on building relationships and consolidating expertise in respect of one or two developmental areas, as opposed to attempting to solve every social or development need in the country.
- It is important for corporations to understand the unique and specific dynamics and challenges that a particular development sector or geographic location faces. By understanding this, it becomes easier to foster relationships and partners with key role-players and authorities which are likely to result in more efficient corporate citizenship initiatives being established.
- Corporations should create a culture of environmental and transformational awareness. Different departments within the organisation should be encouraged to interact with one

another in order to establish the value of reciprocal learning and synergy. Furthermore, employees should be encouraged to take the lead on social and economic development projects. In doing so, employees will realise the value of the skills that they possess and by passing it onto others, it is likely that employee morale will increase. (This point speaks to the second objective of the study as well as question number five and six on the schedule of questions to be posed to respondents during interviews)

- Engagements between corporations and their community stakeholders are vital for constructive feedback and to learn from past mistakes that were made during projects. By extension, it is equally important to establish healthy relations and partnerships with stakeholders in order to exchange learnings and experiences. This will ultimately result in better collaboration, especially in developmental areas that are known to be weak.
- Continuous improvement of corporate citizenship projects and initiatives are enabled through effective monitoring and evaluation. Organisations should always try and build on their strengths and address their weaknesses when evaluating their corporate citizenship projects. Replication of successful projects makes it easy for local authorities as well as communities to trust the organisation and will encourage more active participation from all stakeholders in future projects.
- Corporations should establish ways and means of entrenching the knowledge and experiences that they acquire when working in communities. This knowledge and experience should be recorded and shared with fellow corporates and other community based organisations. A framework for reporting on corporate citizenship projects should also be established.

2.2.7 Regulations Relating to Corporate Citizenship in South Africa

Arya & Bassi (2011) state that scholars from across the globe have not paid attention to the reasons why laws related to corporate citizenship have been enacted. Arya & Bassi (2011) suggest that the South African Government has played a leading role in enacting legislation and regulations that have implications for corporate citizenship and it is within this context that the motives behind the enactment of corporate citizenship legislation is discussed.

Arya & Bassi (2011) recall the history of South Africa and suggest that the social imbalances and inequalities that prevailed under Apartheid were the catalysing forces that resulted in the African National Congress being afforded the opportunity to deliver on their claim to redress these imbalances. Therefore the motive behind the South African Government enacting legislation that are aimed at addressing the injustices of the past are founded in a commitment to the South African public to do so. At the same time, Arya & Bassi (2011) also suggest that the South African Government have been prompted to enact legislation and regulations to govern corporate citizenship by corporations themselves. Many industries in South Africa have self-

regulated their relationship with their stakeholders and the general public, and the Government has subsequently enacted legislation and regulations that expand those industry-specific regulations to include other industries as well.

Barchiesi (2011) suggests that the South African Government has very healthy consultative mechanisms with stakeholders from across multiple industries and this allows for regulations related to corporate citizenship to be applied from one industry to another. Scherer & Palazzo (2011) state that this collaborative approach that has been adopted by key role-players in the sphere of corporate citizenship has resulted in many new businesses and indeed entire industries becoming more socially responsible - to the benefit of the economy and society at large.

2.2.7.1 Broad Based Black Economic Empowerment

In South Africa, Broad-based Black Economic Empowerment [BBBEE] Act (53 of 2003) has been enacted that directly addresses a number of issues that fall under the ambit of corporate citizenship. The Economic Development Department of South Africa (2014) mentions issues that are covered by the BBBEE Act include economic development, skills development, employment equity that is aimed at redressing the imbalances of the past, as well as sustainable and effective business practices. The Department of Trade and Industry (DTI) (2014) explains that amongst the policy objectives of the BBBEE are to expand the effect of corporate economic activity in communities as well as to develop access to infrastructure and to address the skills shortage in under-developed areas.

Arya & Bassi (2011) mention an example that has particular relevance for purposes of this study. Financial services institutions in South Africa had collectively recognised that there was a distinct lack of Black staff members in junior, middle, and senior management roles.

Furthermore, there was a realisation that the amount of money being spent on corporate citizenship that would directly benefit Black people was insufficient. Lastly, these institutions recognised that there was limited credit provision to Black entrepreneurs and a slow response to rising demand for access to financial services amongst Blacks.

2.2.7.2 The Financial Charter

In response to these issues, as part of the BBBEE Act the Financial Sector Charter was brought into effect in 2004. Any corporation that operates in the financial industry are expected to adhere to the standards for racially equitable behaviour, as set out in the Financial Sector Charter.

According to The Banking Association of South Africa (2014a), the charter includes a mechanism called the Charter Council, whose primary task is to oversee the implementation of the Financial Sector Charter. Arya & Bassi (2011) states that another function of the Charter

Council is to conduct annual reviews and assessments that each financial institution has made in respect of implementing the Financial Sector Charter.

The Banking Association of South Africa (2014a) states that the latest development that was made to this charter took place in 2012. It was at this point that a second draft of the Financial Sector Charter was issued for public comment. Alpha Bank is a member of the financial industry in South Africa, and therefor also has to adhere to the standards as defined in the charter.

2.2.7.3 The Code of Banking Practice

The Banking Association of South Africa (2014b) goes on to explain that the Code of Banking Practice is a voluntary code of conduct for corporations in the Banking industry. The code is founded upon the principles of fairness, transparency and accountability. It is also to be used as a guide for setting minimum standards for customer interaction. Furthermore, the code also includes provisions to regulate the way in which banks should take steps to ensure that the disabled, illiterate, and rural members of society are offered financial services at an affordable cost. There is also a provision in the code for the fair and equal treatment of every South African, regardless of race, gender or age. The code does however encourage banks to develop products that are targeted at specific sections of society that may lead to social development. This is indicative of an industry that values corporate citizenship, as defined above.

2.2.7.4 The King Reports

The South African Institute of Chartered Accountants (SAICA) (2014) mention that the King Commission on Corporate Governance was formed in 1992 in order to align corporate governance practices with international standards. The King Reports were introduced under of the King Commission and this signalled the institutionalisation of corporate governance in South Africa.

As the Institute of Directors Southern Africa (IODSA) (2014) mentions, the King Reports are not legislative codes, but all companies that are listed on the Johannesburg Securities Exchange (JSE) should apply the codes or explain why the code or certain parts of the codes are not being applied. The discussion below outlines the development of the King Reports and the effect of the latest King Report on businesses in South Africa.

King I

SAICA (2014) states that the first King Report (King I) was produced in 1992 and its primary focus was to promote corporate governance in South Africa by recommending minimum governance standards to which listed companies, banks and certain state-owned enterprises should confirm to. King I had mentioned that companies needed to start playing a more

responsible role in the societies in which they operate. IODSA (2014) states that at the time of publication, King I was widely acknowledged and recognised internationally as the leading publication in corporate governance that embraced an inclusive approach.

King 2

Mervyn King (2014) mentions that the second King Report (King II) was introduced in 2002 in response to evolving global economy as well as legislative developments that had taken place at the time. Mervyn King (2014) further states that a key shift from King I to King II was that King II emphasised the need for companies to be more responsible for their economic, environmental and social activities. King II encouraged companies to embrace and internalise the culture of sustainability and social activism.

King 3

IODSA (2014) states that the third and latest iteration of the King Reports (King III) came into effect in 2010, at which point King II was no longer effective. PriceWaterhouseCoopers (2014) states that the introduction of the King III Report was necessary in order to respond to further legislative developments in South Africa, as well as to international trends. The King III Report focuses on the need for companies to report annually on the economic impact – positive or negative – that their operations has had on the communities that they operate in. Furthermore, King III requires companies to report on how they intend on mitigating any negative impact that their operations may have on these communities.

King III expands on the King II requirement for companies to incorporate and report on the issue of sustainability by requiring businesses to be more innovative in executing the sustainability strategies. Another key principle of King II, according to PriceWaterhouseCoopers (2014) is that companies need to integrate social transformation in their businesses. The idea behind this requirement is to create greater opportunities for the companies themselves as well as for society at large.

2.2.7.5 South African Social Investment Exchange (Sasix)

According to Mukole (2010), South African corporations are fully intent on supporting and investing in socio-economic development projects that deliver measurable results. Historically, information relating to the effectiveness of developmental projects has not been readily available in South Africa. The introduction of SASIX has gone a long way in addressing this issue by benchmarking standards for projects in order to determine which projects are effective and which are not. SASIX also aims to match corporations with projects that require specific skills and resources that might only be available at a limited number of corporations. SASIX (2014) reports that the assessments of new projects is administrated by a non-profit company

called Greater Capital, and only historical assessments of projects are available directly from SASIX.

2.2.7.6 Johannesburg Stock Exchange (JSE) Socially Responsible Investment Index

Sun, Nagate & Onada (2011) mention that the JSE Socially Responsible Investment Index is used to measure the triple bottom line performance (criteria based on environmental, social and economic considerations) of participating companies that are listed on the JSE. The JSE (2014) reports that the index has evolved since its inception in 2004, and now incorporates sustainable development, climate change, as well as the King code.

2.2.7.7 The National Development Plan (NDP)

The National Planning Commission (NPC) (2014) states that The National Development Plan is the strategy that South Africa is adopting in order to eradicate poverty and reduce inequality by 2030. This will be achieved by creating an inclusive economy, promoting leadership, and forming partnerships with role-players throughout society. The NPC is an advisory body that was appointed by President Jacob Zuma in 2010. The NPC was tasked with the responsibility of drafting the vision for NDP – A vision that sets out six priorities for the successful implementation of the NDP. The six priorities are as follows:

- Uniting all South Africans around a common programme to achieve prosperity and equity.
- Promoting active citizenry to strengthen development, democracy and accountability.
- Bringing about faster economic growth, higher investment and greater labour absorption.
- Focusing on key capabilities of people and the state.
- Building a capable and developmental state.
- Encouraging strong leadership throughout society to work together to solve problems.

The six priorities of the NDP will either have a direct or indirect impact on corporate citizenship, in light of the discussion on corporate citizenship definitions mentioned above. The NPC (2014) regards the increase in employment and investments amongst poverty stricken areas as a critical action of the NDP. Furthermore, The NPC (2014) emphasises that it is a requirement for corporations in the private sector to take action in addressing social and economic issues. The Banking Association of South Africa (2014c) recognises the NDP as the plan that government has put in place for the future of South Africa and has committed to align its vision and priorities to the NDP in a manner that is effective and efficient.

The Congress of South African Trade Unions (COSATU) has been the most vocal critic of the NDP. COSATU (2013) mentions a public discussion critique document that COSATU had

drafted in order to summarise its critique on the NDP. Despite a host of issues and problems that have been mentioned in the document, COSATU appears to be in support of the idea and intent behind the concept of corporate citizenship, it is merely the vision on how best to implement social and economic reform that they disagree with.

The NPC (2014) argues that the success of the NDP is dependent on collaboration between the public sector, the private sector, and NGO's as well as other development agencies. Milder, Scherr & Bracer (2010) suggest that NGO's should assume a role in society that is supportive of the government's strategy to alleviate poverty and inequality.

2.2.8 NGO's

According to Dahan, Doh, Oetzel & Yaziji (2010) civil society has begun to play an active and important role in dealing with businesses. Many NGO's have established a global presence and as a consequence thereof, much of their focus has been on the activities of corporations. According to Zadek, Evans & Pruzan (2013), there are many instances of NGO's acting as external auditors of corporations. Corporations that are sincere in the efforts to develop a sustainable world allow NGO's to conduct these audits in order to entrench the positive reputation that they seek to create in society.

Dahan *et al.*, (2010) says that during the early 90's, NGO's were still establishing their role in their relationship with business and many leaders of NGO's were exceptionally critical of the way in which businesses engaged with society. He goes on to mention that a large number of those very same NGO leaders have come to realise that there are numerous examples of both large and small corporations, in developing as well as developed economies, that are sincere in the manner in which they engage.

Banks and Hulme (2012) suggest that this commitment is because the motives of NGO's with an established pedigree, that are renowned for their work, are not for personal gain of any individual – NGO's with such integrity operate on the basic premise of selflessness and there is a strong element of voluntary participation amongst NGO's. Essentially, their very existence is based on the consciousness and concern of society. This noble basis of existence implies that NGO's would be fully committed to partnering with any party in order to benefit South Africa.

2.2.9 Public-Private Partnerships (PPP's)

According to O'Leary and Bingham (2009), many attempts made by the public and private sector to collaborate have proven to be successful in the past. Schouba, Ngcobo, & Madhi (2010) provide a South African example of a successful partnership between the private and public sectors. This partnership focused on the rollout of vaccines and immunisations in South Africa for various medical

conditions. The partnership was deemed to have been successful because it helped the National Department of Health to comply with international expectations regarding preventative public healthcare.

There is however the constant risk that partnerships between government agencies and corporations can be very beneficial to society, it must be borne in mind that such partnerships can and do have the propensity to fail. According to Sharma, Cui, Chen, & Lindly (2010), public sector stakeholders tend to guard their interest in a partnership in equal measure to private stakeholders.

This poses a risk of partnerships being derailed, as the interests of the parties are not always aligned. Furthermore, Dahan *et al.*, (2010) state that businesses should be wary of forming partnerships with governments or NGO's that promise to solve every global issue, because such commitments lead to the blurring of roles between the public sector, private sector, and NGO partners. Tang & Shen (2013) elaborates on this point by stating that the role of each of the stakeholders in a partnership should remain clear at all times because one organisation could easily start doing the work that another is meant to be doing. As soon as organisations in a partnership begin to look like one another, there is very little reason for them to collaborate at all – since there is no longer anything that can be exchanged between them.

Dahan *et al.*, (2010) also mentions that despite these risks and potential for failing partnerships, corporations should cast aside their doubts of working with governments and NGO's and engage in PPP's, provided that the initiatives that they want to be part of can be run properly and efficiently.

2.3 Performance in Organisations

Walby (2009) suggests that corporations that address the issues of gender equality, and other minority interests in the communities within which they operate, are more likely to perform well financially than corporations that ignore these issues. Kitzmueller & Shimshack (2012) mentions that corporations will be able to fully meet their socio-economic objectives if they are prepared to sacrifice financial performance. Furthermore, Kim & Scullion (2011) state that the impact that corporate citizenship has on an organisation's performance should be understood in light of their ability to attract and retain talented resources, reputational gains, increase the potential for new business and other performance indicators that may lead to a competitive advantage. This point directly addresses objective number two and three of the study. This also validates the generic use of the term 'performance' in the title of the study.

Lev, Petrovits & Radhakrishnan (2010) highlight the financial benefits of engaging in corporate citizenship and point to the fact that one of the key benefits of corporate citizenship is that it often leads to increased sales for an organisation. However, Peloza (2009) emphasise the point that it is a very conservative and incomplete approach to merely measure the impact of corporate citizenship on a corporation's performance solely on traditional financial considerations. Mishra & Suar (2010) mention that there is a growing body of evidence that illustrates a positive effect of corporate citizenship and business performance. Objective numbers two and three seek to add to this growing body of evidence.

Peloza (2009) suggests that it is important to complement the measurement of financial performance with other quality measures which influence the decisions made by corporations today that will benefit tomorrow's performance. This point directly addresses objective number four of the study.

Having established that it is important to measure the impact of corporate citizenship on the performance of an organisation in a broad manner, it is important to understand what the key factors that influence the performance of organisations are. Muller & Kolk (2010) suggest that firms are often motivated to engage in corporate citizenship because of the potential for an increase in performance that is driven by intrinsic as well as extrinsic factors. They further suggest that external corporate citizenship pressures on firms restrict them from engaging in irresponsible social behaviour. These restrictions may emanate as a result of having upset or potentially upsetting certain stakeholder groups that threaten to boycott the organisation, competitive market pressures, and regulatory constraints.

According to Muller & Kolk (2010), the intrinsic corporate citizenship drivers of performance are guided by the actions the organisations should be taking in respect of socio-economic development, as opposed to what the organisations can be doing. These intrinsic drivers are internal forces within the organisations themselves that lead to management wanting to represent the organisation in accordance with what society would expect from them.

2.3.1 Extrinsic Drivers of Performance

Dwyer, Edwards, Mistilis, Roman & Scott (2009) suggest that it is important for businesses to understand the external environment that they operate in. The knowledge that is gained in understanding the external environment can be used in such a way that the external environment can be influenced to the benefit of the organisation. Thorbjornsen & Supphellen (2011) mention that extrinsically motivated drivers of performance are based on the idea that there is a reward that is on offer for engaging in certain types of actions or activities.

Muller & Kolk (2010) use the example of International Trade and Foreign Direct Investments (FDI) as a key extrinsic driver of performance, with specific relevance within the context of emerging markets. This view is strengthened by a study of 251 manufacturing facilities that was conducted by Wisner & Epstein (2005). The findings of that study revealed a positive association between exports from those facilities and their environmental practices – No literature is available that directly contradicts the findings of this study. Muller & Kolk (2010) outline the following reasons as to why International Trade and FDI can be regarded as key extrinsic drivers of performance:

- Developed-Nation Multi National Enterprises (MNE's) are often placed under enormous pressure to be aware of the socio-economic impact that their operations have on the local communities that they operate in. These MNE's transfer the same pressure up the supply chain to their local emerging market suppliers that they trade with. The effect of this is that corporations in emerging markets that are more socially responsible will increase in performance by trading with larger international corporations. The financial value of the trade as well as the exposure of being a trade partner with MNE's is likely to improve the performance of the local corporations on numerous fronts.
- Developed-Nation MNE's are placed under similar pressures with regards to FDI as in the case of international trade. Essentially MNE's will invest in foreign organisations that are socially responsible as a means of managing their own risks and reputations. Firms in emerging markets that would like to attract FDI needs to demonstrate that they are good corporate citizens with a track record of being socially responsible. Once FDI is received, it is likely to result in increased performance due to the weight of support from developed-nation MNE's. The work of Wisner & Epstein (2005) supports this notion by explaining that a positive relationship exists between FDI from MNE's and the performance of the local firms that are being invested in.

2.3.2 Intrinsic Drivers of Performance

Lally, Van Jaarsveld, Potts & Wardle (2010) differentiate behaviour that is intrinsically driven from reward-induced behaviour by stating that there is no reward for intrinsically driven behaviour except the behaviour itself. Such behaviour is usually motivated by a set of broader principles that are governed by 'what is right' in any given situation. The discussion below outlines some of the key intrinsic drivers of performance.

Twenge, Campbell, Hoffman & Lance (2010) state that despite there being a clear and distinct difference between the values that each manager in an organisation may hold dear in their own personal capacity and the values of an organisation as a whole, the collective ethical goodness that exists in an organisation is a result of the shared value systems of each individual manager.

This set of collective organisational goodness is a very powerful tool that is of particular benefit to organisations when there are obvious socio-economic challenges that exist in the external environment that they operate in.

Muller & Kolk (2010) suggest that when there are opportunities for organisations to act responsibly in the communities that they operate in, the diverse set of individual managerial values will combine in a way that positively manifests the values of the organisation. The key point to note is that the diversity of individual manager's values towards ethics will be expressed as an organisational set of values that are held in high regard by society.

Chartered Professional Accountants (2014) mention five intrinsic drivers of business performance and go on further to mention that these five drivers are what determines the overall performance and growth prospects for an organisation. These drivers are as follows:

- Culture
- Strategy
- Processes
- Structure
- People

Du, Bhattacharya & Ben (2010) suggest that a well-managed corporate citizenship programme should be carried out in such a manner that the needs and demands of society are incorporated into every aspect of the businesses operations. They go on further to mention that this approach will ensure that corporate citizenship can be implemented in any industry and at any point in time.

2.3.3 Measurements of Performance

Peloza (2009) have emphasised that it is necessary to assess the performance of an organisation at a point that goes beyond financial metrics. To this end the literature is somewhat contradictory, as the findings of a study by Rettab, Brik & Mellahi (2009) reveal that corporate social spending in itself often has a neutral effect on organisational performance. On the other hand Inoue & Lee (2011) state that corporate social spending has a strong positive link to corporate financial performance. It is clear however is that there is a need to assess the performance of a corporation against a multitude of issues that could impact on the current and future success of the business.

It is in this light that the study is assessing the performance of Alpha Bank – Objective numbers one, two and four of the study are directly applicable to this literature. The measures of performance are guided by the responses of the interviewees in the study. Below are some of the

key performance indicators that have been used by scholars to assess the performance of organisations.

2.5.4.1 The Market Value of a Company

Ramaswami, Srivastava & Bhargava (2009) suggest that the market value of a company is a key indicator of the company's performance. They further suggest that the market value of a company is influenced by the level of customer satisfaction of the organisation's customers. Customer satisfaction in turn is influenced by the level of social involvement that the company is engaged with. They also mention that this implies that the better the quality of the interaction is between the organisation and the community, the higher its market value will be, in therefore the organisation is performing proportionately well in relation to the market value.

2.5.4.2 Employee Organisational Commitment

According to Ali, Rehman, Ali, Yousaf & Zia (2010), the performance of an organisation can be measured by understanding which stakeholders are most influenced by the activities of the organisation. Ali *et al.*, (2010) points out that amongst the key stakeholders that can indicate whether the organisation is performing well or not are the employees of the organisation. They suggest that if employees demonstrate commitment to the organisation, it indicates that the organisation itself is performing well. Of particular relevance to this study is the suggestion by Ali *et al.*, (2010) that there is a strong relationship between an organisation's corporate citizenship and the level of organisational commitment from its employees. By extension, the better the quality of an organisation's corporate citizenship programme, the more committed employees are likely to be towards the organisation, which indicates that the organisation is performing well. Khanna & Palepu (2010) point out that many talented workers from rural areas in South Africa tend to seek employment at large, socially responsible corporations in developed cities. These workers are motivated to work for responsible corporations and commit to such organisations in the hope that they can contribute to the social and economic development of South Africa.

2.5.4.3 Organisational Reputation

Lai, Chiu, Yang & Pai (2010) suggest that the performance of an organisation can be measured by assessing the reputation of the organisation in society. As a firm's reputation suffers, so too does its performance. As mentioned above, Lai *et al.*, (2010) strongly advocate the use of corporate citizenship as a tool to enhance the reputation of the organisation. Moreno & Capriotti (2009) support this view and mention that corporate citizenship is a valuable marketing tool that can be used by organisations to enhance their reputation. This implies that the better the quality of an organisation's corporate citizenship is, the better the reputation of the firm is likely to be, and therefore that is an indication of strong organisational performance.

2.5.4.4 Women in Senior Managerial Roles

Davidson & Burke (2012) suggest that organisations that encourage the appointment of women to senior managerial roles are likely to increase performance. The rationale for their position on gender equality at a senior management level is that it will allow for better understanding of customer preferences. Davidson & Burke (2012) further suggest that any organisation that knows and understands their customer preferences is likely to perform better than one that does not have this understanding.

The above discussion illustrates some of the key measures that may be used when measuring the performance of an organisation. It is clear that there are a diverse range of measures that can be used to evaluate the performance of a corporation.

As mentioned above, the approach adopted in this study is to assess the performance of Alpha Bank in a way that the interviewees define what they believe the performance of the organisation to be in light of corporate citizenship.

2.4 Competitive Advantage

Having discussed the issue of performance within organisations, it is important to discuss how good performance can lead to a competitive advantage over their competitors. Harrison, Bosse & Phillips (2010) mention that a competitive advantage is gained when one organisation has strategically defeated their competitors and assumed a dominant role in its industry. This has an implication for objective number four of the study. Orlitzky, Siegel & Waldman (2011) suggest that a corporation can gain a competitive advantage over its competitors by aligning its social investments with its business objectives.

According Polonsky & Jevons (2009), an organisation can leverage off their position in society in order to gain a competitive advantage. This is specifically relevant to organisations that are able to systematically manage and influence their external environments as a result of its corporate social activities. Polonsky & Jevons (2009) also make mention of the fact that in order for an organisation to enjoy a sustained competitive advantage; there must be no equivalent valuable resource available to its competitors. Porter (2011) states that when companies are in pursuit of sustainability, they can gain a competitive advantage, increase their market share, and enhance shareholder value. This is relevant for objective number three and four of the study.

Porter (2011) summarises the relationship between banks and sustainability by stating that sustainable socio-economic development is an essential element for banks to achieve a competitive advantage in the industry. Nidumolu, Pralahad & Rangaswami (2009) supports this view and states that a competitive advantage will be achieved by absorbing sustainability into the operations of an organisation in alignment with its business objectives because sustainability

is an integral part of development. Nidumolu *et al.*, (2009) also suggest that unless sustainable development is the key strategic development of an organisation, they will not be able to create a decisive sustainable advantage.

Having established that is vital for organisations to focus on sustainability, it is important for purposes of this study to discuss how sustainability has been internalised in South Africa's banking industry. In this light, the South African Banking Association has set up a Sustainability Forum that is aimed at ensuring environmental sustainability becomes entrenched in the South African banking economy.

2.5 The South African Banking Industry

The National Treasury (2011), states that the banking industry performs an important function in economic growth. This has primarily been achieved by effectively using technology in its sustainable development efforts. Banking and access to finance is pivotal to sustainable and inclusive development, particularly in poor and vulnerable communities.

According to The South African Financial Sector Forum (2014), competition amongst banks in South Africa is very intense and healthy competition has vast implications for the economy as a whole. It is because of the fact that banks can play a leading role in shaping the economy that South African banks are always looking for new sources to gain competitive advantage. This has a link to objective numbers three and four of the study.

2.5.1 South African Banking: Sustainable Development Initiatives

The National Treasury (2011) goes on further to highlight some of the key projects and initiatives that the South African banking industry has embarked upon in order to facilitate sustainable development. These projects and initiatives are discussed below.

- **Systems of Domestic Money Transfer:** South African banks have developed technology that has been rolled out to many retail stores which enables banking customers to transfer money in the store to other South Africans at another branch of the store, regardless of whether or not the person receiving the money has a bank account. This enables many workers that have left the rural homes to work in urban areas to transfer money to their dependants back home in a fast, cheap and reliable way. Another application of domestic money transfers is the functionality that enables banking customers to issue payment instructions to a beneficiary's cellular mobile device. The beneficiary does not need to have a bank account - he/she would simply need to go to an Automated Teller Machine (ATM) and use the payment instructions that were sent to them on their mobile device and withdraw funds. This innovation is a move towards sustainable development because it is enduring and inclusive in nature.

- **Prepaid Cards:** Banks in South Africa have developed technology that offers all South Africans – bank account holders or not – the opportunity to load money onto value storing cards such as gift cards and shopping vouchers. The application of this technology has resulted in many consumers, both rich and poor, using these cards instead of cash. The prepaid cards are much safer than cash as the risk of the ill effects of crime are mitigated by the fact that lost or stolen cards can be remotely inactivated, thereby preventing criminals from spending the money on the prepaid cards.
- **Virtual Payments and Electronic Cash:** South African Banks have developed a payment mechanism that allows customers to transact on virtual platforms such as an internet website, a mobi-website (mobile website) or a telephone call centre. These payments are effected by the customer using “*Mimoney*”, an electronic form of cash that is accepted by participating retailers. *Mimoney* can even be used to redeem actual cash at participating retail outlets. The effect of virtual payments and electronic cash is that many South Africans are now able to access goods and services online, which they would otherwise not have been able to do. It also creates opportunities for businesses to expand their trading markets and to improve the cash flows with instant online payments.
- **Withdrawal at Point of Sale (POS) Devices:** Banks in South Africa have introduced a feature at retail and other stores that allows customers to withdraw funds from their account at a store that has a POS device in operation. The customer does not need to purchase anything from the store. This enables many South Africans in rural areas to gain access to money in a faster and easier way. These kinds of withdrawals attract lower fees than traditional withdrawals at ATM’s.
- **Cash-Back at POS Devices:** This is an extension of the withdrawal option at stores with a POS device. Cash-back at a POS device simply enables customers to receive a cash-back amount when making purchases with a debit or cheque card on a POS device. This is also a means of inviting more South Africans to gain access to money in a way that is new and exciting.
- **Transaction Notification Services:** Banks have begun offering customers a notification service, alerting them when there is any activity on their account in real time. This service is delivered to customers either by e mail or Short Message Service (SMS) texts. The service empowers rich and poor South Africans to better manage their finances and supports budgeting of personal income and expenditure. The service also helps prevent fraudulent activity from taking place on accounts as customers can contact their bank as soon as they are alerted to transactions that are occurring on their accounts which should not be happening. Banks have developed this service to the point

that certain fraudulent transactions are reversible before the transaction has actually been completed.

- Banks employ the use of advanced analytics to monitor and predict a range or expected average value and regularity of customer transactions, and are able to detect possible fraudulent transactions on an account based on the unusual amount or time at which a transaction takes place.
- **Real-Time Clearing Periods:** For many years, a transaction that originated on an account in one bank that was due to be processed on an account in another bank could only be effected after a clearing period had elapsed. Although clearing periods have not been dispensed with altogether, banks have now enabled functionality that allows for certain inter-bank transactions to be processed in real-time (immediately). This innovation is developmental because it allows for easier trade and payment between businesses that hold transactions at different banks. It also encourages businesses to expand their customer base to customers who they might previously have been reluctant to trade with due to delays in clearing periods.

The above discussion on how banks are contributing to sustainable development in South Africa demonstrates that there is a genuine attempt by the banking industry to go beyond the minimum expectations of society and play a leading role in initiating socio-economic change. The role that banks play in South Africa in respect of socio-economic sustainable development is not restricted to their business processes and products that they offer to customers. Banks can also demonstrate good corporate citizenship by enabling other organisations and corporations to take the lead in sustainable development. This can be achieved by financing projects that are developmental in nature and playing a supporting role in socially defensible initiatives.

2.5.2 The South African Government's Strategy to Borrow Money from Banks for Public Infrastructure Development

According to Brautigam (2010), the South African government are of the opinion that public infrastructure development projects should primarily be funded by means of loans from banks, rather than to impose hefty taxes on citizens. The rationale for this approach is that the burden of finance will fall on multiple generations that will benefit from the infrastructure (since most financed infrastructure projects will take more than one generation to repay). Furthermore, the long term economic outlook for South Africa demands that state and private savings need to be increased in order to neutralise the inflationary effects of high domestic spending. By increasing the tax rate, citizens will have less disposable income and consequently, private savings will become all the more difficult.

Despite the fact that the South African government's default position is to finance public infrastructure through loans, there is evidence of the public having to service public infrastructure development. The South African National Roads Agency (SANRAL) (2014) provides a good illustration of this point with the imposition of *e-tolls* on citizens in the province of Gauteng in order to finance public road infrastructure. *E-tolls* are a mechanism that has been introduced by SANRAL in order to charge motorists for the use of certain sections of motor freeways that have been upgraded in recent years. There has been a public outcry in response to the tolls, with the Opposition to Urban Tolling Alliance (OUTA) (2014) stating that there have been exceptionally low levels of compliance with regards to motorists paying their e-toll bills.

2.5.3 South African Banks Financing Public Infrastructure Development

Calitz & Fourie (2010) state that South African banks fund numerous public infrastructure development projects across a diverse range of focus areas such as water and sanitation, electricity generation, roads infrastructure, housing and education. These loans are often very large in value and consequently, banks structure such financial deals at preferential lending rates. According to Calitz & Fourie (2010), banks do not restrict their contributions to the development of South Africa by merely lending money to the government at preferential interest rates. They mention the example of the Development Bank of Southern Africa (DBSA) having also supported infrastructure development by supporting the human capital responsible for planning and delivery of projects in the City of Cape Town. Furthermore, the DBSA also offered technical and empowerment support to BEE certified sub-contractors that were appointed to that project.

Calitz & Fourie (2010) suggest that public infrastructure development projects in South Africa are often financed by means of collaboration between development and commercial banks. They mention the example of the *Gautrain* Rapid Rail Link (*Gautrain*) that has been operating in Gauteng in order to demonstrate the collaboration between development and commercial banks. The *Gautrain* is a high speed train system that has been financed by a partnership between public and private sector investment. The DBSA, as well as two of South Africa's largest commercial banks had combined their resources in order to fund a significant portion of the project. According to Calitz and Fourie (2010), Alpha Bank was one of the commercial banks that were involved in financing the project.

According to Calitz & Fourie (2010), South African banks are involved in the financing of water and sanitation projects in South Africa. The banks are known to be funding projects to build dams and pump stations, as well as water purification plants and reservoirs in rural areas. Calitz & Fourie (2010) further mention that a trend that is emerging is that commercial banks

are beginning to finance public infrastructure at a municipal government level, which is has traditionally been an uncommon phenomenon.

Another illustration of the South African banking industry's involvement in public infrastructure can be seen in the energy sector. Future Growth Asset Management (FGAM) (2013) mentions the example of the supply of energy and states that it is vital for the growth of the economy. They predict that by 2030, the energy supply needs to increase by over 40 000MW. This power will be generated in large part through renewable energy sources such as wind and solar power. The government will not be able to afford the high cost of infrastructure development associated with the growth of energy demand. One of the suggested ways of overcoming this challenge is for the government to enter into public-private partnerships (PPP's) with private sector organisations and corporations.

FGAM (2013) goes on further to state that multiple South African banks have already played a significant role in funding energy infrastructure development projects and have committed to do so in the future as well. Banks have indicated that they will collectively fund projects if and when such a need may arise. This suggests that the principles of corporate citizenship are being implemented in the banking industry because the banks are funding sustainable projects.

2.5.4 Corporate Citizenship: Overview of Four Large Commercial Banks in South Africa

Having discussed the role that the South African banking industry's plays in corporate citizenship and sustainability, the discussion now outlines some of the strategies and examples of corporate citizenship and sustainability of four of the large commercial banks in South Africa. This provides further context regarding the nature and extent to which banks in South Africa have committed to corporate citizenship.

2.5.4.1 First National Bank (FNB)

According to First National Bank (FNB) (2014), it is the oldest bank in South Africa - being able to track its history back to 1838. The bank has changed its ownership structure and name on a number of occasions, and now trades as a division of FirstRand Bank Limited.

FNB Sustainability (2014) reflects that the bank focuses on being a responsible corporate citizen and also strives to maintain a positive impact on its stakeholders. They further report that their vision is to create a better world and have integrated the principles of sustainability into their business plans. FNB Social Responsibility (2014) mentions the following key areas of social responsibility for the bank:

- **FNB Anti-Crime Initiative** – This is an FNB initiative that sees images of the faces of criminals that have targeted FNB branches being displayed on television screens in

branches as well as other media sources. The bank hopes that staff or customers will be able to recognise the criminals' faces, and provide information that could lead to their arrest. The initiative offers rewards of up to R100 000 to anyone that assists with information that leads to the arrest of such criminals.

- **The FNB Fund** – This fund is aimed at developing education, early childhood development, hospice as well as community-care based programmes in South Africa.
- **The FNB Volunteer Programme** – This programme encourages staff of FNB to donate their time and money to causes of their choice that are aimed at developing their communities. Initiatives that FNB staff has been involved in span across education, community farming and healthcare awareness.

2.5.4.2 Nedbank

According to Nedbank Sustainability (2014), the bank can trace its history back to 1831, even though it had changed its name and ownership structure on many occasions since then. The bank states that it has been trying to build a sustainable world for a long time, and further states that it integrates social, cultural, economic and environmental issues into its work in order to build that sustainable world. This is against the backdrop of growing food, energy and water shortages on the African continent and beyond. Nedbank Sustainability (2014) mentions that amongst the projects that are focused on sustainability, the bank is renowned for the following two initiatives:

- **Green Affinity** - Nedbank Green Affinity (2014) states that any of their *Green Affinity* customers gives permission to the bank to donate money into the Nedbank Green Trust at no cost to the customer. The Nedbank Green Trust is set up in order to protect the biodiversity of Southern Africa as well as to negate the ill effects of unsustainable development. By 2014, over R115 million has been contributed to the Trust and over 180 conservation projects have benefitted from the funds.
- **Nedbank Capital Sustainable Business Awards** – These awards recognise and promote the contributions made by businesses towards the sustainable development of South Africa and the rest of the continent. The awards categories are as follows:
 - Resources – This includes the Oil, Gas and Mining industries
 - Infrastructure – Including the Construction, Telecommunications and Energy industries
 - Diversified Industrials – Including the Agriculture, Healthcare and Pharmaceutical industries
 - Retail, Food and Leisure

2.5.4.3 ABSA Bank Limited (ABSA)

According to ABSA (2014), the bank is a wholly-owned subsidiary of the Barclays Africa Group and primarily offers financial services in South Africa and Namibia. The bank's values include respect, integrity, service, excellence and stewardship. ABSA Citizenship (2014) states that the bank seeks to facilitate greater inclusive prosperity for the current as well as future generations. They also state that citizenship is one of the ways that the bank lives its values as well as purpose of helping people achieve their ambitions. ABSA Citizenship (2014) mentions that in 2015, the bank plans on focusing on the following corporate citizenship areas:

- **The Way of Doing Business** – ABSA plans to ensure it makes decisions with due regard for the long term and short terms needs of stakeholders.
- **Contribution to Growth** – The products and services that ABSA delivers to customers will assist South Africans progress in a manner that is sustainable.
- **Supporting Communities** – ABSA plans to focus on skills development that will lead to disadvantaged youths fulfilling their potential.

2.5.4.4 Alpha Bank

Alpha Bank is a fictitious name given to one of the four big banks in South Africa, in order to maintain confidentiality of the bank. Alpha Bank was founded in 1862 and is amongst the oldest companies to have been registered in South Africa. Over 48 000 people are employed by Alpha Bank, the vast majority of whom are employed in South Africa. The bank has operations in 20 African countries, as well as other emerging market nations across the globe. Alpha Bank (2014) states that it is committed to society by making contributions to the socio-economic development of the communities that it operates in, in a manner that is consistent with the nature and size of its operations. The bank also mentions that it offers products and financial services in a responsible manner that is aligned to the needs of society, its customers, staff, shareholders, the environment as well as future generations.

Alpha Bank has dedicated an entire website to showcasing sustainability initiatives and boasts a number of successful projects in its internal and external environments that will lead to increased value in the lives of the South African public (Alpha Bank customers as well as non-customers). A number of corporate citizenship initiatives are mentioned on their sustainable development website. Below is a summary of the key corporate citizenship initiatives that Alpha Bank has recently concluded:

- In March 2013, Alpha Bank concluded a deal with the National Department of Energy to finance additional renewable energy capacity in South Africa to the value of R20

billion. This is in addition to the bank's prior financing of 960MW of renewable energy projects in the country.

- The bank also mentions that they are financing numerous renewable energy deals in other African countries in order to reduce their reliance on diesel powered generators.
- Alpha Bank has been strengthening its efforts to reduce the direct effects of its operational footprint on the environment. To this end, the bank has been awarded a five-star Green Star SA rating from the Green Building Council of South Africa (GBCSA) for the way in which its new offices in Rosebank, Johannesburg has been built. GBCSA (2014) state that a five-star Green Star SA rating is the highest rating awarded to buildings rated at a national level, with six-star ratings only being awarded for buildings that are superior in design to buildings at a global level.
- In 2013, Alpha Bank was ranked as the 12th greenest bank in the world by Bloomberg Markets Magazine, and received an award for the most sustainable bank in the Africa and Middle East region in 2013.
- Alpha Bank regards socio-economic transformation as a key element of its operations. In this regard, the bank introduced a suite of transactional, savings and lending products that are aimed specifically at the low income sector of the economy in 2012. These products can be originated using a mobile device at any place in South Africa where a mobile internet connection is available, including rural areas. This initiative has resulted in many South Africans being able to access financial services, which would otherwise not have been able to do so. By introducing this suite of products, the bank has been awarded the BAI - Finacle Global Banking Award in the category for innovation with societal and community impact in 2013.
- Market Wired (2014) states that this global award recognises the designing of financial products that ensure access to physical locations to disabled customers as well as providing financial services and education to underserved communities.

The Head of Sustainability Management at Alpha Bank has issued a statement on the bank's sustainability website in 2013 that demonstrates its commitment to corporate citizenship and sustainability. The statement is an emphatic signal of intent to grow its reporting capability on issues of sustainability and concludes with the following quote, and it is in this light that the impact of corporate citizenship on Alpha Bank's performance is assessed:

“Our sustainability report remains an important document internally among our employees and executives to communicate our diverse sustainability efforts. It is essential to our approach of embedding sustainability thinking in the organisation and plays a significant part in demonstrating to our external stakeholders the group's efforts to be a responsible corporate

citizen. More importantly, it is a reflection of our diverse and innovative teams, each contributing in their own unique area of activity.”

This is a clear indication of Alpha Bank’s stance towards sustainability, corporate citizenship and development. It is against the backdrop of the bank’s positive approach towards corporate citizenship that the study is being conducted.

2.6 Conclusion

This chapter has discussed corporate citizenship and the context in which the term was developed. Scholars such as O’Brien *et al.*, (2009), suggest that corporate citizenship is broadly concerned with the relationship between citizens and the agencies and organisations with which they interact. The discussion also focuses on the definitions of corporate citizenship and how the issue of sustainability is related to corporate citizenship.

The drivers of corporate citizenship add to the discussion by highlighting the factors that motivate organisations to engage in corporate citizenship. The literature illustrates that a number of internal and external factors combine to guide corporations towards corporate citizenship and sustainability. The chapter also assesses the various perspectives on corporate citizenship at a global, regional, and national level. Crane & Matten (2010) suggest that in South Africa, the principles of corporate citizenship are largely perceived by many as being aligned to regional and global standards.

The corporate citizenship regulatory framework in South Africa is discussed and highlights the regulations that corporations are expected to comply with. The NDP is the South African government’s plan to expand socio-economic development in the country. Despite criticism the plan has vast implications for corporate citizenship. Alpha Bank Sustainability (2014) has stated that the Bank is planning its corporate citizenship in alignment with the NDP.

The issue of performance in organisations is also addressed, and the literature suggests that there are numerous ways of assessing organisational performance. Muller & Kolk (2010) suggest that the impact of corporate citizenship on the performance of an organisation should be assessed in light of its ability to employ talented individuals, enhance its reputation, increase its potential for new business, as well as any other performance measure that could result in a competitive advantage. Scholars such as Mishra & Suar (2010) state that performance should be measured against all issues that could impact on the current and future success of an organisation.

The South African banking industry’s role in corporate citizenship as well as the search for a competitive advantage amongst banks is included in this chapter. Examples of sustainability initiatives in the industry are discussed. Internal initiatives amongst banks that are aimed at

socio-economic development are explored, along with instances of external support by banks for developmental projects. The emergence of banks financing public infrastructure development projects in South Africa highlights the role it plays in assisting the government in meeting its objectives. The next chapter discusses the methods and procedures of this study.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter focuses on Alpha Bank's corporate citizenship initiatives and how this has impacted on its performance. This involved interviewing senior Executive staff members at Alpha Bank, in order to gain a deeper understanding of their perceptions regarding the bank's corporate citizenship and how this has impacted on the organisation's performance. The qualitative approach that was adopted for this study is in the context of suggestions made by scholars such as Embi & Payne (2009) as well as Marshall & Rossman (2010), that qualitative research methods are a valuable tool in investigating issues that are related to the perceptions of leaders in an organisation.

This chapter outlines the various research methodology types that are accepted in academics (qualitative, quantitative and mixed methods), with a detailed discussion on why qualitative research has specifically been selected for this study. This chapter also addresses the issues of the validity and reliability of the study and what measures are taken in order to ensure that this study is indeed valid and reliable.

The population of the study and the sample selected for this study is discussed. The discussion focuses on the key challenges and dynamics that were encountered in approaching interviewees with a view to being part of the study. The chapter also discusses the ethical issues related to the research problem, research questions as well as data collection and analysis.

3.2 Research Design

Creswell (2009) states that the research design of a research process consists of the plans and procedures that are defined and influenced by the decisions that are made by the researcher throughout the course of the study. These decisions could range from broad statements and assumptions to meticulous tools used to collect and conduct data analysis exercises. There are three main research designs that are at the disposal of researchers – qualitative research, quantitative research and mixed methods research. As mentioned above, the research design selected for this study is qualitative research methodology.

In order for these decisions to be presented in a logical and understandable manner, Maxwell (2012) argues that a study must adhere to the principles of a specific research design. This research design would be informed by the worldview that the researcher contributes towards the study, the strategy of inquiry (the research methodology) that underpins the study, as well as the specific method of collecting, analyzing and interpreting the data.

Below is a discussion on the worldviews that are acceptable in academics, together with the various strategies of inquiry that are available to researchers. This is followed by an overview of the research methods that enable researchers to collect, analyze and interpret data. The discussion also explains the relationship between this study and the selected research design, worldview and research methods.

3.3 Research Methodologies

According to Alvesson & Kaj (2009), the three research design methodologies are not necessarily as discrete and distinct as many people may believe them to be. Creswell (2013) further mentions that qualitative and quantitative methodology research should not be regarded as polar opposites or as dichotomies. Qualitative studies tend to be regarded as research that is framed in terms of words, whilst quantitative research is framed in terms of numbers.

In the case of qualitative research, open-ended interviews are a typical feature of the research and closed-ended questions that are tested against quantitative hypotheses is a hallmark of quantitative studies. Mixed methods research incorporates features of qualitative and quantitative methodologies.

3.3.1 Qualitative Research

According to Long-Sutecall, Sque & Addington-Hall (2010), this type of research design lends itself towards the exploration and understanding the meaning and value that groups or individuals to the social or human phenomenon that is under investigation. Data is typically collected in the participant's setting and is analysed in an inductive manner. Inductive thought would be applied to specifics as well as overall themes that may emerge from the data that has been collected. This data is then interpreted and could be presented in a format that is flexible, so as to ensure that the complexity of each qualitative research study is reflected in the manner that the research is presented, as opposed to being hampered or hindered in any way because of a rigid and strictly applied adherence to a specific format.

3.3.2 Quantitative Research

Maxwell (2012) states that quantitative research methodology is a research design type that is used to test objective theories by understanding the relationship that exists amongst variables. Such variables are then measured, usually on instruments, in order for numbered data to be analysed in accordance with statistical procedures.

Creswell (2013) also says that quantitative research studies are presented in a standard structure with the following chapter outline:

- Introduction

- Literature and Theory
- Methods
- Results
- Discussion

Quantitative researchers are usually concerned with protection against bias and seek to make generalizations and replicate their findings.

3.3.3 Mixed Methods Research

Punch (2013) states that mixed methods research is a combination of both qualitative as well as quantitative research forms. Mixed methods research involves philosophical assumptions whilst using qualitative and quantitative approaches in a mixed manner during a study. This kind of research design entails going beyond the mere collection and analysis of the two types of data, but instead implies the use of the two types of data in parallel with one another. Creswell (2013) argues that this strengthens the overall quality of a study and is greater than either qualitative or quantitative research.

3.3.4 Rationale for Selecting a Qualitative Methodology for this Study

This study is an assessment of the impact that corporate citizenship has on Alpha Bank. A qualitative research designed is being used. The reason for this research design being used is because there is a need to explore and gain meaningful insights into the nature of the impact that the corporate citizenship phenomenon has on the organisation. Open-ended questions allows for follow up questions to be asked based on the responses from participants in the data gathering process. Had a quantitative research design been used, closed ended questions would not enable a deep understanding of how corporate citizenship has impacted on the organisation.

Alpha Bank employs thousands of people with varied levels of skills and experience. The bank also has multiple campuses across vast geographical locations. Many of these staff members are customer facing and might not be exposed to information that places them in a position to comment on the bank's corporate citizenship, or the performance of the bank. If a qualitative approach was adopted for this study, closed ended questions to a wide range of people who are not best placed to answer the questions would have led to incomplete or inaccurate information being provided. Later in the chapter, the issue of sampling is addressed in further detail.

The need for inductive analysis of the data is another reason for using a qualitative research design for this study. There could be very unique or specific factors that influence the relationship between corporate citizenship and Alpha Bank's performance. Furthermore, there could be very strong themes that underlie the performance of the bank in relation to corporate

citizenship. A qualitative research design allows for the flexibility to probe and explore both avenues, in order to accurately research the topic of discussion.

3.4 Philosophical Worldviews

Bagozzi (2011) has stated that research is usually underpinned by a philosophy that the researcher identifies with and it is this philosophy that plays an important role in which research design is selected for a study. This philosophical element of research is referred to as a worldview – a set of beliefs that guide action. Furthermore, Bagozzi (2011) mentions that other scholars describe the philosophical element of research as research beliefs, paradigms, epistemologies and ontologies. Creswell (2013) outlines four worldviews that researchers tend to adopt and how these worldviews influence the decision behind a qualitative, quantitative or mixed methods research design. These worldviews are illustrated in Table 3-1 below.

3.4.1 The Post-Positivist Worldview

According to Punch (2013), the post-positivist worldview assumes that research should be conducted in a manner that supports experimental understanding of a research phenomenon. The researcher should test a theory and such a theory will either be supported by the data collected in the researcher, or it will be refuted. Post-positivist researchers usually tend to select a quantitative research design because the development of numeric measures of observations and the study of individual behaviour is of the utmost importance to a post-positivist researcher. Creswell (2013) mentioned the following key elements of the post-positivist worldview:

- Post-positivists believe that there is a strong element of conjecture to all knowledge and it is impossible to find absolute truth. This is due to the fact that research is imperfect and is not infallible.
- Research is concerned with making one or more claims and refining or dispensing with those claims in favour of other claims that carry more weight. The majority of quantitative research begins by testing a theory.
- Data and evidence, along with rational considerations are what shapes knowledge.
- The objective of research is to develop accurate and relevant statements that explain or describe the causal nature of the subject matter that is being researched.
- The objectivity of the researcher is essential. The issues of bias, validity and reliability of a study must be adequately addressed.

3.4.2 The Social Constructivist Worldview

This study is aligned to the principles of the social constructivist worldview. According to Alvesson & Kaj (2009), the social constructivist worldview is a paradigm that influences many

qualitative researchers. Nassar-McMillan and Niles (2010) mentions that social constructivism is relevant to researchers that are concerned with the particularity (integrity) of a unique case. According to Petersen and Gencel (2013), social constructivists pursue meaning in their lives and in their work. This worldview assumes that each individual attaches subjective meaning to the observations of the world. These meanings are often diverse, which affords a researcher the opportunity to find complexity in the views of participants in a study.

Social constructivists believe that one of the primary objectives of research is to rely on participants to communicate their perceptions of the situation that is being studied. Social constructivists believe that subjective meaning is formed through interaction and dialogue with participants – hence the term social constructivism. Nassar-McMillan and Niles (2010) suggests that social constructivism involves the researcher gaining a deep and enhanced understanding of the subjective knowledge of participants. Questions that are posed to participants are usually broad and general, so as to allow the participants to interpret the questions in a manner that allows them to construct meaning of a situation. This meaning is typically explored by means of discussions or interactions with the participants. These subjective meanings are explored in the context of social as well as historical dynamics.

According to Denzin and Lincoln (2009), the interpretation of the meaning that is conveyed during data collection is influenced by the researcher's own background and view of the world. Researchers attempt to understand and demystify the meaning that other people hold regarding their view of the world. Researchers do not usually begin their research with a theory, but rather inductively generate or develop patterns of meaning from the experiences of others.

Creswell (2013) endorses the work of Crotty (1998), who mentions the following key assumptions of social constructivism:

- Human beings create meanings as they interact with the world. Qualitative researchers invite participants to share those meanings through the use of open-ended questions.
- Participants share their perceptions of what they experience in the world in the context of their social and historical perspectives. Thereafter, researchers interpret those perceptions in a way that is influenced by their own experience and view of the world.
- Socialising and interacting with human communities is the primary source of generating meaning. Qualitative research is usually inductive.

3.4.3 The Advocacy and Participatory Worldview

Israel, Coombe, Cheezum, Schulz, McGranaghan, Lichtenstein, Reyes, Clement & Burris (2010) mentions that this worldview is used by qualitative and quantitative researchers to

protect, include and advocate the rights of marginalized individuals in research studies. This is because of an assumption held by researchers that subscribes to the advocacy and participatory worldview that the current structural laws and theories of research do not include marginalized people in society as well as issues of social injustice. The advocacy and participatory worldview holds that research should be integrated with political issues. In doing so, research becomes a platform for the liberation of marginalized people – Hence the term ‘advocacy worldview’.

Krosnick & Presser (2009) also says that researchers encourage and invite participants to a study to get involved in the designing of questions, collection of data and the analysis of information. This inclusion in the substance of the research is the participatory element of the advocacy and participatory worldview. Examples of participatory research can be found in issues such as feminism and gender equality, racialism and disability awareness. Creswell (2013) promotes the work of Kemmis and Wilkinson (1998), who mentions the following key elements of the advocacy and participatory worldview:

- Research is a key driver of change. At the end of an advocacy and participatory worldview research study, the researcher usually institutes change by developing an action agenda for change.
- Research is aimed at liberating individuals or groups that are constrained by the particular set of circumstance that they may find themselves in. Advocacy and participatory studies usually begin by stating a problem or set of problems that an individual or group needs to be freed from. The research is seen as an instrument to empower such people.
- Research is used to emancipate people that are victims of unfair and unjust structures that limit self-determination. Research is usually politicised in order to stimulate debate around such issues and to effect change.
- There is a strong element of collaboration in research. Participants are usually involved in the research, as opposed to being restricted to merely being the subject of research.

3.4.4 The Pragmatic Worldview

Di Maio (2011) states that the pragmatic worldview places emphasis on actions, situations and consequences when conducting research. Pragmatist worldview also places much emphasis on problem-solving and work towards solutions to problems. They tend to be less concerned with the methods used to solve problems or to conduct research but appear to be more concerned with the research problem itself. All tools available to understand the research problem are explored, which is why researchers that adopt the pragmatic worldview tend to favour a mixed

methods approach to conducting research. Nassar-McMillan and Niles (2010) mentions the following key elements of the pragmatic worldview:

- Pragmatism does not commit to a particular philosophy or reality. Pragmatic researchers use principles of qualitative and quantitative methods, as and when the need becomes apparent.
- Researchers have the freedom of choice. Individual researchers may use any technique or method that best suits their needs or purpose.
- Researchers gather information from various sources in a multitude of ways.
- Pragmatism is founded on the notion that truth is dynamic and is only relevant at a point in time. Therefore, pragmatists tend to adopt mixed methods as an approach when doing research, as it allows for a better understanding of the research problem.

Table 3- 1: Four Worldviews

Postpositivism	Constructivism
<ul style="list-style-type: none"> - Empirical observation and measurement - Theory verification 	<ul style="list-style-type: none"> - Understanding - Multiple participant meanings - Social and historical construction - Theory generation
Advocacy/Participatory	Pragmatism
<ul style="list-style-type: none"> - Political - Empowerment –issue-oriented - Collaborative - Change-oriented 	<ul style="list-style-type: none"> - Consequences of actions - Problem-centered - Pluralistic - Real-world practice oriented

Source: Adapted from Creswell (2009)

3.5 Strategies of Inquiry

According to Creswell (2009), a strategy of inquiry is a term used to describe a component of a research design that is concerned with data collection. Denzin and Lincoln (2011) refer to a strategy of inquiry as a research methodology. Below is an outline of the various strategies of

inquiry that are applicable to each of the three research designs. A discussion on the strategy of inquiry for this subject is also included.

3.5.1 Strategies of Inquiry for Qualitative Research

As mentioned above, the post-positivist worldview underpins qualitative research. Therefore, the strategies of inquiry for quantitative research are based on experiments involving multiple variables. Creswell (2009) mentions the following two strategies of inquiry that are commonly used in quantitative research:

- **Survey Research** – This is a means of gathering data by means of questionnaires and/or structured interviews in a sample and making generalisations that extend to the population of a study. Quantitative techniques are used to describe trends and attitudes of a population.
- **Experimental Research** – This method of gathering data typically involves two groups being observed by the researcher. One group is subjected to certain changes in conditions whilst the other group remains unchanged. The researcher would then observe the outcome of the changed group and compare it to the unchanged group.

3.6 Research Methods

According to Hartas (2010), research methods relates to the method of collecting, analyzing and interpreting data for a study. The techniques or methods of achieving this objective are characterized by the open-ended or closed-ended nature of the questions that the researcher asks the participants and the extent to which the method is pre-determined or not. The research method is also influenced by the use of numeric or non-numeric data analysis techniques.

As mentioned above, this is a qualitative study that involves interviews with open-ended questions. Creswell (2009) states that qualitative research is characterised by the following data collection types:

- **Observations** – The researcher may choose to fully immerse themselves into the sample of the study and observe a set of behaviours within a group without revealing that they are gathering data. The researcher may also choose to announce to the group that data is being gathered. Observations have the advantage of affording the researcher the opportunity to live the experiences of the participants and record the relevant information as it occurs. The limitation of observations include the fact that the researcher may be seen by the participants as an intruder and that some researchers are not skilled at observing subtle dynamics at play that are relevant to the study.
- **Interviews** – Data can be collected by means of face-to-face interviews, telephonic interviews, and focus groups with multiple participants, or interviews conducted via e-

mail. The benefit of conducting interviews is that the researcher can ask questions to participants that reveal meaningful insights into the research problem. Participants are also able to contextualize information in light of historical and other relevant issues. Data that is collected during interviews may however get diluted to an extent because of the fact that participants often filter information through their own views. Interviewees also may not be equally eloquent or articulate when responding to questions in an interview. Data for this study is being collected by means of face-to-face interviews in order to understand the perceptions and meaning that leaders of Alpha Bank attach to the impact that corporate citizenship has had on the organisation.

- **Documents** – Data can be gathered from various documents that are in the public domain, including newspaper articles and company annual reports. Data can also be collected from private documents such as journals and letters. The advantage of collecting data from documents is that documents are often easily accessible and usually reflects the accurate information at a given point in time. This form of data gathering can be limiting in that certain documents might not be accessible, depending on the nature of the research. Certain documents might not be accurate or authentic, which could weaken the strength of the research being conducted. Another shortcoming of data collected from documents is that the relevant data might be contained in an unknown place within a large document, which would mean that the researcher may need to commit much time and effort to locate the relevant data. Data has been collected from Alpha Bank's Annual Report as well as its Sustainability Report.
- **Audio-Visual Materials** – Data can also be collected from photographs, video recordings, audio recordings, as well as computer software. The benefit in collecting data in this manner is that it is unobtrusive and affords participants the opportunity to share their views on the audio-visual material. Data collected from audio-visual material may not always be easily accessible due to privacy constraints. It may also be difficult to interpret.

Creswell (2009) summarises the research methodologies for the various research designs in Table 3-2 below.

Table 3- 2: Quantitative, Mixed and Qualitative Methods

Quantitative Methods	Mixed Methods	Qualitative Methods
<ul style="list-style-type: none"> - Pre-determined - Instrument based questions - Performance data, attitude data, observational data, and census data - Statistical analysis - Statistical interpretation 	<ul style="list-style-type: none"> - Both pre-determined and emerging methods - Both open-ended and closed-ended questions - Multiple forms of data drawing on all possibilities - Statistical and text analysis - Across databases interpretation 	<ul style="list-style-type: none"> - Emerging methods - Open-ended questions - Interview data, observation data, document data, and audio-visual data - Text and image analysis - Themes, patterns interpretation -

Source: Creswell (2009)

The discussion on the approaches to research designs, worldviews, strategies and methods are best described and summarised by Creswell (2009) in the Table 3-3 below.

TABLE 3-3: Quantitative, Qualitative and Mixed Methods Approaches

Tend to or typically...	Qualitative Methods Approaches	Quantitative Methods Approaches	Mixed Methods Approaches
- Use these philosophical assumptions	- Constructivist/advocacy/participatory knowledge claims	- Postpositivist knowledge claims	- Pragmatic knowledge claims
- Employ these strategies of inquiry	- Phenomenology, grounded theory, ethnography, case study, and narrative	- Survey and experiments	- Sequential, concurrent and transformative
- Employ these methods	- Open-ended questions, emerging approaches, text or image data	- Close-ended questions, predetermined approaches, numeric data	- Both open-ended and close-ended questions, both emerging and predetermined approaches, and both qualitative and quantitative data and analysis
- Use these practices of research as the researcher	<ul style="list-style-type: none"> - Positions him or herself - Collects participant meanings - Focuses on a single concept or phenomenon - Brings personal values into the study - Studies the context or setting of participants - Validates the accuracy of findings - Makes interpretations of the data - Creates an agenda for change or reform - Collaborates with participants 	<ul style="list-style-type: none"> - Tests or verifies theories or explanations - Identifies variables to study - Relates variables in questions or hypotheses - Use standards of validity and reliability - Observes and measures information numerically - Uses unbiased approaches - Employs statistical procedures 	<ul style="list-style-type: none"> - Collects both quantitative and qualitative data - Develops a rationale for mixing - Integrates the data at different stages of inquiry - Presents visual pictures of the procedures in the study - Employs the practices of both qualitative and quantitative research

Source: Creswell (2009)

3.7 Validity

The measures in place to ensure that this study is valid are informed by the suggestions made by Creswell (2009). He states that the credibility and trustworthiness of a study is dependent on how accurate the findings are from the point of view of the researcher, the participants, or the readers of a study. Creswell (2009) describes multiple strategies that are open to researchers that assist in ensuring that a study is valid. Some of these strategies are commonly used, whilst others are only used on occasion by researchers. Below is an outline of all the available validity strategies, along with a discussion on the specific strategies that are employed in this study.

- Researchers examine information that is gathered from more than one source. Should consistent themes emerge from multiple data sources, such consistency adds to the validity of the study.
- Once themes have been identified in the data, the researcher would ask participants to comment on the accuracy and completeness of the themes that have emerged. This may be done by means of a follow-up interview with participants. By giving the participants the opportunity to comment on the themes that the researcher has identified, the validity of the study is strengthened because the participants can easily correct any inaccuracies in the analysis of the data.
- The researcher may use rich and thick description that reflects the findings of a study. The researcher characterises the results by using descriptive words in order to highlight key perspectives surrounding a particular theme that emerges from the data that has been collected. This is said to strengthen the validity of the study.
- The researcher would reflect and comment on the potential bias that they may contribute to the study. Readers of a study are likely to appreciate the fact that the researcher speaks frankly and openly about the effect that their own personal circumstances has on their interpretation of data. Consequently, the validity of the study would be strengthened.
- The researcher may also strengthen the validity of the study by presenting any information that emerged from the data that does not support the dominant themes that have been identified. By presenting contradictory evidence, the readers are likely to acknowledge the study as having an element of realism and hence the study will be seen to be more valid.

The Validity of This Study

Data for this study was gathered from leaders across multiple business units in Alpha Bank. Many of these leaders also have experience and context from previous positions occupied in the organisation. This diversity strengthens the validity of the study as it broadens the number of sources of data from within the bank. Data has also been sourced from Alpha Bank's Annual Report and Sustainability Report. This further strengthens the validity of the study because the data gathered in these reports can be understood in light of the data gathered during interviews.

3.8 Reliability

Denzin & Lincoln (2009) states that the reliability of social constructivist studies is best illustrated by means of the researcher following a systematic process in conducting the research. A systematic process ensures that there is an element of dependability to the study. Furthermore, Edwards & Holt (2010) suggests that the researcher should triangulate the research by having due regard for multiple perspectives that may impact on the quality of the qualitative research as opposed to triangulation across methods and data sources in quantitative research..

The reliability of the study is also strengthened by the researcher reflecting on the role that his or her own circumstances play in shaping the research process. As mentioned above, Creswell (2009) believes that the researcher's reflection on the impact that his or her own personal circumstances and view of the world strengthens the validity of the study. This apparent contradiction between the work of Denzin and Lincoln (2009) & Creswell (2009) is not necessarily significant, as Denzin & Lincoln (2009) points out that validity and reliability of a study essentially combines to contribute towards the same thing – the overall quality of a study.

According to Guion, Diehl & McDonald (2011), researchers can strengthen the reliability of a study by being mindful not to make any obvious discrepancies between the interview notes made by the researcher.

Denzin & Lincoln (2011) mentions that the reliability of social constructivist study should be measured in light of the following key elements:

- The extent to which a researcher understands the meaning of participants.
- The extent to which the meaning of participants has been developed and analysed by the researcher. In order for this meaning to be developed, it is essential that a strong understanding of the context and culture exists between the researcher and the participants. A good rapport between the researcher and participants is of great value.

3.9 Population

Yin (2014) mentions that the population of a study should be defined by the people who are knowledgeable on the subject matter that is being researched. They further mention that these people would be able to provide the richest and most relevant information that would address the research problem.

As mentioned above, Alpha Bank employs thousands of employees in various locations and in a wide range of roles. The issues relating to performance of the organisation would be best understood by engaging with senior staff members that manage the bank at an aggregated level. These senior staff members are ultimately accountable to shareholders and stakeholders for the performance of the organisation. It would therefore stand to reason that executive management staff is best placed to comment on the performance of the Bank.

Corporate citizenship is driven and influenced to a large degree by the amount of money that is available to spend on corporate citizenship initiatives. Executive staff has ultimate decision making authority in matters relating to the finances of an organisation. Executive staff would have an aggregated view of the organisation's corporate citizenship and how it may or may not have been incorporated into the operations of the organisation. In this light it would be appropriate to define the population of the study as the executive management of the organisation. Therefore, the population of this study was the executive staff members of Alpha Bank. The Human Resources department of Alpha Bank has confirmed that in 2014 125 executive staff members were employed at the organisation. The population of this study consisted of the 125 executive staff members that are employed at Alpha Bank. It was fully expected that many would not be able to respond due to being on leave and, or away on business.

3.10 Sample

Mason (2010) states that the sample size of a qualitative study is dependent on numerous factors that is unique to each study. The guiding principles for selecting a sample size in a qualitative study are that the sample size should be large enough to address the research problem and that the study should be flexible enough to increase or decrease the sample size depending on when new themes stop emerging from the data. Francis, Johnston, Robertson, Glidewell, Entwistle, Eccles & Grimshaw (2010) state that the sample size of a qualitative study depends on how the researcher relates the purpose of the study to the number of people required to address the research problem.

Sample Selection

The sample of this study consisted of 16 of the executive management staff at Alpha Bank. The initial target was to interview 17 executive management staff members at Alpha Bank, but one of the 17 people that had agreed to participate in the study had numerous scheduling conflicts and postponed the interview several times before eventually cancelling the interview that had been scheduled with him. The actual number of interviews that were conducted totalled 16. During the process of scheduling interviews, most participants had confirmed a date and time at which the interview would be conducted. Most participants had accommodated the request for an interview on or around the scheduled date (rescheduled dates were not longer than a week after the date that was initially confirmed). On occasion, other participants had requested postponements of the interviews that were weeks or even months after the initial scheduled interview date. As Ritchie, Lewis, Nicholls & Ormston (2013) explain, when selecting a sample for a qualitative study, the researcher could employ one of the following sample strategies:

- **Convenience Sampling** – This is an easy technique that saves time and money when selecting a sample. Essentially the researcher would include the most easily accessible subjects in the sample of the study.
- **Purposeful Sampling** – This technique allows the researcher to use his or her own judgment and discretion by actively selecting the most productive or relevant subjects as part of the sample. This is specifically useful when the researcher has an understanding of the potential contribution that the subjects in the population could make. Creswell (2009) supports this view by stating that the sample could be selected purposefully with due regard for the place that the research will take place, the actors that could ultimately become participants, and the knowledgeable contribution that they could make to the study.
- **Theoretical Sampling** – This technique is useful to researchers that are intent on building a theory and would need to include subjects from the population that might be able to assist in driving the theory forward. This is an iterative process that qualitative researchers need to go through in order to comprehend whether or not the sample that is selected contributes to theory being developed or not.

Ritchie *et al.*, (2013) explains that there are potentially many points at which the above strategies or techniques could intersect. There is no perfect way of sampling; however these strategies do assist the researcher in framing the research in a way that is relevant to the research problem. In this study, a combination of convenience sampling as well as purposeful sampling strategies is being used to select the sample.

Due to the fact that many executive management staff members are often out of the office on business trips, it was not always easy to secure time in their schedules to conduct interviews. Despite this challenge, a healthy rapport was developed with a number of the executive management staff at Alpha Bank and therefore, an element of convenience sampling was used. This rapport assisted greatly in securing a confirmed date and time at which interviews could be conducted because these executives were prepared to be more accommodating with regards to requests for interviews.

Furthermore, purposeful sampling is used in the sample selection of this study as there are a number of executives employed by Alpha Bank that occupy roles that are specifically relevant to the corporate citizenship initiatives of the organisation, as well as various measures of performance of the organisation. The contributions made by these individuals that were purposefully selected have been significant in the overall context of the study.

3.11 Ethical Considerations

Creswell (2009) states that issues relating to ethics may arise at any point in the research process and that it is the responsibility of the researcher to anticipate what those issues might be and to put measures in place to address these ethical considerations. Furthermore, the researcher should be able to adapt to any unforeseen ethical issues that may arise during the research process. Creswell (2009) mentions that the major ethical issues that researchers encounter usually arise in the following areas:

- **The Research Problem** – Ethical considerations in the research problem are often rooted in the fact that parties other than the researcher stand to benefit from the research being conducted.
- The study must hold value for the people that are participating in the study. In this study, the executives that are employed by Alpha Bank will be able to make informed decisions about corporate citizenship and understand how this impacts on the performance of the organisation.
- **Research Questions** – It is important for researchers to ensure that no deception occurs in conveying to participants what the purpose and research questions of the study are. Alpha Bank has had sight of the approved research proposal of this study and has granted permission for the research to take place at the organisation on the strength of the proposal. Duly authorized staff at Alpha Bank has signed a *gatekeeper's* letter granting permission for the research to be conducted at the organisation.
- **Data Collection** – The data collection should not place the organisation or participants at any risk. When research is being conducted on vulnerable persons, the researcher should take steps to protect the rights and interests of these persons. The data for this

study is being collected by means of interviews and Alpha Bank company reports. The same questions were asked to all the participants and the duration of each interview was fairly similar. Where appropriate, these questions were supplemented with further questions based on responses from participants. Each interviewee that is part of the data collection process has signed an *informed consent letter* that records their willingness to voluntarily participate in the research, as well as the protection of their rights in the study. The identity of the bank as well as participants that are part of the interview process is being protected at all times throughout the research process. No vulnerable persons are involved in this study.

- **Data Analysis and Interpretation** – It is necessary to ensure that the data gets analysed and interpreted correctly. The issue of the validity of the study has been addressed above. Furthermore, the once the data has been analysed, it will be securely stored by the University.
- **Writing and Disseminating the research** – The findings of research of a study should not be presented in such a manner that it is slanted towards meeting the objectives of the researcher or any other party. Furthermore, the research should not be used in a manner that is going to unduly advantage another group that is not directly or indirectly involved in the research.

3.12 Interview Schedule Construction

The data for this study is primarily being collected by means of interviews with executive staff members of Alpha Bank. The same open-ended questions were asked to all the participants and the duration of each interview was fairly similar. Where appropriate, these questions were supplemented with further questions based on responses from participants. Turner (2010) states that there are three types of open-ended interviews that qualitative researchers may employ:

- **The informational conversational interview** – These interviews are completely unstructured and the nature of the questions arises from the context of the conversation.
- **The interview guide** – These interviews are semi-structured and the interviewer outlines the topics and questions in advance. The interviewer is at liberty to probe and ask further questions.
- **The standardized open-ended interview** – In these interviews, the exact wording, structure and sequence are predetermined and presented to each interview in a consistent manner. The interviewer would use standard probes as follow-up questions. Standardised open-ended interviews were used in this study. The nature of the questions asked during interviews was geared towards understanding the perceptions of participants in respect of the experiences and observations.

The responses that were received from participants were summarised and respondents were asked to reflect on the accuracy of the themes that have been identified in the data. This is a measure to improve the overall quality in respect of reliability and validity of the study.

3.13 Research and Data Collection Challenges

One of the key challenges in this study was obtaining a gatekeeper's letter from Alpha Bank. Another major challenge that was encountered in this study was the availability of interviewees to participate in the interview process. Due to the fact that the participants are in executive roles at Alpha Bank, their schedules are not easily accessible. Even once a date and time has been secured in many of the interviewees' diaries, the interview would often be rescheduled. These rescheduled interviews were often postponed even further. The effect of this is that the data could not be analysed in accordance with the anticipated timeline.

On more than one occasion, a participant requested that the interview be halted in order to attend to a work-related emergency. This disrupted the flow of information and did not facilitate as deep and probing conversation as initially envisaged. The follow-up interviews that were aimed at completing the portion of the initial interviews were weeks and even months apart. This resulted in fragmented interviews and the need to reposition the context of the study as well as the interview process at the time of the follow-up interview. The interviewee would then appear to be answer in a hastily fashion in order to get the interview over and done with so that he or she could attend to other seemingly more pressing matters.

3.14 Company Reports and Other Information: Alpha Bank

As mentioned above, data for this study is gathered from multiple sources. This is to strengthen the reliability of the study. Data has been sourced from Alpha Bank's general website and its website that is dedicated specifically to sustainability. Data was also gathered from Alpha Bank's Annual Report as well as the organisation's Sustainability Report. Alpha Bank has also conducted an employee wellness/satisfaction survey, and data has been collected from that survey for purposes of this study.

3.15 Summary

This chapter addresses the various research methodology types that are academically acceptable. The discussion also focuses on the fit between the research methodology and the kind of research that is being conducted. The data gathering instruments and techniques that are applicable to various types of research are also explored in this chapter. The work of Creswell (2009) provides insight into the form and construction of a good research study.

An overview and analysis of qualitative, quantitative, and mixed methodology research is provided in this chapter. The key features, along with the benefits and risks of each

methodology are highlighted. The rationale and motivation for having selected a qualitative methodology is discussed in this chapter. The issues of validity and reliability in the study are addressed as well as measures that were put in place in order to ensure that this study is reliable and valid. Creswell (2009) suggests that by the researcher employing multiple strategies of data gathering and analysis, the validity of a qualitative study is strengthened.

According to Rithie *et al.*, (2013), reliability in a qualitative study is ensured by the extent to which a researcher is able to grasp the meaning that participants attach to their view of the world. Furthermore, reliability in a qualitative study is also addressed by ensuring that the meaning of participants are developed and analysed in light of contextual and cultural dynamics between the researcher and the participants.

The population and sample of this study is highlighted and an explanation with regards to the size and relevance of the population is included. Issues relating to ethics are examined, with a particular focus on the risk of bias in the study are discussed. Measures that are in place to mitigate the risk of bias include inviting the comment and opinion of a seasoned qualitative researcher on the study, as well as maintaining strict confidentiality of Alpha Bank. By ensuring anonymity of the organisation, it removes any perceived incentive for interviewees to answer questions in a manner that is unethical or biased.

The chapter also includes the interview schedule construction, as well as research and data collection problems that are encountered in the study. The company reports and other information gathered from Alpha Bank are also mentioned.

CHAPTER FOUR: PRESENTATION OF RESEARCH FINDINGS

4.1 Introduction

In this chapter the findings and analysis of the data that was gathered during interviews with executive management of Alpha Bank, are presented. A discussion on the key themes and patterns that have emerged from the interviews is included in this chapter. The findings and analysis are presented in relation to each of the objectives of the study in this chapter. Chapter Five contains a discussion of the findings in relation to the literature.

In addition to the dominant themes and patterns that emerged from interviews, this chapter also highlights the opposing views of participants to questions that were asked during interviews. In certain instances the alternate or opposing views have formed themes and patterns and these are also presented as part of this chapter.

The findings and analysis of this study are also presented in relation to the interview questions that were asked during interview questions. There were 15 key questions that were asked during interviews that linked directly to the objectives of this study. The same questions were asked to each participant. Depending on the nature of the responses from participants, follow-up questions which were unplanned were asked in order to gain a full understanding of the context within which the respondents were communicating their views. The list of questions that were presented to participants during the interview process is marked as “Appendix I”. The views of respondents to each question also combine to form themes and patterns which are valuable in understanding the meaning that participants attach to the impact that corporate citizenship has on the performance of Alpha Bank. The interpretation of the data provides key insight into the perceptions of interviewees on corporate citizenship and its impact on Alpha Bank’s performance.

4.2 Objective One

To investigate the relationship between the level of corporate citizenship performed by alpha bank and its performance. The study also probed the various factors in the organisation that drive this relationship.

The first three questions that were asked of respondents during interviews were aimed at addressing Objective One of the study. These questions have been restated below together with an analysis regarding the responses to these questions.

4.2.1 Interview Question One - Do you think that the Bank's past corporate citizenship initiatives have had an impact on the performance of the organisation? If so, has it had a positive or negative relationship?

4.2.2 Interview Question Two - Do you think that the Bank's current corporate citizenship initiatives are having an impact on the performance of the organisation? If so, is it a positive or negative relationship?

The first two questions related to Alpha Bank's past and present corporate citizenship initiatives and how these may have impacted on the performance of the organisation. The interviewees have indicated that there were no differences between Alpha Bank's past and present corporate citizenship initiatives in relation to the performance of the organisation. It is for this reason that these two questions are jointly discussed. The responses from interviewees to these two questions form the following two categories:

- There is a **positive** relationship between Alpha Bank's corporate citizenship initiatives and the performance of the organisation.
- There is a **neutral** relationship between the corporate citizenship initiatives that Alpha Bank engages in and its performance.

The interviewees that responded by stating that corporate citizenship has impacted positively on Alpha Bank's performance cited various reasons that support their stance. Three key themes had emerged during interviews that indicate how the performance of the organisation has been positively impacted, and a number of sub-themes were mentioned by participants. Table 4-1 illustrates the categories of answers from interviewees as well as the dominant themes that emerged in each category.

Table 4- 1: Positive and Neutral Relationship between Corporate Citizenship and Alpha Bank's Performance – Dominant/Key Themes

	<u>Categories of answers to Interview Questions 1 and 3</u>	
	Positive relationship between corporate citizenship and Alpha Bank's performance	Reasons why there is a neutral relationship between corporate citizenship and Alpha Bank's performance
Dominant/key theme	<p>Corporate Citizenship Initiative: Providing financial services to poor and rural communities.</p> <p>Positive Impact:</p> <ul style="list-style-type: none"> - Brand management - Increased customers 	<ul style="list-style-type: none"> - Corporate citizenship is not high enough on the agenda of the organisation
	<p>Corporate Citizenship Initiative: Funding government and businesses in the green economy</p> <p>Positive Impact:</p> <ul style="list-style-type: none"> - Increased financial performance - Better relationship with government - Gained new knowledge and capabilities 	<ul style="list-style-type: none"> - The culture of corporate citizenship has not permeated to all levels of the bank
	<p>Corporate Citizenship Initiative: Funding education and training</p> <p>Positive Impact:</p> <ul style="list-style-type: none"> - Indirect new business - Better relationship with government - Gained new knowledge and capabilities 	<ul style="list-style-type: none"> - The benefits of corporate citizenship may only be seen in generations to come – perhaps it is futile to try and measure the impact of corporate citizenship on performance

Below is a discussion on the corporate citizenship initiatives that lead to the positive impact on the three key performance areas, followed by a discussion on the sub-themes that emerged from interviews.

4.2.1.1 Positive Impact: Key Themes Emerging From Interview Questions One and Two

- a) Alpha Bank offers a suite of products to South African citizens that form part of the informal sector of the economy. These products include transactional, savings as well as lending offerings to citizens who have traditionally not had access to financial services. Accounts in this suite can be originated using a mobile device at any place in the country where a data network signal can be found. This is seen as a key corporate citizenship initiative by many interviewees because it is developmental in nature and is bringing formal banking services to people in very rural areas of South Africa. Most interviewees cited these developmental products as having had a positive impact on the bank in respect of the organisation's brand as well as new business opportunities.
- b) The second key theme that emerged from interviews relates to the organisation's strategy to provide financial services to businesses and the government for projects in the green economy. In this instance the interviewees have indicated that the green economy refers to issues such as climate change, renewable energies, and the implementation of projects that support environmental sustainability. Alpha Bank finances numerous infrastructure deals within the green economy in South Africa as well as other African countries. Respondents were clear that the bank's involvement in such projects were key corporate citizenship initiatives as the bank is enabling socio-economic development and sustainability. This has resulted in a positive financial performance. Participants also remarked that Alpha Bank has seen an increase in its performance with regards to the relationship it has with government and state-owned enterprises. The bank also increased performance as a learning organisation because exposure to multi-billion rand deals allows staff to internalise many lessons and increases the intellectual capital of the organisation. This has impacted positively on the bank's performance as it has increased the ability to build knowledge and capabilities. This is also set to continue to positively impact on performance over the medium to longer term.
- c) The third important theme to have emerged from interviews involves the bank's drive towards improving the quality of education in the country. Alpha Bank is looking to work closely with the government in order to identify opportunities for the bank to assist in uplifting the standard of education. Externally, the bank is involved with funding public education programmes as well as developing the skills of educators and learners. Internally, the bank also offers a bursary scheme to staff members, in addition

to various learning programmes and training initiatives. The interviewees stated that these education-driven corporate citizenship initiatives have had a positive impact on the performance of the bank. This is because the bank is part of the South African economy and hence, the more educated the population is, the more money they are likely to earn, and the more money the bank stands to make as a result of such an increase in income. By educating people, the bank seeks to build loyalty amongst existing customers, whilst attracting new customers at the same time because non-customers would be attracted to a bank that could assist in educating their children. Participants believe that the bank has already started to see an increase in performance in this regard but will continue to see improving performance in the longer term because of the external education funding approach. The participants have stated that the bank has seen a marked increase in the number of customers and revenue.

4.2.1.2 Positive Impact: Sub-Themes Emerging From Interview Questions One and Two

The participants that were interviewed in this study revealed a number of sub-themes that indicate a positive relationship between Alpha Bank's performance and their corporate citizenship initiatives. These sub-themes refer to the points that were made by some respondents but were not dominant themes or sentiments that were shared by many participants. However, the sub-themes certainly revealed deep insights into the impact that corporate citizenship has on the performance of Alpha Bank, and are included in the discussion. Table 4-2 summarises the sub-themes that surfaced from responses to these questions.

Table 4- 2: Positive Relationship Between Corporate Citizenship And Alpha Bank's Performance – Sub-Themes

Positive relationship between corporate citizenship and Alpha Bank's performance	
Sub-theme	Positive impact on Alpha Bank's performance
The bank encourages staff to bring personal values to work	This leads to a collaborative culture and supports Alpha Bank's drive to be a value-based organisation
Compliance with regulations and legislation	This leads to positive compliance scores like BEE ratings and subsequently, more business
Alpha Bank's history and contribution to socio-economic development in South Africa	This has enabled Alpha Bank to foster healthy relations with the South African public

During interviews, some participants mentioned that the overall corporate citizenship of Alpha Bank has had a positive impact on the culture of the organisation. This is because the organisation is a value-based company and encourages staff members to bring their own personal values to work. This creates a culture that allows staff to nurture social or economic causes that are dear to them by leveraging off the resources of Alpha Bank. Another sub-theme that developed during interviews relates to the bank's compliance with legislation and industry regulations. Participants were of the opinion that by constantly keeping abreast with changes to regulations and legislation – which is a key element of corporate citizenship – the bank has seen a positive impact on its performance as far as compliance measures are concerned. The bank has also seen an improvement in performance with regards to increased BEE ratings, which leads to increased business.

The next sub-theme that participants communicated during interviews relates to the bank's history and the contribution that it has made to the socio-economic development of South Africa. A few participants were of the opinion that because Alpha Bank has been in existence for over 150 years, the bank has been a trusted partner to individuals and corporations alike in respect of their life plans that involves money. Alpha Bank invests large sums of money in promoting and supporting the visual as well as the performing arts industry. Participants viewed this as a means of preserving South African culture and as a symbol of the organisation's role in building South Africa for over a century. This is seen by participants as the bank being a good corporate citizen and the impact on the bank's performance has been positive as it has fostered a relationship of trust with the South African public.

4.2.1.3 Neutral Impact: Key Themes Emerging From Interview Questions One and Two

The next category of answers that had emerged during interviews was that corporate citizenship had not had any significantly positive or negative impact on the performance of Alpha Bank. There was a strong sense amongst a number of participants that corporate citizenship was not high enough on the agenda of Alpha Bank for it to have a significant impact on the performance of the organisation. A follow-up question was asked to participants that held this view: What needs to change in the organisation before corporate citizenship could impact on the performance of the organisation? The overwhelming response to this question was that corporate citizenship needs to be further embedded in the fabric and culture of the organisation. Everything that the bank does should be guided towards sustainability and corporate citizenship. Once the organisation achieves this, there will be a significantly positive impact on performance.

There were participants who felt that corporate citizenship had a neutral impact on the bank's performance but that this impact should not be measured to begin with. This is because the very term "citizen" implies that you will behave in a manner that is geared towards good without ever being able to live, feel or experience tangible benefits as a result. Corporate citizenship today may only impact on the performance of the organisation in a generation from now – at which point the organisation may or may not be in existence. This uncertainty should not deter the bank from corporate citizenship, but should rather lead to smarter decisions regarding the measurement of its impact on performance.

4.2.3 Interview Question Three - What Do You Think The Benefits Are For The Bank In Engaging In Corporate Citizenship?

This interview question was also asked as part of the data gathering for Objective One of the study. Participants had alluded to the benefits that have accrued to Alpha Bank as a result of its corporate citizenship in other questions. However below is a discussion on the responses that were received from participants regarding the specific benefits that Alpha Bank has enjoyed because of corporate citizenship. There was an instance where a participant held the view that corporate citizenship did not benefit the bank, and the reason for this position will also be discussed.

Table 4- 3: The Benefits That Alpha Bank Enjoys Because of Corporate Citizenship

Internal Benefits	External Benefits
<ul style="list-style-type: none"> ○ New customers or business ○ Enhanced or improved organisational culture ○ Business Unit Heads have been empowered because of corporate citizenship ○ The organisation delivers on the expectation of shareholders ○ The organisation has increased its knowledge and networking skills 	<ul style="list-style-type: none"> ○ Enhanced brand ○ Increased compliance and BEE scores ○ By creating jobs through partnerships with business banking customers, indirectly Alpha Bank increases the bankable population – potentially new business ○ Goodwill amongst South Africans ○ Financial growth in African territories

4.2.2.1 Internal benefits

These are the benefits that accrue to the bank that directly impacts on the bank's processes, knowledge and capabilities. There were five key benefits that appeared to be common amongst most participants. Interviewees felt that corporate citizenship has resulted in the bank having attracted vast numbers of new customers and business to the bank. The increase in new business was evident in most of the bank's important target-market segments viz. the low income segment of the population, the middle income earners, businesses and public sector clients. In the low income segment, the bank has invested many resources in order to offer banking services in rural areas and urban townships. Customers in this segment are now able to originate accounts without having to enter a branch and can begin to transact immediately.

Furthermore, Alpha Bank has partnered with thousands of informal businesses in urban and rural areas in order to allow customers to purchase goods without the use of a card. Customers merely enter a code into the merchant's device and the transaction is processed in real-time. This has introduced safety and convenience to a previously unbanked section of the economy. Participants were keen to point out that Alpha Bank has increased the number of customers in the low income segment by over 1 million in the last two years.

Alpha Bank has also benefited from its strategy to provide finances to businesses and public sector agencies that are focused on socio-economic sustainability. In the last two years the bank

secured a variety of new business deals in this regard, which is proving to be extremely profitable for the organisation.

A larger number of participants believed that the culture of the organisation has benefitted because of corporate citizenship. When asked to expand on this point, the common message was that staff and stakeholders appear to go about interacting with one another in a manner that is reflective of the values of the organisation. Respect for each other and respect for the consequences of every decision defines the culture within the organisation. Whilst participants acknowledged that this culture could not necessarily be attributed solely to corporate citizenship, it certainly has played a key role in developing this culture. This culture is driven by the leadership of the organisation.

Business unit heads of Alpha Bank have been empowered to make decisions because of corporate citizenship. This was a view that was expressed by a few participants but they were at pains to highlight the benefits of empowering leaders at this level of the organisation. Interviewees were then asked to explain the details of the relationship between corporate citizenship and the empowerment of business unit heads and how this benefits the organisation. The response to this was that corporate citizenship has been used as the vehicle to offer new and innovative products and services to customers because they are developmental and sustainable in nature. In the past, the bank was shackled by a conservative approach to the financial services that they offer to the bank. This empowerment of business unit heads has benefited the organisation because it has led to more business and also contributes towards a collaborative culture within the organisation.

Another key theme that emerged from the interviews was that the bank has benefited from the organisation's ability to deliver on the expectation of shareholders. The primary expectation from shareholders is to gain economic profit. The banking industry in South Africa is extremely competitive and there is constant pressure to find new ways of making profits in such an environment. With the corporate citizenship investments that have been made in an effort to gain new customers (and subsequently more revenue and profit), the shareholders have understood that there is vast potential to invest more money on such initiatives. Essentially the interviewees stated that shareholders would have demanded that all corporate citizenship investments be halted if it were not to the benefit of the organisation. By impressing the shareholders in this way, more money would be dedicated to expand corporate citizenship programmes.

The final key internal benefit that participants have highlighted is that the amount of knowledge that has been internalised into the organisation because of corporate citizenship has proven to be very valuable. The skills and competencies that have been gained from financing renewable

energies and sustainable development projects have been used to sell financial products to customers. Participants felt that should staff members not have been involved in such initiatives, the bank would not have seen an increase in business. Participants also stated that the bank has benefitted from staff engaging and networking with important people in other industries as part of corporate citizenship projects. This wider network may lead to more business in time to come.

4.2.2.2 External benefits

These benefits relate to the organisation's increased value in relation to external stakeholders as well as influential forces in the market. Interviewees believe that many external benefits result in internal benefits or are as a result of internal benefits. The important external benefits relate to the enhancement of the organisation's brand in the market, the bank's compliance with regulations as well as legislation and how that has led to improved BEE scores or ratings. The bank has also been involved in creating job opportunities by financing business banking customers. This indirectly increases the bankable population in the country and results in increased businesses. Alpha Bank often incentivises business banking customers to encourage their staff to bank with Alpha Bank.

Another key external benefit that Alpha Bank has seen because of corporate citizenship is the contribution it makes to democracy within South Africa. Participants believe that Alpha Bank's long history as a proudly South African organisation throughout Apartheid and into a democratic society is a symbol of the nation's history. The organisation's ability to adapt to extreme changes in government regimes indicates that there is a willingness to support any democratic decision that is made by the citizens of South Africa. This results in the organisation being viewed as a citizen of the country – a citizen that is committed to a cause that goes beyond financial gain. This benefits the bank as it entrenches the organisation into the fabric of society and creates goodwill amongst the broader population.

A number of participants have said that Alpha Bank is seen as a trusted partner in supporting various initiatives that are developmental in nature. This creates a sense of goodwill in the minds of many people in South Africa, which benefits the bank's brand and potentially helps to secure new businesses. Alpha Bank is a leading provider of financial services in many African countries. With the high potential for economic growth on the African continent, many foreign companies are keen to expand their trading activities in African countries. By Alpha Bank playing such a key role in these African territories, the bank is well positioned to support foreign companies in establishing operations in Africa. This benefits the bank's brand as well as its financial performance.

One participant held the view corporate citizenship had not benefitted the organisation. The simple reason for this is because the bank is an organisation that is primarily driven by profitable gains and not by a selfless approach to developing society. When this participant was asked why the bank should not primarily be driven by profits, his response was that the pursuit of a developed and sustainable society will eventually lead to economic profit.

The findings relating to Objective One of the study are consistent with the literature discussed in Chapter Two. Scholars such as Mishra & Suar (2010) believe that corporate citizenship has a positive impact on the performance of an organisation which supports the major findings relating to Objective One of the study.

4.3 Objective Two

To investigate whether Alpha Bank's corporate citizenship initiatives have had a positive or negative impact on the performance of the organisation. This has been measured by investigating how respondents anticipate the organisation's corporate citizenship initiatives may evolve, in light of past initiatives.

Interview questions 4 through 12 (inclusive) focused on corporate citizenship and how it has impacted on specific measures of performance and how respondents anticipate how this impact might influence the nature of future corporate citizenship initiatives that the bank may engage in. Questions 4, 5 and 6 addressed the impact that corporate citizenship has on the bank's relations with employees. This includes existing staff as well as the recruitment of staff from the external workplace market. Questions 7 through 10 discussed other performance measures such as the bank's ability to gain new business, enhance its brand, as well as to benefit from tax concessions as a result of corporate citizenship. Questions 11 and 12 required respondents to speak about their anticipation regarding the future of corporate citizenship at Alpha Bank, specifically looking at increases or decreases to the number of initiatives and the amount spent on corporate citizenship.

4.3.1 Interview Question Four - Do You Think That the Bank's Existing Staffs Are More Motivated As A Result Of the Organisation's Corporate Citizenship Initiatives?

4.3.1.1 Staff Appear to Be More Motivated

The dominant response amongst interviewees to this question was that staff is more motivated because of Alpha Bank's corporate citizenship. A number of participants referred to there being a "feel-good factor" that resonates throughout the organisation in celebration of the work done in terms of sustainability and social development. The level of enthusiasm amongst staff to get involved in such projects is a telling sign that they are motivated to support the bank in its efforts to be a good corporate citizen.

Participants also reflected on the culture of the organisation, which is underlined by collaboration and due regard for high values. This is a result of staff having internalised the values of the organisation, whilst at the same time remaining true to their own personal values. A number of interviewees stated that there is a “soul” amongst staff in the way they go about doing their work. This is a direct result of staff recognising that they work for a company that is not only interested in profits, but rather strives to be a valuable asset to the nation. Most participants referred to the sentiments of one of Alpha Bank’s Chief Executive Officers (CEO) who constantly talks about developing South Africa by uplifting the condition of each customer – one transaction at a time. These participants believe that staff has to committed to the ideal of collective development through individual interaction.

4.3.1.2 Corporate Citizenship Is a Hygiene Factor for Staff

Another key theme that surfaced during interviews was that corporate citizenship does not necessarily motivate staff at Alpha Bank, but the absence of corporate citizenship initiatives would result in staff being demotivated – this is what participants have referred to as a hygiene factor. Participants that responded in this manner were then asked how corporate citizenship could be used in future to motivate staff. There were two general response types to this question. Some participants believed that it should only be an aspiration to motivate staff in this way and this aspiration will never be reached. The second response type was that social media should be used to get staff to feel more involved in the bank’s projects. By feeling more involved, staff members are likely to feel motivated to work for the bank.

4.3.1.3 Corporate Citizenship Does Not Motivate Staff

A minority of interviewees are of the opinion that corporate citizenship does not motivate staff at all. The general sense amongst these participants is that the bank is not doing a good enough job at marketing their corporate citizenship projects to staff. There is an opportunity for the organisation to leverage off the good work that they do if they “bragged and celebrated” the successful implementation of socio-economic and sustainable projects. These participants also cited the culture and history of the organisation as being conservative in nature. This does not lend towards a celebration of philanthropic successes. If this culture were to change, it might lead to corporate citizenship being a motivator for staff.

4.3.2 Interview Question Five - Are The Bank’s Existing Staffs More Productive Because Of the Corporate Citizenship Initiatives That the Bank Is Involved In?

The key theme that emerged from responses to this question was that it is impossible to accurately measure whether or not productivity has increased amongst staff because of corporate citizenship. Many respondents were of the opinion that this is an aspiration for the bank but at the moment it is nothing more than a hygiene factor. When respondents were asked

how this aspiration might be reached, the response was that the bank should do a better job of celebrating and marketing its philanthropy to its staff.

However some participants remarked that there is anecdotal evidence from their senior and middle management structures that suggests a link between productivity and corporate citizenship. Specific examples of learning programmes that are run by Alpha Bank were mentioned that illustrates the link between corporate citizenship and productivity. The learning programmes are part of a broader corporate citizenship initiative and the learners have graduated from there and have since been hired by the bank in key positions. These learners have grown into their roles and have demonstrated increased productivity relative to other staff members because they are grateful for the opportunity to develop their careers.

4.3.3 Interview Question Six - Has The Bank Been Able To Attract Talented Individuals In The Job Market As A Result Of Corporate Citizenship Initiatives? (Individuals That Would Otherwise not have Shown an Interest in Working at the Bank)

There were two categories of responses to this question – most participants believe that the bank has attracted talented individuals to the organisation whilst some participants said that they were unsure if this is happening or not.

4.3.3.1 Alpha Bank Attracts Talented Employees Because Of Corporate Citizenship

The vast majority of interviewees have seen evidence of talented individuals being recruited to the organisation because of the bank's external reputation as a good corporate citizen. Numerous participants reflected on job interviews that they were involved in where potential staff remarked about the attractiveness of the organisation because of the bank's corporate citizenship.

One of the interviewees made reference to a former employee at one of Alpha Bank's competitors that left the organisation because of the organisations involvement in projects that entailed removal of many trees. This former employee applied for a job at Alpha Bank because he felt that Alpha Bank was a better corporate citizen and more socially conscious than its competitors. There was also a dominant sense amongst participants that this trend of talented individuals wanting to work for socially conscious organisations will become more relevant in time to come. Interviewees stated that Alpha Bank's graduate recruitment programmes are designed to recruit the very best talent in South Africa, including many rural areas of the country. These interviewees reflected on how many rural graduate recruits are attracted to the organisation because of its role in providing financial services to rural communities.

4.3.3.2 Participants Do Not Know If Alpha Bank Attracts Talented Employees Because Of Corporate Citizenship

The second category of answers to this question revealed that some participants do not know if the bank has attracted talented individuals to the organisation due to its corporate citizenship. They remarked that this is probably happening in more developed countries across the globe. When these interviewees were asked if this is likely to happen in future, they responded by stating that it will probably begin to happen but only in senior roles within large organisations such as Alpha Bank. The key message from these respondents was that the historical and economic dynamics in the South African labour market forces many people to accept any offer of employment, rather than affording unemployed people the opportunity to be selective regarding who they work for and why.

4.3.4 Interview Question Seven - In Your View, Has The Bank Gained More Business Or Customers as a Result Of Corporate Citizenship Initiatives?

Two categories of responses to this question were received from participants. The dominant category of responses was that Alpha Bank had gained more business and customers as a result of corporate citizenship. A minority of interviewees responded by saying that corporate citizenship is a hygiene factor and has not directly resulted in the bank gaining new business and customers.

4.3.4.1 Alpha Bank Has Gained More Business and Customers Due To Corporate Citizenship

The dominant theme that participants have mentioned are highlighted in three market segments that Alpha Bank has seen an increase in business or the number of customers because of its corporate citizenship. These areas have been summarised in Table 4-4 below.

Table 4- 4: Increased Business for Alpha Bank Due to Corporate Citizenship

Market Segment	How corporate citizenship leads to increased business for Alpha Bank
Corporate and Business Banking	<ul style="list-style-type: none"> - Alpha Bank enables economic growth by funding small and medium enterprises at attractive rates - Alpha Bank funds projects in the green economy that attracts new business from various corporations
Personal Banking	<ul style="list-style-type: none"> - Banking the unbanked: providing financial services to rural communities using technology - Alpha Bank's reputation as a good corporate citizen creates goodwill amongst individual citizens e.g. by funding non-customer's children's education, the parents are likely to open Alpha Bank accounts and so are those children
Public Sector Banking	<ul style="list-style-type: none"> - BEE points as a result of various corporate citizenship initiatives lead to more business from the government - Alpha Bank's history as a key player in socio-economic development in South Africa positions the bank as a preferred and trusted financial services partner

The segments of the market that are referenced in Table 4-4 are the key areas that participants feel have demonstrated an increase in business or customers as a result of Alpha Bank's role in society as a good corporate citizen. In the area of Business Banking, Alpha Bank strives to grow the economy of South Africa by providing attractive financial solutions to small and medium sized enterprises. Interviewees have pointed towards the fact that many of these businesses are involved in various infrastructural and social developments, which is an indirect from of corporate citizenship.

Interviewees stated that the bank's gains in business from a personal markets perspective are a direct result of Alpha Bank's products and services that are being enabled via mobile origination through the use of technology. These products have been discussed above, with the focus on

banking the unbanked population in South Africa and the bank's contribution to economic development of rural communities.

Public sector banking involves gaining business from government as well as state owned agencies. The large majority of participants were of the opinion that Alpha Bank has been recognised as a good corporate citizen by government and this is reflected in the BEE ratings of the organisation. These BEE ratings in turn lead to an increase in the amount of business that Alpha Bank does in the public sector. Participants have pointed to the numerous public transport and infrastructure projects as well as education initiatives that Alpha Bank has financed in order to support the notion that there has been an increase in the amount of business that Alpha Bank conducts with public sector agencies.

4.3.4.2 Corporate Citizenship Is a Hygiene Factor for Alpha Bank to Gain New Business and Customers

A minority of interviewees held the view that corporate citizenship is nothing more than a hygiene factor in the bank's pursuit for new business. In essence if they believe that if the bank behaves in an irresponsible manner, the bank will not gain new customers. By behaving in a manner that is consistent with that of a responsible citizen alone will not lead to an increase in business. They believe that any gains in new business or new customers should be attributed to some other variables besides corporate citizenship. When questioned on what those other variables might be, the responses were around the price that the bank charges for banking services as well as the customer experience that the organisation offers to customers. These participants believed that the banking industry is far too competitive and that price and customer experience are the key differentiators when any type of customer selects a financial services provider.

4.3.5 Interview Question Eight - Has The Bank Been Able to Retain Customers as a Result Of Corporate Citizenship Initiatives That The Bank Is Involved In? (Customers That Would Otherwise Have Stopped Doing Business with the Bank)

The key theme amongst participants regarding the retention of customers was that corporate citizenship plays a role in this regard but it is certainly not the only contributing factor in retaining customers. The customers that are most likely to be influenced to stay with Alpha Bank solely because of its corporate citizenship are high net worth individuals that are not very sensitive to the price of financial services. Most participants stated that the level of service that is offered to customers is fundamental to the retention of customers. Customer experience entails more than merely servicing a customer's needs, but it is about the emotional impact that the bank has on its customers.

Participants believe that by appealing to the emotional needs of customers when interacting with customers, the likelihood of retaining customers increases significantly. One participant stated that part of being a good corporate citizen entails offering a superior customer experience. Furthermore, participants reflected on the historical public perception that Alpha Bank is very conservative and not very well known for its propensity to innovate. Alpha Bank has made significant strides in redressing this perception by introducing products and services that operate on state of the art technology. Some participants stated that this move towards embracing innovation may play a role in retaining customers.

As in the case of attracting new business, the opposing view amongst participants regarding the retention of customers was that corporate citizenship is a hygiene factor. The bank is likely to lose customers if it were not a good corporate citizen. The opposing view was not very common amongst participants, with only a small minority of interviewees stating that many things needs to change before corporate citizenship would actually significantly contribute to customer retention. When these respondents were asked what needs to change before this would happen, the following two responses were received:

- Corporate citizenship will contribute to customer retention if the strategy of the bank were to change even further in favour of sustainability
- Alpha Bank will retain customers if its customer loyalty and rewards programme were to be directly linked to sustainable development initiatives. This would entail the bank making a financial contribution to a sustainable development programme of the customer's choice at the point of each transaction made by the customer

In essence the participants that believe that corporate citizenship is a hygiene factor when it comes to retaining customers stated that the bank could be doing much more in its efforts to link sustainability to retention of customers.

4.3.6 Interview Question Nine - Has The Image of the Bank as a Brand Been Enhanced or Improved as a Result Of the Bank's Corporate Citizenships?

The overwhelming majority of interviewees believe that Alpha Bank's brand has been positively impacted due to its corporate citizenship. In support of this notion, the bank's offering of financial services to rural communities as well as underdeveloped urban communities features very strongly during interviews. The innovative use of technology in the low income segment has played a significant role in strengthening the brand of the bank, which is evidenced by the increase of revenue in this segment.

Participants also made reference to the innovations that impact on other personal and business banking customers that have largely removed the need to transact through the use of a card.

These innovations have reduced security risks for customers and have been welcomed by customers that have begun using these services. This has led to increased loyalty to the Alpha Bank brand.

Alpha Bank's role in the green economy and its drive towards efficient use of resources such as energy, water and space has been reported on in the media. Participants believe that this free form of advertising has resulted in the bank's brand being enhanced. Interviewees placed much emphasis on the fact that Alpha Bank is working towards operating as a paperless organisation and constantly reinforces the need to be "socially relevant". This social relevance is also being communicated in the media as well as through the bank's various social media platforms. This has significantly increased the value of the bank's brand.

The next key point that was mentioned by interviewees was that the bank's brand has been significantly enhanced at an international level. Evidence of this point is borne out by the fact that many international banks rely on the skills and experience of Alpha Bank staff to help close out large deals in African countries. Many of these deals form part of projects that are developmental and sustainable in nature. Alpha Bank has been directly involved in such projects without the assistance of other banks, so the fact that large international banks request assistance from Alpha Bank in respect of its intellectual capital on issues related to corporate citizenship suggests that the brand is held in very high regard internationally. Furthermore, participants raised the point that one of the bank's CEO's was invited to participate in discussions regarding development and sustainability in 2014 with President Barack Obama at the White House in the United States of America. Had Alpha Bank's brand as a good corporate citizen not been held in high regard at an international level, the CEO would not have been invited to participate in such discussions.

At the same time, a dominant thread amongst participants was that the bank could be doing much more to "sell" its corporate citizenship – this refers to the fact that the bank should be much more vocal and outwardly express the good work that gets done in its efforts to be a good corporate citizen of the country. Participants suggested that if the bank is able to achieve this, it will lead to even further enhancement of the bank's brand.

4.3.7 Interview Question Ten - Has The Bank Saved Money By Way Of Tax Concessions as a Result Of Its Corporate Citizenship Initiatives?

Only two interviewees were confident that the bank saves money because of tax concessions as a result of corporate citizenship. Both participants mentioned that the bank capitalises on tax incentives for providing learning and training programmes to staff. They were unable to provide figures that reflect the amount of money that the organisation saves but their perception was that the amount saved was significant.

The dominant theme amongst participants that responded to this question was that they were unsure whether or not the bank has saved money because of tax concessions. Participants ventured at guesses regarding instances where the bank may have saved money by way of tax concessions but were not in a position to confirm that this may have happened. Some of the guesses that participants made include tax concessions for donations made to charities, the bank's role in re-urbanising the Johannesburg inner city development, as well as efficient use of electricity and water that might lead to tax concessions. Most participants stated that the bank should not engage in corporate citizenship in order to save money. The objective of corporate citizenship should always be for the bank to be a dedicated citizen of the country that is sincere in its commitment to socio-economic development and sustainability.

4.3.8 Interview Question Eleven - If The Bank Were To Increase The Number Of Corporate Citizenship as Well as The Financial Value That Gets Spent On Corporate Citizenship Initiatives, Do You Think It Will Result in an Increase in Performance For The Bank?

Almost all interviewees were of the opinion that any programme that the bank runs that would lead to business benefit should be expanded. The major opportunity for Alpha Bank to expand the number of corporate citizenship initiatives is in the African countries within which it operates. Participants held strong views on how development and sustainability in African countries continue to dominate the agenda for the bank and by expanding its corporate citizenship, the performance of the bank could increase on numerous fronts such as financially as well as enhancements of the bank's brand. However this should be balanced against the social and economic needs of the country at a particular point in time. In order for corporate citizenship to remain relevant, every project should have an end date. The start date of new projects may commence prior to the end date of older projects. In this manner the number of projects and the amount spent increases, with the ultimate objective of an increase in performance for the bank being pursued. Participants mentioned that the number of initiatives and the financial amount spent on such initiatives would lead to an increase in performance if the following factors prevail:

- The bank should increase one or two targeted areas of corporate citizenship and increase the number of projects and amount spent on those areas. Examples such as education, public infrastructure development and renewable energy projects were mentioned by interviewees.
- The macroeconomic environment should be conducive to the expansion of philanthropic and other corporate citizenship programmes. Participants highlighted that the performance of the bank would not increase as a result of increased corporate citizenship if for example, the organisation is preparing to retrench staff. They also

stated that when the economic climate does not support the expansion of corporate citizenship initiatives, the bank should not downscale its initiatives.

Participants mentioned that expanding corporate citizenship should be viewed in light of long term increases of performance. A seemingly large investment in expanded corporate citizenship may in fact impact negatively on the bank's performance in the short term, with the expected increase in performance only to be realised at some point in the future. In its simplest form, an increase in corporate citizenship investment will adversely impact the bank's income statement and hence the financial performance in the short term. The same could be said of any investment, regardless of whether or not it is a corporate citizenship investment.

The opposing view held by a minority of participants was that an increase in the number of corporate citizenship projects and the amount spent thereon will not lead to an increase in performance for the organisation. These participants believe that the bank's performance will increase if corporate citizenship projects were to be focused on a specific set of corporate citizenship. By way of example, interviewees suggested that Alpha Bank should be known throughout the country as the corporation that develops education. Corporate citizenship projects that develop healthcare or public infrastructure should be addressed by other organisations. By aligning the corporate citizenship projects to a specific area of concern, participants believe that performance will increase in respect of the organisation's brand.

4.3.9 Interview Question Twelve - Do You Think That There Are Specific Corporate Citizenship Initiatives That The Bank Is Engaged in Which, if Stopped, Will Lead to an Increase in Performance for the Bank?

The vast majority of interviewees responded to this question by stating that there is no corporate citizenship initiative that the bank is currently involved in that should be stopped in favour of an increase in performance. As a point of departure, Alpha Bank will never involve itself in industries that are morally and ethically indefensible such as the financing of the pornography industry or terrorist organisations. These participants acknowledged that some corporate citizenship initiatives have drawn criticism from stakeholders as it could be perceived as wasted expenditure or projects that cast doubt on the bank's integrity.

Numerous participants referred to the bank's financing of projects in the mining industry – a key area of corporate citizenship for Alpha Bank as its involvement in the industry enables the creation of thousands of jobs in South Africa. These projects have been the subject of intense scrutiny from environmental activists, with calls for Alpha Bank to cease financing companies in the mining industry due to the harmful effects that their operations have on the environment. These activists believe that Alpha Bank cannot regard itself as a good corporate citizen whilst enabling the destruction of the environment. Participants further explained that whilst Alpha

Bank acknowledges that some of these criticisms are valid but by halting the financing of deals will not solve the problem – another financial institution will simply finance the mining industry.

Interviewees believe that Alpha Bank could play a key role as a financier of companies in the mining industry in encouraging behavioural change that will mitigate the negative impact of mining operations on the environment. As a principle, participants stated that Alpha Bank could use its wide network in government spheres, its intellectual capital and experience as well as its financial power to address questionable practices on any corporate citizenship rather than to simply remove itself from the equation.

The minority of participants feel very strongly that corporate citizenship should always be realigned in order to meet business and society's objectives as a means of remaining relevant. As mentioned under the discussion on Question 12 above, some participants believe that the bank will see an increase in performance if corporate citizenship were to be focused on one area, for example education.

The findings relating to Objective Two of the study are consistent with the literature discussed in Chapter Two. Kim & Scullion (2011) point out that organisations are likely to experience increased growth if they focus on corporate citizenship issues such as employee relations as well as its external reputation. This supports the major findings of Objective Two.

4.4 Objective Three

To investigate the relationship between the organisation's corporate citizenship initiatives and any competitive advantage that the organisation may have over its competitors as a result of its corporate citizenship initiatives.

Interview questions 13 and 14 below sought to gain an understanding of whether or not corporate citizenship has led to Alpha Bank enjoying a competitive advantage over its competitors. Participants shared their perceptions on the issue of corporate citizenship having led to a competitive advantage for the bank in the past, and how it could potentially lead to a competitive advantage in the future. These perceptions are discussed below.

4.4.1 Interview Question Thirteen - Has the Bank's Involvement in Corporate Citizenship Resulted in the Bank Enjoying a Competitive Advantage Over its Competitors?

The views of participants were divided on the issue of corporate citizenship leading to a competitive advantage for Alpha Bank. Participants either felt that corporate citizenship had resulted in a competitive advantage whilst others felt that this was not the case.

4.4.1.1 Alpha Bank Enjoys a Competitive Advantage over its Competitors

In support of the notion of a competitive advantage, participants cited both the public sector and corporate banking that Alpha Bank enjoys a competitive advantage in. The fact that Alpha Bank finances infrastructure development as well as public education and healthcare as part of its corporate citizenship programmes points towards an advantage that the organisation enjoys over its competitors. Furthermore, participants mentioned that Alpha Bank is regarded as a preferred supplier of financial services in the public sector.

Alpha Bank also boasts a dominant market share position in the corporate banking sector. Participants reflected on the nature of the projects that are financed in this sector, with an increasing number of deals being financed in the green economy. Alpha Bank also finances many massive sustainable and developmental projects in African countries – other South African banks cannot make the same claim.

Interviewees also referred to the bank's senior leadership's stance on corporate citizenship as a competitive advantage. As mentioned earlier, one of the Bank's CEO's was invited to an event at the White House to discuss socio-economic development and sustainability with President Barack Obama, whilst no other South African bank representative was invited to this function. Participants believe that this is due to the bank and its leadership playing a key role as a corporate citizen in South Africa and Africa – a role that none of Alpha Bank's direct competitors have played.

Despite Alpha Bank being a leading player on the African continent, the company has only listed shares on the Johannesburg Securities Exchange (JSE) in South Africa. Many of the bank's direct competitors have dual-listings in South Africa as well as elsewhere in the world. Participants mentioned that this single listing approach makes Alpha Bank "proudly South African" and this endears the brand to the public in a stronger way than its competitors.

Lastly, participants cited Alpha Bank's innovative use of technology in providing banking products to South Africans as a competitive advantage, with specific reference to the bank's drive to bank the unbanked population in rural and underdeveloped urban areas of South Africa. Alpha Bank's competitors have since attempted to provide similar services in these communities, but participants believe that Alpha Bank continues to remain the dominant bank in these areas.

4.4.1.2 Corporate Citizenship Has Not Resulted in a Competitive Advantage for Alpha Bank

A large number of participants who held the view that corporate citizenship has not resulted in a competitive advantage for Alpha Bank stated that a competitive advantage may have been

enjoyed by the bank in the past but this has since changed. When asked to further expand on this point, interviewees mentioned that one of Alpha Bank's direct competitors (Nedbank) had acquired Eco-Bank in 2014 - a bank that is well known for its corporate citizenship in Africa. This acquisition will lead to many opportunities for Nedbank to erode the dominant market share that Alpha Bank currently enjoys in the public sector and corporate banking. Nedbank will now be able to challenge Alpha Bank for business in these sectors in a much stronger and competitive manner – effectively removing the competitive advantage that Alpha Bank used to enjoy.

Another reason why participants feel that there is no competitive advantage for Alpha Bank because of corporate citizenship is because the bank does not do a good enough job of marketing itself as a key player in the development of South Africa and other African countries. This point has been raised by participants when answering many questions that were asked to them. Should the bank be able to address this issue, participants anticipate that it might lead to a competitive advantage.

4.4.2 Interview Question Fourteen - Are there any Corporate Citizenship Initiatives That You Can Think of That the Bank Should Engage in (That the Bank is not currently engaged In) That Will Result in The Bank Enjoying a Competitive Advantage over Its Competitors?

All participants stated that the opportunity to expand corporate citizenship in Africa is undoubtedly going to lead to a competitive advantage for Alpha Bank. Participants stated that it is becoming increasingly difficult to find opportunities that will lead to competitive advantages in the banking industry but the more entrenched corporate citizenship becomes in the culture of the organisation, the more likely it would be that corporate citizenship will lead to a competitive advantage.

Having already established a dominant presence in many African countries over many years, Alpha Bank already has an understanding of the cultural nuances and local dynamics that most of its South African competitors have yet to gain. In order to build on this presence, corporate citizenship should be used to endear itself to African governments, businesses and people. By behaving ethically, adhering to varying sets of regulations and legislative frameworks across countries and demonstrating sincere philanthropic intentions, Alpha Bank stands to further entrench itself as a preferred financial services provider in Africa. Any competitor that seeks to establish a significant presence in Africa would need to overcome the challenge of dislodging Alpha Bank's position in the African banking market.

Participants believe that Alpha Bank should vehemently support the efforts of organisations such as BRICS (Brazil, Russia, India, China, and South Africa) with movements towards the

socio-economic development of Africa. In doing so the bank will ensure that it is at the forefront of powerful role-players' minds when opportunities arise to secure lucrative deals that create a shared value for African governments, its citizens and Alpha Bank. A number of interviewees mentioned that Alpha Bank could also gain a competitive advantage by facilitating trade agreements between governments. This is an issue that no other South African bank has directly addressed. Alpha Bank has the knowledge and skills to do business in Africa, and that places the bank in a healthy position to offer its services to governments that wish to establish cross-border trade agreements.

The findings relating to Objective Three of the study are consistent with the literature discussed in Chapter Two. Nidumolu *et al.*, (2009) suggests that sustainability is a key driver in a corporation's efforts to gain a competitive advantage in its industry. This supports the major findings relating to Objective Three.

4.5 Objective Four

To investigate how corporate citizenship may influence Alpha Bank's vision, mission and goals in the future.

Interview question 15 involved participants airing their views and perceptions of how corporate citizenship could potentially impact on the future vision, mission and goals of Alpha Bank.

4.5.1 Interview Question Fifteen - Do You Think That the Bank's Corporate Citizenship Will Ever Impact So Strongly on the Performance of the Bank That Corporate Citizenship Will Influence the Vision, Mission and Goals of the Organisation In The Future?

The views that participants shared when answering this question could be categorized as follows:

- Participants stated that corporate citizenship will eventually influence the vision, mission and goals of Alpha Bank in a very strong way.
- A minority of interviewees was of the opinion that it already is a central pillar of the organisation's mission, vision and goals.

Below is a discussion on each of the views expressed in response to this question.

4.5.1.1 Corporate Citizenship Will Influence Alpha Bank's Vision, Mission and Goals

A common sentiment amongst participants that were of the view that corporate citizenship will influence the vision, mission and goals of the organisation was that global warming will force the bank to place increased emphasis on corporate citizenship when setting its vision, mission

and goals. The impact of climate change and other environmental issues create opportunities for the bank to increase business, which has been discussed earlier. Interviewees were confident that this business benefit will continue to play an increasingly prominent role in goal-setting tasks. Furthermore, participants stated that it will become increasingly important for the bank to play a role in protecting the environment because the bank's customers will be adversely impacted by any deterioration to the environment.

Should the environment severely impact on the health and well-being of massive amounts of South Africans, their ability to earn an income will be restricted. The less money people have the less money Alpha Bank stands to make out of those people. It is for this reason that most interviewees believe that corporate citizenship will have an increasingly strong impact on the bank's performance and by extension an increasingly strong impact on the vision, mission and goals of the organisation.

4.5.1.2 Corporate Citizenship Already Influences Alpha Bank's Vision, Mission and Goals

The minority of interviewees believes that corporate citizenship already plays a fundamental role in the formulation of Alpha Bank's vision, mission and goals. They rely on statements that have been made by two of the bank's CEO's that relate to developing the economy "one customer and one transaction at a time". These participants stated that the CEO's play central roles in defining the organisation's vision and mission. Furthermore, the CEO's have spoken about a "social compact" that the bank seeks to establish with the citizens of the countries within which it operates. This social compact is a future vision of how the bank will interact with the people and systems in its external environment – a vision that is grounded in all-round shared value in the bank's operations and society's needs. No plans have been mentioned regarding when this vision will be formally articulated or to what extent the shared value between the bank and society will be defined.

One participant stated that corporate citizenship will never impact on the vision, mission and goals of the organisation. This is because the vision and mission of the bank should always remain to deliver on the expectations of shareholders. This participant believed that the fundamental expectations of shareholders will always remain driven by profits. Corporate citizenship could play a role in driving increased profits, but it will never be fundamental to driving profits for the organisation.

The findings relating to Objective Three of the study are consistent with the literature discussed in Chapter Two. FGAM (2013) and Brautigam (2010) suggest that South African Banks will play an increasingly prominent role in South Africa's renewable energy projects as well as various sustainability initiatives and should therefore formulate its strategies in this light. This supports the major findings relating to Objective Four of the study.

4.6 Summary

In this chapter, the findings and analysis of the study was presented. These were presented in relation to each of the objectives of the study. The dominant themes and patterns that emerged from the data that was collected during the interview process were presented and discussed. The alternate or opposing views were also presented, analysed and discussed. The chapter also highlighted instances where the opposing views of participants have formed sub-themes or patterns.

The chapter also presented findings and analysis of the data in relation to the questions that were asked to participants during interviews. The qualitative interpretation of the data highlights the perceptions of participants regarding the impact that corporate citizenship has on the performance of Alpha Bank. The following chapter contains the conclusions and recommendations regarding Alpha Bank's corporate citizenship and its performance.

CHAPTER FIVE: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter revisits the research problem and the objectives of the study. The research methodology is then summarised, followed by an overview of the findings of the research. The chapter also includes conclusions and recommendations, together with suggestions for further research. This chapter ends with an overall conclusion of the study. The study was limited to Alpha Bank, and carries no implication for other banks or organisations.

5.2 The Research Problem

The research problem was that Alpha Bank was unsure of what impact its corporate citizenship was having on the performance of the organisation. The Bank also lacked clarity on the role that corporate citizenship should play in the future strategic plans that the organisation makes. The findings of this study will enable and empower Alpha Bank to make informed decisions regarding the scale and nature of its future corporate citizenship plans.

5.3 Review of the Objectives of the Study

The objectives of the study were as follows:

- To investigate the relationship between corporate citizenship and the performance of Alpha Bank, as well as to probe the various factors that drive this relationship.
- To investigate whether the corporate citizenship initiatives that Alpha Bank is involved in has resulted in a positive or negative impact on the performance of the organisation.
- To investigate whether or not Alpha Bank enjoys any competitive advantage over its competitors because of corporate citizenship.
- To investigate whether or not corporate citizenship will influence and define the future strategy of the organisation.

5.4 Review of the Methods and Procedures

After having discussed the various research methodology options that are available to researchers, it was explained that a qualitative research methodology is most appropriate for this study. The rationale for conducting qualitative research in this study is that it was necessary to gain an understanding of the meaning that participants attach to the subject matter and how they perceive corporate citizenship has impacted on the performance of Alpha Bank. Quantitative research would not have facilitated this objective. Petersen and Gencel (2013) suggest that the social constructivist worldview allows for researchers to understand the meaning that participants attach to a phenomenon and qualitative research is the ideal methodology to use in this regard.

The research methodologies were discussed and it was highlighted that data for this study would be gathered through face-to-face interviews as well as from documents produced by Alpha Bank. Interviews were conducted with open-ended questions, with follow-up questions being asked (depending on responses) in order to gain further insights and context of their perceptions of Alpha Bank's performance in relation to corporate citizenship.

The population of this study was 125 executive staff members, employed at Alpha Bank. The reason for having conducted interviews with executive staff members was that they would be the people in the organisation that are most familiar with the performance of the organisation as well as the overall corporate citizenship strategy of the Bank. The sample of the study was 16 members of the executive staff compliment at Alpha Bank. A 17th person was scheduled to be part of the sample, but eventually cancelled his interview due to time constraints. A combination of convenience sampling and purposeful sampling was used in the sample selection of the study. Interviewing 16 people would supply adequate information to address the objectives of the study.

The issues of validity and reliability of the study were also addressed. The validity of the study has been strengthened because interviewees have experience in diverse roles from across various business units within Alpha Bank. This diversity has increased the number of sources of data that was gathered during interviews. Validity has also been strengthened in this study because data was gathered from company documents as well as from interviews. By including views of participants that contrasted the dominant themes and patterns that emerged from interviews, the validity of the study has also been strengthened.

Furthermore, the quality of the study has been strengthened because measures were put in place to ensure that the study is reliable. As mentioned by Ritchie *et al.*, (2013, reliability of qualitative studies can be ensured by means of the researcher following a systematic process in conducting research. Indeed, the research in this study has been carried out in a systematic manner. Participants were also afforded the opportunity to comment on the key findings that emerged during interviews. They were encouraged to correct any inaccuracies or errors in the findings. This also strengthened the quality of the study.

The ethical considerations that were discussed in light of this study included issues such as ensuring that the study holds value for the people that participated in the study. The executive staff of Alpha Bank could use the findings of this study to make informed business decisions that will play a significant role in the operations of the organisation. It was also important to ensure that participants fully understood the nature and purpose of the study, prior to them agreeing to participate. Permission to conduct the research at Alpha Bank was formally obtained from the relevant staff members at Alpha Bank. No vulnerable persons had participated in this

study; however the rights and confidentiality of the participants is protected and the actual identity of Alpha Bank is respected. All participants have been made aware of the fact that they may withdraw from the study at any time, and that participation is completely voluntary. The research has not been conducted in a manner that unduly advantages a group that is external to Alpha Bank.

The key challenge during data gathering was securing time in the schedules and diaries of participants. Due to the fact that executive management staff was interviewed, they often had other more pressing matters to attend to and would reschedule their interviews on numerous occasions. During interviews, challenges were encountered as participants requested to halt the interview and complete the remainder of the questions at a later date. This frustrated the smooth flow of information from participants. On occasion, participants appeared to answer questions rather hastily in order to conclude the interview so that they could attend to matters that they perhaps deemed higher in priority.

5.5 Summary of the Research Findings

Below is a summary of the research findings in respect of each of the questions that were asked during interviews.

5.5.1 Alpha Bank's Past and Present Corporate Citizenship

Participants did not see a difference between Alpha Bank's past and present corporate citizenship in relation to its performance and therefore these have been analysed simultaneously. There were two general views that were communicated by participants in this regard. The majority of respondents believed that corporate citizenship has a positive impact on the performance of the organisation. The alternate view was that corporate citizenship has a neutral impact on Alpha Bank's performance. These views are summarised below.

5.5.1.1 Positive Impact

Participants that believed that corporate citizenship impacts positively on the bank cited the following points to support their view:

- Alpha Bank provides transactional, savings and lending products to the informal sector of the economy. The innovative use of technology enables these products to be originated at any place in the country where a mobile data signal is to be found. This facilitates broad economic development and has improved the performance of Alpha Bank because it has increased the number of customers by over 1 million.
- Alpha Bank provides financial services to the government as well as businesses in the green economy. This helps to protect the environment, and promotes sustainability. The bank finances large scale infrastructure deals as well as smaller companies that are

involved in the implementation of green initiatives. This has impacted positively on the bank's financial performance as well as its public image.

- The bank funds many initiatives that are aimed at improving the quality of education in South Africa. This has created a sense of loyalty amongst customers and the bank expects that this will assist in retaining existing customers as well as gain new customers. It has also impacted positively on the performance of staff, because the training that they receive from the bank makes them more productive and loyal.
- The sub-themes relate to corporate citizenship and history having improved the culture of the organisation as a value-based company. Adherence to legislation has also resulted in improved BEE performance ratings. Alpha Bank's support for the visual and performing arts has also improved the performance of its brand because South Africans view this as preserving the heritage of South Africa for generations to come.

5.5.1.2 Neutral Impact

A number of interviewees expressed a view that corporate citizenship does not have a positive or negative impact on the performance of the organisation. The main reason for them holding this view was that they believe corporate citizenship is not high enough on the agenda of Alpha Bank. These participants mentioned that corporate citizenship would positively impact on the bank's performance if corporate citizenship is further embedded in the culture of the company. Some of these participants believe that even if this were achieved, the positive impact on performance might only be seen in a generation from now because the effect of sustainable initiatives will most likely manifest itself in the long term.

5.5.2 The Benefits of Corporate Citizenship

The vast majority of participants believed that corporate citizenship had benefitted the organisation. The benefits were categorised into external and internal benefits for Alpha Bank. The external benefits included brand enhancement, increased BEE scores, creation of goodwill amongst South Africans as well as growth in African countries.

The internal benefits included gaining new business, enhanced organisational culture, the empowerment of business unit heads, internal knowledge building and networking skills. The participants also stated that the external and internal benefits of corporate citizenship that they had shared were not exhaustive, as there are many smaller benefits that accrue as a result of it. One participant said that corporate citizenship did not benefit the organisation because the goal of the organisation is not to develop society. He felt that if the bank focussed more on developing society, the organisation would benefit implicitly.

5.5.3 Motivation and Productivity of Alpha Bank's Staff

The research then addressed the issue of Alpha Bank's staff being more motivated and productive because of corporate citizenship. The dominant theme that emerged amongst participants was that the bank's corporate citizenship programmes had resulted in its staff being motivated and productive. The bank's corporate citizenship initiatives created a "feel-good factor" and this resulted in increased levels of motivation and productivity amongst staff. Staff members get excited when they see the bank getting involved in developmental projects and programmes and this creates a sense of loyalty amongst many staff because it appeals to their own set of personal values.

Another theme that emerged relating to this issue was that some participants believed that corporate citizenship served as a hygiene factor for staff motivation and productivity. Had the bank not been a good corporate citizen, staff would be demotivated and unproductive. However being a good corporate citizen does not necessarily motivate staff or make them more productive.

Very few participants stated that corporate citizenship does not motivate staff at all, nor does it make them more productive. The reason for this is because the bank does not market its corporate citizenship projects well enough so most staff do not know of the good work that the bank does. These participants feel that the bank is very conservative in its approach towards celebrating the good work that it does. Until such a time that this culture changes, corporate citizenship would not result in increased staff motivation and productivity.

5.5.4 Alpha Bank's Ability to Attract Talented Staff

The majority of interviewees have noted that Alpha Bank has managed to attract talented staff to the organisation because of its corporate citizenship. This is because of the bank's external reputation as a company that is renowned for its philanthropy and involvement in sustainable initiatives. Participants pointed towards the example of Alpha Bank's graduate recruitment programmes and how this has attracted numerous talented graduates from rural areas of the country to the organisation. These graduates have expressed their gratitude to Alpha Bank for making banking far more convenient in the rural areas of South Africa and this has motivated them to join Alpha Bank to further develop the nation on multiple fronts. As mentioned in Chapter Two, Khanna and Palepu (2010) have noted a trend amongst talented individuals that live in rural areas of South Africa. These individuals seek employment at corporations in urban areas because they see it as a means of contributing towards the development of the country.

A secondary pattern that developed during interviews was that participants were not aware of any talented individuals having been attracted to the organisation because of corporate citizenship. These interviewees stated that it is likely that this may happen in other parts of the

world but in South Africa, most people that are seeking employment are likely to accept any offer of employment because of the challenging economic conditions. They also remarked that in South Africa, specialists in senior roles might be in a position to choose their employer based on issues such as corporate citizenship.

5.5.5 New Business and Retention of Customers for Alpha Bank

Most participants believe that corporate citizenship has played a role in gaining new customers and business for the organisation. This increase has been in the corporate and business banking segment, the personal banking segment and the public sector banking segment. The primary drivers of this increase in business are the bank's drive to bank the unbanked in rural as well as underdeveloped urban areas, the bank's involvement in the green economy and the bank's position as a trusted partner for financial services in the public sector.

The minority of participants expressed the view that corporate citizenship is merely a hygiene factor when it comes to gaining new businesses and customers. Their rationale for this position centred on the fact that in a highly competitive industry such as banking, the key differentiators amongst banks are price and customer experience. Customers are more likely to choose a bank that charges a low price whilst at the same time offers a superior customer experience. Any bank that behaves irresponsibly would automatically be discounted from the equation when customers select their bank of choice and therefore, corporate citizenship is only a hygiene factor for customers.

With regards to the retention of customers, most participants felt that corporate citizenship plays a role but that is not the only contributing factor in the retention of customers. These participants believe that customer service and customer experience are the two most important issues when it comes to retaining customers. They also mentioned that corporate citizenship is likely to be a key factor in the retention of high net worth customers, because the bank would ensure that the level of service and experience offered to these customers would be of a superior quality due to their value to the organisation. A very small minority of interviewees stated that corporate citizenship is a hygiene factor in the retention of customers. The bank's strategy would need to change even further in favour of sustainability in order for corporate citizenship to play a significant role in retaining customers.

5.5.6 Alpha Bank's Brand Enhancements and Tax Incentives

The vast majority of interviewees mentioned that corporate citizenship had a positive impact on Alpha Bank's brand. The use of technology to originate customer accounts in remote areas of the country played a significant role in enhancing the bank's brand. The bank's role in green economy projects has also promoted the image and brand of the organisation. The bank has also improved its image on the international stage by assisting large international banks to conclude

very lucrative sustainable infrastructure deals in African countries. Participants also mentioned that there is much more that the bank can do in terms of marketing its corporate citizenship in order to enhance its brand even further.

Very few interviewees were able to comment with any certainty that the bank has received tax concessions because of its corporate citizenship. Most participants were unsure of any such concessions but ventured at educated guesses that they assume may have led to tax concessions. Such examples include the bank's efficient use of energy and water as well as its efforts to re-urbanise the Johannesburg inner city.

5.5.7 The Number of Alpha Bank Corporate Citizenship Initiatives

Most of the interviewees stated that the bank's performance will increase if its corporate citizenship initiatives increased. Increasing the number of initiatives as well as the amount spent – especially in African countries – would lead to increased financial performance as well as improved brand performance. Participants also mentioned that Alpha Bank should increase the number of initiatives and the financial amounts spent thereon, but it should be targeted one or two specific areas such as education and projects in the green economy.

Interviewees also emphasised the fact that the increased performance for the bank would in all likelihood only be realised in the long term. Another important theme amongst participants was that during times of challenging economic conditions, the number of corporate citizenship initiatives should not be increased nor should it be decreased. A minority of participants stated that an increase in the number of initiatives and the amount of money spent thereon would not result in an increased performance for the bank. These participants stated that the bank could potentially see an increase in performance if the number of initiatives were decreased or channelled in a more focused manner.

5.5.8 Competitive Advantage for Alpha Bank

Interviewees were divided on the issue of corporate citizenship resulting in a competitive advantage for Alpha Bank. The participants that believe Alpha Bank enjoys a competitive advantage because of corporate citizenship rely on the fact that the bank is a preferred supplier and trusted partner for financial services in the public sector – and this status as a preferred supplier is a result of the bank's corporate citizenship. As a preferred supplier of financial services to the public sector, Alpha Bank stands to finance more public sector deals than its competitors. Participants also reflected on the bank's innovative use of technology in banking the unbanked population of South Africa. Alpha Bank's competitors are struggling to increase their market share in the segment of the population. Alpha Bank has also been recognised internationally for its sustainability and corporate citizenship, with one of the bank's CEO's

having been invited to discuss sustainability with President Obama. No other South African bank had representation at these discussions.

There were a number of participants that expressed the view that corporate citizenship has not led to a competitive advantage. They believed that any competitive advantage that the bank enjoyed in the past has since been diluted because its competitors have made massive strides in respect of corporate citizenship. They also reflected on the fact that Alpha Bank does not market its corporate citizenship very well and therefore it has not resulted in a competitive advantage.

All participants were in agreement that the opportunities to secure a competitive advantage in relation to corporate citizenship exist in Africa. Alpha Bank has a long history of operations in Africa, whilst most of its competitors are trying to establish a presence in these countries now. This would enable Alpha Bank to focus its attention on building on its presence in these regions by demonstrating its corporate citizenship in a manner that would further entrench its position on the continent as a leading financial services provider to African governments and corporations. Participants also suggested that Alpha Bank should strongly support organisations that are intent on socio-economic development in Africa, such as BRICS. In doing so, the bank would be well placed ahead of its competitors to gain more business in Africa. Interviewees also referred to the fact that banks do not facilitate trade agreements between governments. Participants stated that Alpha Bank should use its knowledge of trading in multiple African countries in order to facilitate trade agreements and in this way, the bank stands to gain a competitive advantage in Africa.

5.5.9 Alpha Bank's Future Vision, Mission and Goals

The dominant view amongst participants in response to the issue of corporate citizenship influencing Alpha Bank's future vision, mission and goals was that it is only a matter of time before this happens. According to participants, climate change and global warming will play a significant role in the way the bank conducts its operations and supports initiatives that are aimed at mitigating the negative consequences of these phenomena. These projects and initiatives will be of such a large scale that it will influence the corporate strategy of the organisation.

The minority of participants stated that corporate citizenship already plays a significant role in influencing Alpha Bank's corporate strategy. This is because of statements that have been made by the bank's CEO's regarding corporate citizenship and issues related to sustainability. The CEO's have spoken about how the bank's strategy is already geared towards developing society and the economy "one customer and one transaction at a time". One participant believes that corporate citizenship will never impact on the strategy of Alpha Bank because the strategy will

always be to deliver on the expectations of shareholders, and shareholders always expect the organisation to deliver increased profits.

5.6 Conclusions and Recommendations

5.6.1 Objective One

To investigate the relationship between the level of corporate citizenship performed by Alpha Bank and its performance. The study also probed the various factors in the organisation that drive this relationship.

5.6.1.1 Conclusion

The literature related to Objective One of the study focuses on the measurement of performance of an organisation in relation to its corporate citizenship. As Peloza (2009) mentions, an organisation's performance should be measured against a set of variables that are not restricted to financial metrics. Muller and Kolk (2010) promote the benefits of corporate citizenship as a means of measuring the performance of an organisation.

It was concluded that a positive relationship exists between Alpha Bank's corporate citizenship and its performance. The majority of participants expressed the view that corporate citizenship has impacted positively on the performance of the organisation. The factors that drive this relationship are:

- Alpha Bank's technology-enabled suite of products that is offered to the unbanked population of South Africa in rural and underdeveloped urban areas
- Alpha Bank's involvement in financing public sector and private sector projects in the green economy
- Alpha Bank's strategy of improving the quality of education in South Africa

Alpha Bank has realised internal and external benefits because of corporate citizenship. These benefits also assist in driving the relationship between Alpha Bank's performance and corporate citizenship.

5.6.1.2 Recommendation

Alpha Bank should expand the use of technology in providing innovative products and services to its customers beyond the low income segment of the South African population. In doing so, the bank can play a more prominent role in socio-economic development and at the same time improving its performance in other segments. As a financier of projects in the green economy, staff members of Alpha Bank gain a wealth of knowledge in respect of sustainability and the conservation of natural resources.

The bank should develop programmes that are aimed at sharing this knowledge with customers and the general public. By Alpha Bank educating people on the dangers of the misuse of the environment, the result will be that the bank's brand will be enhanced even further because of corporate citizenship. It may also lead to an increase in business. This kind of initiative will also support the bank's strategy involving education in South Africa.

Alpha Bank has realised numerous benefits as a result of corporate citizenship. Due to the size of the organisation and the fact that the organisation operates from numerous locations, these benefits might not have been realised at all levels of the company. Alpha Bank should take steps to ensure that the benefits of corporate citizenship could be realised throughout the organisation. This could be achieved by means of effectively communicating the corporate citizenship initiatives to all staff through digital communication channels.

5.6.1.3 Objective Two

To investigate whether Alpha Bank's corporate citizenship initiatives have had a positive or negative impact on the performance of the organisation. This has been measured by investigating how respondents anticipate the organisation's corporate citizenship initiatives may evolve, in light of past initiatives.

5.6.1.4 Conclusion

Mishra & Suar (2010) support the notion that there is a positive relationship between the performance of an organisation and its corporate citizenship. Furthermore, Kim & Scullion (2011) suggest that the performance of an organisation should be viewed in light of its relationship with staff, its external reputation and its ability to gain new business.

It was concluded that corporate citizenship has had a positive impact on the performance of Alpha Bank and that the organisation's corporate citizenship would evolve in a manner that sees the number of corporate citizenship initiatives increasing in future. Questions were posed to participants that measured the bank's performance in various areas and how this would influence future corporate citizenship initiatives that the organisation embarks upon. The bank has seen an increase in the performance of its staff as well as its ability to attract talented individuals to work at the organisation because of corporate citizenship.

Corporate citizenship has also enabled the bank to gain new business and customers whilst at the same time played a role in the bank's ability to retain existing customers. The bank's brand has also been enhanced because of corporate citizenship. It is not possible to conclude that the bank benefits from tax concessions due to its corporate citizenship because very few interviewees were knowledgeable enough on the issue. Most participants believed that an increase in the number of corporate citizenship initiatives would lead to an increase in

performance and that there are no corporate citizenship initiatives that the bank should seize to be involved with.

5.6.1.5 Recommendation

The number of corporate citizenship initiatives should be increased as well as the financial amount spent on those initiatives. Alpha Bank has massive opportunities to expand its corporate citizenship into the African countries within which it operates. Alpha Bank should also focus on marketing the good work it does in respect of corporate citizenship. This will lead to numerous benefits including an enhancement of the bank's brand as well as potentially gaining new business or customers. Alpha Bank should also narrow the focus of its projects to one or two areas of corporate citizenship such as education and green economy projects.

5.6.1.6 Objective Three

To investigate the relationship between the organisation's corporate citizenship initiatives and any competitive advantage that the organisation may have over its competitors as a result of its corporate citizenship initiatives.

5.6.1.7 Conclusion

Harrison *et al.*, (2010) state that a competitive advantage in an industry is achieved when an organisation has strategically defeated its competitors and assumed a dominant role in an industry. Moreover, the South African Financial Sector Forum (2014) explains that the South African banking industry is very competitive and that banks are constantly seeking innovative ways of securing competitive advantages. Nidumolu *et al.*, (2009) state that there is potential for organisation's to gain a competitive advantage by incorporating sustainability into its strategy and operations.

It was concluded that corporate citizenship has resulted in competitive advantages for Alpha Bank in South Africa and other African countries. It must be noted that the competitive advantages in South Africa have begun to erode because the bank's competitors have made significant strides with regards to corporate citizenship in South Africa.

5.6.1.8 Recommendation

Alpha Bank should showcase its corporate citizenship more strongly in order to further entrench its position as one of the leading banks on the African continent. The bank's competitors do not have the pedigree and reputation that Alpha Bank has in Africa. Whilst the competitors are trying to establish themselves in the African banking market, Alpha Bank should focus on philanthropy and socio-economic development in these countries. By the time Alpha Bank's competitors have established themselves as trustworthy and reliable organisations. Alpha Bank would already enjoy the status as being the go-to bank because of its corporate citizenship.

Alpha Bank should support multinational organisations that focus on socio-economic development in Africa as well as facilitate trade between African countries because none of its competitors are currently doing so.

5.6.1.9 Objective Four

To investigate how corporate citizenship may influence Alpha Bank's vision, mission and goals in the future.

5.6.1.10 Conclusion

FGAM (2013) state that banks in South Africa play a significant role in the implementation of energy infrastructure projects, and have committed to be involved in other sustainable projects in future. Furthermore, Brautigam (2010) mentions that the range of sustainable projects that South African banks are involved in are set to become more diverse in future.

It was concluded that corporate citizenship will shape, define and influence Alpha Bank's corporate strategy in the future. Participants believe that issues such as climate change and global warming are going to force large organisations in various industries, including Alpha Bank to conduct its business in such a way that the environment is at the forefront of all of its activities. With the environment set to play such an important role in the activities of Alpha Bank, participants believe that the vision, mission and goals of the organisation will be shaped by Alpha Bank's reputation as a good corporate citizen. Some participants mentioned that corporate citizenship has already begun to define the corporate strategy of the organisation.

5.6.1.11 Recommendation

Alpha Bank should ensure that corporate citizenship resonates throughout the culture of the organisation. This would prepare the staff and the bank's stakeholders for the scenario whereby the strategy of the organisation is formally and operationally influenced by corporate citizenship. The people that occupy leadership positions in the organisation and influence strategy should be supportive of sustainable and developmental projects. Alpha Bank should also maintain open communication with its shareholders in order to prepare them for a future state whereby the strategy of the organisation is defined by corporate citizenship. This communication should also emphasise the fact that a strategy that is shaped and defined by corporate citizenship will still lead to economic profit – potentially higher profits than the current corporate strategy delivers.

5.7 Suggestions for Further Research

Further research could be conducted in order to establish how Alpha Bank could endear its brand to the citizens of each of the African countries within which it operates. Alpha Bank should be sensitive to the diverse cultural dynamics that characterises each of these countries.

This will make it easier for the bank to implement corporate citizenship programmes and initiatives in these regions without offending local customs and traditions. Adopting the very same corporate citizenship approach, which has worked in South Africa, in other African countries is very risky as it may lead to the disrespect of these customs and traditions. This may result in damage to the image and brand of Alpha Bank.

Alpha Bank could commission research that would provide insight into corporate citizenship and the performance of its competitors. This would assist Alpha Bank with regards to its own approach to corporate citizenship and may reveal certain strengths and weaknesses of its competitors. Alpha Bank will then be better placed to articulate its corporate strategy in light of corporate citizenship.

5.8 Conclusion

This research was conducted in order to assess the impact that corporate citizenship has on the performance of Alpha Bank – one of South Africa's largest banks. The literature review discussed issues relating to corporate citizenship and performance as well as the South African banking industry. This is a qualitative research study with the population being 125 members of Alpha Bank's executive management staff. A sample of 16 executives was selected and data was gathered by means of face-to-face interviews in order to understand their perceptions of the relationship between Alpha Bank's performance and corporate citizenship. Data was also gathered from Alpha Bank documents. The findings of the study were presented and analysed in light of the objectives of the study. The conclusion that can be drawn from this study is that corporate citizenship has had a positive impact on the performance of Alpha Bank. Alpha Bank can do much more in order to strengthen the positive relationship between corporate citizenship and the bank's performance, especially in the African countries that it operates in. Suggestions have been made for further research that supports Alpha Bank's corporate citizenship growth strategy in these countries.

APPENDIX I: Interview Questions

Interview Question One

Do you think that the Bank's past corporate citizenship initiatives have had an impact on the performance of the organisation? If so, has it had a positive or negative relationship?

Interview Question Two

Do you think that the Bank's current corporate citizenship initiatives are having an impact on the performance of the organisation? If so, is it a positive or negative relationship?

Interview Question Three

What Do You Think The Benefits Are For The Bank In Engaging In Corporate Citizenship?

Interview Question Four

Do You Think That the Bank's Existing Staffs Are More Motivated As A Result Of the Organisation's Corporate Citizenship Initiatives?

Interview Question Five

Are The Bank's Existing Staffs More Productive Because Of the Corporate Citizenship Initiatives That the Bank Is Involved In?

Interview Question Six

Has The Bank Been Able To Attract Talented Individuals In The Job Market As A Result Of Corporate Citizenship Initiatives? (Individuals That Would Otherwise not have Shown an Interest in Working at the Bank)

Interview Question Seven

In Your View, Has The Bank Gained More Business Or Customers as a Result Of Corporate Citizenship Initiatives?

Interview Question Eight

Has The Bank Been Able to Retain Customers as a Result Of Corporate Citizenship Initiatives That The Bank Is Involved In? (Customers That Would Otherwise Have Stopped Doing Business with the Bank)

Interview Question Nine

Has The Image of the Bank as a Brand Been Enhanced or Improved as a Result Of the Bank's Corporate Citizenships?

Interview Question Ten

Has The Bank Saved Money By Way Of Tax Concessions as a Result Of Its Corporate Citizenship Initiatives?

Interview Question Eleven

If The Bank Were To Increase The Number Of Corporate Citizenship as Well as The Financial Value That Gets Spent On Corporate Citizenship Initiatives, Do You Think It Will Result in an Increase in Performance For The Bank?

Interview Question Twelve

Do You Think That There Are Specific Corporate Citizenship Initiatives That The Bank Is Engaged in Which, if Stopped, Will Lead to an Increase in Performance for the Bank?

Interview Question Thirteen

Has the Bank's Involvement in Corporate Citizenship Resulted in the Bank Enjoying a Competitive Advantage Over its Competitors?

Interview Question Fourteen

Are there any Corporate Citizenship Initiatives That You Can Think of That the Bank Should Engage in (That the Bank is not currently engaged In) That Will Result in The Bank Enjoying a Competitive Advantage over Its Competitors?

Interview Question Fifteen

Do You Think That the Bank's Corporate Citizenship Will Ever Impact So Strongly on the Performance of the Bank That Corporate Citizenship Will Influence the Vision, Mission and Goals of the Organisation In The Future?

APPENDIX II: Editors Letter

25 November 2014

To Whom It May Concern

This letter serves to certify that I, Rubina Williams (Writer, Editor, and Proofreader) have edited the dissertation of Shahiem Patel (Assessing The Impact That Corporate Citizenship Has On The Performance Of Alpha Bank) for his Master's Degree in Commerce (Leadership Studies).

Having edited dissertations before, I believe Shahiem Patel's research and report is of a high standard and quality.

Please feel free to contact me should you have any questions.

Yours Sincerely

Rubina Williams

082-854-4050

APPENDIX III: Turnitin Report

Mohamed Shahiem Patel - Mcom (Leadership Studies) Full Research Dissertation

ORIGINALITY REPORT

1%	2%	0%	2%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

MATCHED SOURCE

1	www.goneboarding.co.uk Internet Source	1%
1%	★ www.goneboarding.co.uk Internet Source	

EXCLUDE QUOTES	OFF	EXCLUDE MATCHES	< 1%
EXCLUDE BIBLIOGRAPHY	OFF		

APPENDIX IV: Gate Keeper's Letter

Letter to assist students in obtaining Gatekeepers Letters



28th of July 2014

A R Bozas
Box 379
Empangeni 3880
0823344477
abozas@mweb.co.za

To Whom It May Concern:

Dear Sir/Madam

REQUESTING PERMISSION TO CONDUCT RESEARCH

My student, M S Patel, Student number 213569804, seeks consent from you to conduct research at your organisation for his M Com. Degree. His title is: *"Assessing the Impact That Corporate Citizenship Has On the Performance of Alpha Bank"*

We confirm that the above student is registered at the University of UKZN for the *Master of Commerce in Leadership Studies* Programme. It is a requirement of their Programme that the student undertakes a practical research project in his/her final year of study. Typically this project will be a "practical problem solving" exercise, and necessitates data gathering through questionnaires or personal interviews.

Your assistance in permitting access to your organization for purposes of conducting the research is most appreciated. Please be assured that all information gained from the research will be treated with the utmost confidentiality. Furthermore, should you wish any result/s or findings from the research "to be restricted" for an agreed period of time, this can be arranged. The confidentiality of information and anonymity of personnel will be strictly adhered to by the student.

If permission is granted, kindly confirm this by signing off on the following:

"I am aware of the nature and extent of the document and I am satisfied with all the obligations imposed therein."

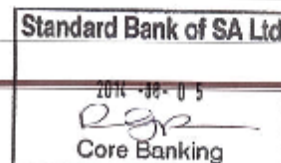
Please note that you are at liberty to provide conditions subject to which this research may be undertaken.

Name in Full: RUTH GIPSON

Designation: HUMAN CAPITAL BUSINESS PARTNER

Company Name & Stamp: Standard Bank of SA Ltd

30 July 2014



Page 1

Letter to assist students in obtaining Gatekeepers Letters


SIGNATURE

2014-08-04
DATE

Thank you for your assistance in this regard.

Yours Faithfully

Alec Bozas
SUPERVISOR

APPENDIX V: Ethical Clearance



26 August 2014

Mr Mohamed Shahiem Patel 213569804
Graduate School of Business and Leadership
Westville Campus

Protocol reference number: HSS/0994/01464
Project title: "Assessing the Impact that Corporate Citizenship has on the Performance of Alpha Bank"

Dear Mr Patel

Expedited Approval

In response to your application dated 20 August 2014, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the 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 a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shrenuka Singh (Chair)

/pm

cc Supervisor: Mr Alec Bozas
cc Academic Leader Research: Dr F Munapo
cc School Administrator: Ms Eileen Mohamed

Humanities & Social Sciences Research Ethics Committee

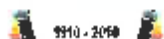
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