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**THE IMPACT OF CORPORATE SOCIAL
RESPONSIBILITY ON A COMPANY'S IMAGE**

by

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I certify that, except as noted above, the report is my own work and all references used are accurately reported.

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ABSTRACT

Corporate Social Responsibility can destroy a company if it is ignored and can contribute to long term profitability and sustainability of the organisation if it is maximised.

Corporate Social Responsibility (CSR) has taken off in South Africa. The King II Report, the Broad-Based Black Economic Empowerment Act and the JSE Social Responsible Investment Index are a few initiatives which have encouraged companies to look beyond their financial bottom line. Extensive literature suggests that companies benefit from being able to demonstrate their social responsibility towards stakeholders.

The aim of this research was to establish whether CSR affects a company's image by researching stakeholders' views on the CSR of an unlisted company operating in South Africa. Stakeholders of the organisation were identified and questionnaires were sent to Board members, management, employees, suppliers and customers. The results of the questionnaires were analysed to establish stakeholders' views of CSR and the implications thereof.

The research provided insights into stakeholders' views on CSR and highlighted the significance of CSR to companies. The positive attitudes of stakeholders towards the practice of CSR, reflects the numerous benefits which CSR can provide to organisations. These benefits include the attraction, commitment and retention of management and employees, the attraction and retention of customers who support socially responsible brands, the continued support of stakeholders, mitigation of sanctions which could be imposed by customers and suppliers if the company is seen as socially irresponsible and a good corporate reputation and company image which can aid the future profitability and sustainability of the organisation.

CSR can be used as a strategic tool to elevate the reputation and image of companies, whilst at the same time aid the company's long term profitability.

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Chapter 1

Introduction

1.1 Introduction

This research looks at Corporate Social Responsibility (CSR) from a stakeholder's point of view. The thesis introduces the concept of CSR and looks at previous studies thereon. The majority of these previous studies have been conducted on large, listed organisations abroad. This research is conducted on a medium sized retailer in South Africa to ascertain their stakeholders' views on CSR. The expected outcome of this dissertation is to establish whether the company's image, as perceived by stakeholders, is influenced by corporate social responsibility.

The aim of this chapter is to introduce the concept of CSR and gain insight into why companies are spending money on CSR initiatives. The following aspects will be looked at:

- Are companies spending money on CSR due to the pressure from the government and the general public? This is further examined in this chapter by looking at the various initiatives introduced in South Africa, such as the King II report on Corporate Governance and Black Economic Empowerment.
- Are companies spending money on CSR in order to improve their company image in the minds of stakeholders? This embodies the main part of the research whereby stakeholders' views of CSR are examined to establish whether a company's CSR initiatives affect the company's image.

A number of questions are developed in this chapter in line with the objective of the research. The research is aimed at generating insights that will provide potential answers to these questions in order to establish whether CSR affects a company's image and reputation.

1.2 Definition of Corporate Social Responsibility and Stakeholder Theory

Corporate social responsibility (CSR) is an expression used to describe a company's obligation to be sensitive to the needs of all stakeholders in its business operations.

Tyrrell in 2006 defined CSR as the combination of a company's operations and values where stakeholders' interests are reflected in company policy.

CSR has been defined as:

"the integration of business operations and values whereby the interests of all stakeholders, including customers, employees, investors and the environment are reflected in the organisations policies and actions" (Tyrrell, 2006 pages 44-45).

In order to be a good corporate citizen, a company is required to engage actively with a range of stakeholder groups. A company's stakeholders are all those who are influenced by, or who can influence a company's decisions and actions. These include, but are not limited to employees, customers, suppliers, community organisations, subsidiaries, joint venture partners, investors, shareholders and local society.

"Businesses tend to exploit communities and their workers, and that wasn't the way I thought the game should be played. I thought it should be the opposite – that business has a responsibility to give back to the community, that is because the business is allowed to be there in the first place, the business ought to support the community. What we're finding is that when you support the community, the community supports you back."

Ben & Jerry's founder, Ben Cohen, <http://www.mhcinternational.com/measurement.htm>.)

The stakeholder theory highlights the need to satisfy the wide range of demands of the different stakeholders. CSR is an effective way of reaching various stakeholder groups. An example of this is a cellphone company entering new African countries which may be better placed if they include a CSR component in their business plans. The African Institute of Corporate Citizenship views CSR as the interaction between the private sector and society through product supply chains, marketing and social and environmental impact.

Companies therefore need to study the individual demands and desires of stakeholders to minimise any associated risks. This will enable companies to have a better understanding of the effect they have on stakeholders. Companies can communicate their CSR initiatives to stakeholders through sustainability reporting.

1.3 Sustainability Reporting and the Triple Bottom Line

Sustainability Reporting refers to the reporting of a company's performance across the social, economic and environmental aspects of the business. It is also referred to as triple bottom line reporting, which is a way of measuring companies' sustainable performance. Triple bottom line reporting expands traditional company reporting to take into account not just financial outcomes but also environmental and social performance (Elkington, 1997).

The triple bottom line is made up of three sustainability pillars as follows:

- Economic sustainability - economic profitability, competitiveness, job or market creation.
- Environmental sustainability - efficient use of natural resources and efficient environmental management and protection.
- Social sustainability - social well being of everyone (inside and outside the business).

In order to be sustainable in the long term, companies need to develop strategies that guarantee financial success and at the same time manage their environmental and social responsibilities. By ignoring one or more of the pillars, companies will affect their ability to operate in the long term in an increasingly turbulent operating environment (Center for Innovation in Corporate Responsibility).

According to the KPMG International Survey of Corporate Responsibility Reporting 2005, sustainability reporting is aimed at communicating environmental, social and economic performance to stakeholders in a transparent and accountable way. The KPMG Survey of Corporate Responsibility Reporting analyses the nature and extent of sustainability disclosure

in annual financial reports. The survey looks at reporting on sustainability issues, such as environment, health, safety or social responsibility.

Tom Grieve, the CEO of KPMG, www.kpmg.com stated the following:

“Companies should not just talk about responsible practice, but be seen to be acting responsibly. This can only happen if there is active communication with stakeholders and transparent reporting,” (Grieve T).

In South Africa, sustainability reporting has become part of mainstream business. In the 2005 KPMG survey, it was found that more than 80% of the Top 100 JSE-listed companies reported on sustainability issues during their most recent fiscal year.

The KPMG survey acknowledges companies on their sustainability reporting and in turn encourages them to improve this aspect of their reporting.

1.4 CSR Initiatives in South Africa

There are a number of initiatives which have been introduced in South Africa to encourage corporates to focus on CSR. Such initiatives include the King II report on Corporate Governance and Black Economic Empowerment. Investors are seeing value in companies' CSR activities which has encouraged socially responsible investing and the introduction of the JSE Social Responsible Investment Index. These initiatives are expanded upon in the text below.

1.4.1 King II Report on Corporate Governance

The King II Report is a publication, applicable to all listed companies, aimed at managing corporate governance in South Africa. The King II Report was launched in 2002.

The King II Report recognises that a company's long term success is based on the sustainable development of the social and economic communities in which it operates. Companies rely on

communities for resources, potential markets and a licence to operate. The King II Report encourages the sustainability of an organisation by balancing the long term viability and success of the company, society and environment in which it operates, with its short term competitiveness and financial achievements.

The result of the King II Report is that companies can no longer view their social responsibility issues in isolation. Social responsibility issues must become part of its business and need to be integrated into its core business strategy.

The King II Report promotes meaningful disclosure of the company's triple bottom line to its stakeholders. Companies are encouraged to annually report on their social, transformation, ethical, safety, health and environmental management policies and practices.

The King II Report suggests that companies who play a role in the environmental protection, health promotion and local community development, will enjoy benefits such as brand recognition, reputation, consumer loyalty, employee motivation and broader stakeholder satisfaction.

1.4.2 Black Economic Empowerment

CSR in South Africa has been influenced by the government's initiative of Black Economic Empowerment (BEE). This initiative was legislated in the Broad-Based Black Economic Empowerment Act in 2004.

BEE is defined in the Broad-Based Black Economic Empowerment Act. The Act incorporates the following objectives:

- To encourage economic transformation;
- To alter the racial makeup of ownership and management structures of organisations;
- To increase the ownership and management of companies by workers and members of the communities in which they operate;

- To promote investment in companies which are owned and managed by black members of society;
- To empower rural and local communities.

BEE is aimed at redressing the racial imbalances resulting from apartheid by increasing black ownership of the economy, encouraging employment equity and rural development. This has been implemented by a range of sector-specific scorecards, as well as a generic scorecard, which assess companies' BEE performance.

The BEE “balanced scorecard” measures companies' BEE progress in four areas:

- Direct empowerment through ownership and control of companies;
- Senior level management;
- Human resource development and employment equity;
- Indirect empowerment through:
 - preferential procurement
 - enterprise development
 - corporate social investment.

As a result of the BEE Act and the King II Report, corporates are focusing on CSR activities and reporting these activities to stakeholders via sustainability reporting. Investors are now seeing value in corporates' CSR activities which has led to the introduction of Socially Responsible Investing.

1.4.3 Socially Responsible Investing

Socially responsible investing (SRI) or sustainability investing refers to a philosophy of investing by both financial and social criteria. Investors seek to align their personal values and financial goals by investing in companies which display values in line with their own.

According to the UK Social Investment Forum, Socially Responsible Investments (SRI) combines investors' financial intentions with their commitment to social concerns. Such social concerns include economic development, social justice, peace or a healthy environment.

SRI strives to measure a company's ability to manage its opportunities and risks deriving from social, environmental and financial developments in a way that ensures both long term success and sustainable investments that will create long term shareholder value.

“Sustainability investing is based on the assumption that companies, integrating corporate citizenship values across the organisation and reporting process, tend to display superior stock performance with favourable risk return profiles,” (Dow Jones Sustainability Group Index, SAM Group, Switzerland, www.sustainability-index.com).

SRI encourages companies to look at the social and environmental impact of their business strategies in order to be sustainable in the future.

Examples of socially responsible investments include socially responsible investment funds and unit trusts, personal pensions and socially responsible indices. The most popular socially responsible indices include the Dow Jones Sustainability Group Indexes (DJSI), the FTSE4Good and the Dow Jones STOXX Sustainability Index. In South Africa, the JSE Socially Responsible Index (SRI Index) was developed in order to meet the SRI needs of the investment community.

1.4.4 JSE SRI Index

The JSE launched the SRI Index in South Africa in May 2004. According to the “JSE SRI Index, Background and Selection Criteria”, (www.jse.co.za/sri), the aim of the index is to recognise companies listed on the JSE that focus on the triple bottom line in their business activities. The index enables investors to identify and invest in such companies.

The SRI Index is a benchmark index which aims to highlight companies from the FTSE/JSE All Share Index with good sustainability practices. It provides a basis for financial SRI products. The SRI Index is based on the FTSE4Good Index, but has been adapted to reflect the complex nature of sustainability in South Africa.

In order to qualify for inclusion in the SRI Index, companies are assessed in four areas namely environmental sustainability; social sustainability, economic sustainability and corporate governance practices. There are a number of criteria which need to be met before a company can be included in the index. These criteria are structured along these four areas.

Companies must complete and submit the JSE SRI Questionnaire in order to be considered. Sustainability Research & Intelligence (Pty) Ltd ("SR&I") is responsible for collecting the data and conducting in-depth research into each company to establish their performance against the criteria. Companies will be included in the SRI Index if they achieve the required score in relation to the criteria.

"The JSE SRI Index, Background and Selection Criteria" sets out the three core principles of the SRI index namely environmental sustainability; social sustainability and economic sustainability.

Environmental sustainability: Companies must be aware of their impact on the environment and be seen to implement strategies for its sustainable use. Companies are evaluated for the Index by looking at the following: the involvement of the Board; identifying and managing environmental risk, conserving and protecting natural resources, reducing negative impacts on the environment; reporting on and auditing environmental performance.

Social sustainability: Stakeholders are affected by companies' performance. The lack of respect for human rights and good governance will hamper sustainable development. Companies are encouraged to incorporate basic human rights in practices and policies. Companies are evaluated by looking at good corporate governance; positive stakeholder relations and engagement; identification and management of social risk; diversity,

employment equity, black economic empowerment; health and safety; development of human capital; sustainability reporting.

Economic sustainability looks at long-term growth and not only short-term performance. Companies are evaluated with reference to corporate governance; identification and management of economic risk; product protection; employee and customer satisfaction.

The SRI Index has encouraged companies operating in South Africa to focus on environmental, social and economic sustainability in order to remain attractive to investors who value such a focus.

1.5 Purpose of this Study

The aim of this research is to establish whether CSR affects a company's image by soliciting stakeholders' views on the CSR of an organisation operating in South Africa. In order to achieve this objective, stakeholders such as employees, customers, suppliers and management were asked to offer their views on CSR. Employees were questioned on whether the company's CSR activities affect their attraction, motivation and commitment to the organisation. Customers were asked about their purchasing decisions in order to ascertain whether such decisions are influenced by the company's CSR reputation and image. Suppliers were questioned whether the CSR of the company affects doing business with the company. Management and Board Members were questioned to establish the influence of CSR on the strategy of the company.

This research sets out to provide insights into stakeholders' views with regards to the following questions:

- Question 1: Do stakeholders of the unlisted retailer believe that being socially responsible will enhance the reputation and image of the retailer?
- Question 2: Do stakeholders of the unlisted retailer believe that the company should give away a portion of their profits to socially responsible projects?

- Question 3: Do employees of the unlisted retailer believe that a socially responsible employer will attract and retain employees?
- Question 4: Will employees and management of the unlisted retailer work for a socially irresponsible employer?
- Question 5: Do customers of the unlisted retailer believe that being socially responsible will attract and retain them to the retailer?
- Question 6: Do customers of the unlisted retailer believe that being socially responsible will alter their purchasing decisions?
- Question 7: Do suppliers of the unlisted retailer believe that if the company is seen to being socially irresponsible, they would consider not supplying the retailer?
- Question 8: Do stakeholders of the unlisted retailer believe that it is important for a company to be socially responsible?

By establishing stakeholders' views on CSR, the company will be able to design its CSR programme in the most effective manner. This could be used as a potential marketing tool by the company and will enable the company to mitigate any risks from stakeholder sanctions. This research can be used practically to set the company CSR policy, implement the policy and review its performance. This research can also be used to indicate whether CSR could increase shareholder value but further research will be required to prove this causal relationship.

1.6 Conclusion

This chapter has introduced CSR in the South African context and has given some insight into why companies are focusing on CSR issues in their business strategies. The King II Report, the BEE Act and the JSE SRI Index are a few initiatives which have encouraged companies to look beyond their financial bottom line. The stakeholder theory was introduced and will be further examined in this research to establish whether the company's image, as perceived by stakeholders, is influenced by corporate social responsibility.

The following chapter sets out a review of related literature which looks at previous studies defining CSR; examining stakeholders' views on CSR; researching the effect of CSR on employee attraction and commitment to an organisation and establishing the impact of CSR on consumers' buying behaviour. The research design and methodology are presented in chapter 3 with an analysis of the study results in chapter 4. The conclusion of the study is presented in chapter 5.

Chapter 2

Literature Review

This chapter is concerned with reviewing relevant prior studies with the objective of establishing an in-depth understanding of the meaning attached to corporate social responsibility. It is also aimed at gaining insights from prior research about the relationship between CSR and company image as expressed by different stakeholders.

2.1 Definition of Corporate Social Responsibility

Drucker (1993) defined corporate citizenship as active commitment and responsibility to make a difference in community, society and the country in which we live.

CSR is the ethical behaviour of a company towards society. In particular, it means management acting responsibly in its relationships with other stakeholders.

McWilliams and Siegel (2001) studied the demand function for CSR and defined corporate responsible actions as those that are beyond the company's main interests and beyond what is required by the law, which further social good in society.

Socially responsible principles encourage companies to consider a triple bottom line approach (Elkington, 1997) to decision making, as opposed to only considering the economic bottom line.

Perreault and McCarthy (2002) suggested that corporate social responsibility is a company's duty to enhance the positive effects which it has on society and diminish its negative effects.

Van Marrewijk (2003) defined corporate social responsibility as voluntary company activities which consider social and environmental concerns in its business functions and in its relations with stakeholders.

Carroll (1991) described CSR as company behaviour that results in profit generation and a contribution to prevent or solve social and environmental problems. Carroll proposed four corporate social responsiveness strategies: reaction, defence, accommodation and proaction. Reactive response refers to doing less than is required, where corporates deny responsibility. Defensive response means doing the minimum required, where companies admit responsibility but do not go the extra mile. Accommodative strategy refers to doing all that is required in order to accept responsibility. Proactive response is where companies anticipate any claims that may be made against them. Companies do more than what is required of them.

Prior research has defined CSR as companies acting responsibly towards stakeholders; making a difference in society; reducing the negative effects of their behaviour on society and considering social and environmental factors when making decisions. Prior research has therefore defined CSR in broad terms as company behaviour which positively affects society.

2.2 “Business of Business is Business”

Business's role in society is caught between two contrasting positions. On one side of the debate are those who agree with Milton Friedman (1962) who stated that, "the business of business is business." This implies that social issues are nonessential to the functions of company management. The sole purpose of business is to increase profits and create shareholder value. The social responsibility of business is to abide by the rules of business and to engage in open competition without fraud or deception.

On the other side of the debate are the supporters of CSR who believe that CSR enhances the reputation of companies and enables companies to reap long term sustainability in the market (Burke and Logsdon 1996; Lantos 2001; Porter and Kramer 2002; Johnson 2003).

According to Davis (2005), the problem with the "business of business is business" approach is that it can obscure the important issue that social concerns are essential to business.

* Companies that ignore public opinion make themselves vulnerable to attack by stakeholders.
Examples of such attacks include customers choosing goods from socially responsible

companies above those companies which ignore social issues and employees not being attracted to an organisation which disregards social issues.

Davis (2005) went on to say that companies that do not pay attention to social issues are ignoring many factors that could affect their strategic future in significant ways. The effects of social pressures may not be immediate, however that is not a reason for companies to delay preparing for them. From an investment perspective, investors will look at investing in a company's cash flows beyond the next three years. It is therefore relevant for companies to prepare for future social pressures, beyond the current environment.

Davis (2005) revealed that billions of dollars have been put at risk due to companies ignoring social issues that affect the fundamental drivers of future performance. In many instances, a "business of business is business" outlook has blinded companies to outcomes that often could have been anticipated. Heal (2001) gave examples of companies which have been punished for ignoring sustainability issues. Nike was boycotted for its use of sweatshop labour and Shell was punished for its alleged environmental contraventions. These outcomes have not just posed risks to companies but have also resulted in a loss of value-creation opportunities. **Businesses can gain advantage by recognising such opportunities before their competitors do.**

"The business of business is business" approach encourages managers to focus on improving the short-term performance of their businesses and thereby neglecting important longer-term opportunities and issues. Such long term issues include pressures from society, the trust of customers and investments in innovation and other growth prospects.

Ehlers and Lazenby (2004) looked at the importance of considering social responsibility when formulating strategies due to the following factors:

- A company's right to exist depends on its environment and society. *subject if not consistent consider alternative*
- National legislation threatens increased regulation if companies do not meet changing social standards.

- A responsive corporate policy may enhance an organisation's long-term profitability and sustainability.

The research above highlights the two contrasting positions in business between the "business of business is business" approach and the social responsibility approach. Many researchers have highlighted the potential risk to companies of ignoring CSR issues. Although by ignoring CSR issues, companies have suffered short term losses, the long-term effect on company value and sustainability is uncertain. A responsive CSR policy could enhance companies' reputations, help to prevent companies from attack by shareholders on social issues, and may enhance an organisation's long-term profitability and sustainability.

The following section looks at how CSR specifically affects the stakeholders of companies.

2.3 Stakeholders' View on Corporate Social Responsibility

A company's stakeholders are all those who are influenced by, or who can influence a company's decisions and actions. These include employees, customers, suppliers, community organisations, subsidiaries, joint venture partners, investors, shareholders and local society.

Freeman (1984, page 46) defined stakeholders as:

"any group or individual who can affect or is affected by the achievement of the organisation's objectives".

Freeman (1984) made a distinction between **primary** and **secondary** stakeholders. Primary stakeholders include **owners, management, local community, customers, employees and suppliers**. Their ongoing involvement is necessary for the survival of the company. Secondary stakeholders include the **government and communities that provide infrastructure and markets, trade unions and environmentalists**, that provide infrastructure and markets. Secondary stakeholders are not essential to the survival of the company although their actions can significantly damage or benefit the company.

Freeman and Liedtka (1997) found that a company cannot contribute to the value chain, without primary stakeholder support and primary stakeholder efforts.

Frederick (1998) argued that CSR should not fail as maximizing profits, without considering the effect on stakeholders and the environment, is illegitimate and immoral.

Godsell (2003) suggested that a company will only survive if it benefits all of its stakeholders over time. These stakeholders (which include customers, employees, shareholders and the community) should be left better off after interacting with the company.

Post, Preston, Sachs (2002), defined stakeholders as individuals and groups that contribute, voluntarily or involuntarily, to the wealth creation of the company. Stakeholders are therefore possible beneficiaries and/or risk bearers to the company.

Managers are advised to integrate the views of their stakeholders in their corporate decisions (Heugens, van den Bosch, & van Riel, 2002).

A number of past studies have shown that companies are coming under increasing pressure from a variety of stakeholder groups, to pursue socially responsible behaviour. Such studies began in 1962 where Friedman explained that shareholders' primary responsibility is to its owners:

“Few trends would so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as they possibly can,” (Friedman, 1962, page 133).

These stakeholder groups were then expanded to include shareholders, employees, investors, consumers and managers (Donaldson and Preston, 1995).

Carroll (1991) looked at the relationship between CSR and the moral management of stakeholders. This was done to understand how a company fulfils its responsibilities. Carroll (1991) described the responsibilities of management to include complying with regulatory and legal requirements; acting in harmony with the ethics of society and contributing to society's quality of life.

Carroll (1991) developed a stakeholder-based framework in the form of a "pyramid" that describes and ranks the four forms of CSR. Carroll's (1991, pg 41) pyramid of CSR is "predicated upon the economic responsibilities of the firm, because without it the others become moot consideration." These four forms of CSR in the pyramid include economic, legal, ethical and philanthropic issues. The aim of the pyramid is to prioritize the responsibilities of the firm to its relevant stakeholders. Each of these dimensions of the pyramid can be linked to the stakeholders of the company (owners, customers, employees, the community and the public).

Van Marrewijk (2003) suggested a CSR framework based on the five "ambition levels" of CSR which explain how management relates to its social, economic, and environmental responsibility. The five "ambition levels" in this CSR framework are compliance driven, profit driven, driven by caring, synergistic or holistic.

Compliance driven policy perceives CSR as a social obligation and a duty to society. Spending on CSR is seen as a cost opposed to an investment. Profit driven policy sees CSR as a strategic initiative. Spending on CSR is viewed as an investment in creating competitive advantage which thereby maximises profits. Caring policy uses CSR to balance the triple bottom line. Management is focused on the social welfare of society as well as creating wealth for shareholders. Synergistic policy uses CSR to ensure sustainability of the company that will enable it to continue operating in the long term. Holistic policy incorporates CSR as part of the corporate culture. Social and environmental responsibility is strategically used to create competitive advantage and meet the company's economic responsibilities. Van Marrewijk

(2003) concluded that these five policies imply that companies should adopt CSR strategies that are focused on its stakeholders.

Dusuki and Dar's research (2005) examined the perceptions towards CSR of various stakeholders of an Islamic Bank, namely employees, managers, regulators, Islamic legal advisors, customers, depositors and local communities. The research addressed whether these stakeholders supported CSR initiatives and whether they perceive CSR as a tool to benefit companies. A questionnaire was completed by stakeholders and the results reflected that CSR is significant to business organisations in terms of their reputation and image as well as their profitability. Organisations have a responsibility to their various stakeholders and cannot count on financial performance alone to survive in the long term.

The study recommended the following:

“CSR should be used as a strategic tool to enhance the reputation and public image of a business institution, while at the same time, prove to be profitable for an institution in the long-run,”(Dusuki, A and Dar, H 2005, page 21).

The studies above show the importance of CSR focusing on stakeholders' needs. Incorporating stakeholders' views into CSR policies takes into account the multi-fiduciary role of the company by recognizing that its responsibilities go beyond the shareholder-management relationship. It is important for companies to understand the diverse expectations of their stakeholders with respect to CSR. This will help to ensure the sustainability of the company and will assist them to achieve the continued support of stakeholders. The company can use CSR practices as effective marketing tools to its stakeholders. Stakeholder analysis can provide feedback on the effectiveness of the CSR programmes. Companies may reap long term benefits such as brand enhancement, increased employee motivation, quality employee retention and higher profitability by committing themselves to CSR practices. The following section looks at the way consumers view CSR.

2.4 Consumers' Perceptions on Socially Responsible Companies

The social responsibility of companies may affect consumer choices. Consumers have been seen to avoid socially irresponsible products or the products of companies that have not acted in society's best interest. Early studies on consumer behaviour include a study by Ross, Stutts and Patterson (1991) where they interviewed 225 people. The study found that 49 percent of the interviewees had purchased a product as a result of the company's support of a charitable cause.

In a national telephone study, Smith and Alcorn (1991) found that 46% of the respondents stated that they are likely to change brands to support companies that make donations to non-profit organisations. 30% of the respondents reported that they occasionally buy products purely because the manufacturer supports charitable causes.

Creyer and Ross (1997) performed a survey of parents of school children to establish their responses to the ethical and unethical conduct of companies. They found that the respondents expect companies to behave ethically in business and they feel strongly about this issue. In addition, the respondents stated that they would pay higher prices for an ethical company's products.

Research by Folkes and Kamins (1999) manipulated two factors in a telephone company's operations: the sound quality and the employment ethics. They found that the information on poor ethics affected customers' attitudes towards the firm even more than the quality of sound. When the firm was described as unethical, consumers' attitudes towards the firm was negative, regardless of the good sound quality.

Handelman and Arnold (1999) looked at various scenarios in which a new retailer moved into a community. They manipulated two aspects of the company. The first aspect was the store image attributes being assortment, price and convenience of location. The second aspect was the company's CSR activities for the family, community and country. They then measured the respondents' support for the retailer. Handelman and Arnold (1999) found that CSR had a

strong impact on support. They concluded that being socially irresponsible overshadowed traditional criteria which consumers use to select retailers.

Mohr, Webb and Harris, (2001) conducted in - depth interviews with consumers to determine their views on the social responsibilities of companies. The study defined socially responsible consumers as people who avoid buying from companies that harm society. Such consumers purposefully look for products from companies that assist society.

This study used qualitative research in the form of semi-structured interviews to establish the thoughts and feelings of consumers about CSR. The researchers concluded that most of the respondents were positive towards business and especially towards socially responsible companies. Although most of the respondents did not use CSR as purchasing criteria, they occasionally made a purchase decision based on such principles. A small group of the respondents actively practised socially responsible consumer behaviour and wanted to learn what companies are doing to be socially responsible. This group saw every purchase as having implications for the larger society. They believed in rewarding or punishing companies that are less socially responsible. A small portion of respondents were completely disinterested or opposed to socially responsible consumer behaviour.

The researchers explained that the lack of socially responsible consumer behaviour was as a result of the following factors:

- a) Buying is based on traditional criteria of price, quality and convenience. Consumers are concerned that using CSR as a criteria may compromise their choice on the traditional criteria.
- b) Lack of knowledge and difficulty in obtaining information on the social responsibility records of companies.

In 2001, British Telecom (BT) conducted a study, (“Enlightened Views”) to determine the main variables that drive consumer satisfaction. Three thousand interviews were conducted with customers. The study revealed that the key factors which affect customer satisfaction are products; contact and experience; price and value; image and reputation. Further analysis

showed that specific CSR activities represented more than 25% of the image and reputation component. The study showed that if BT lost its positive reputation for its CSR activities, its customer satisfaction levels would drop by up to 10%. BT's conclusion in their study was that CSR increases customer satisfaction and has a positive impact on revenues and profitability.

In 2002, the Co-operative Bank and the New Economics Foundation performed a study looking at ethical purchasing in the UK (The Ethical Purchasing Index 2002). They found that consumer perceptions of ethical business practices and ethical products and services had a significant impact on spending and customer loyalty. The study revealed that 52% of consumers have boycotted a product or service for ethical reasons. 66% of consumers reported that they had not returned to a product once it had been associated with unethical practice.

Marconi (2002) performed research on consumers trust in companies. His research found that two-thirds of Americans had greater trust in companies which were aligned with a social issue. Marconi (2002) reported that there are consumers who will journey further and pay slightly more in order to feel better about their purchasing decision.

The research above is made up of a number of different studies, each of which has highlighted a particular aspect of consumer behaviour elicited by a company's CSR policies. Although these findings cannot be assumed to apply to all consumers, they indicate that CSR initiatives have had certain effects on a significant proportion of consumers in the various studies reviewed. These findings may also be indicative of future consumer behaviour. Studies reviewed have shown variously that a significant proportion of consumers have: purchased a product due to the company's support of a charitable cause; changed brands to companies that make donations to non-profit organisations; shown greater trust in companies which were aligned with a social issue; paid higher prices for an ethical company's products; boycotted companies which employed unethical business practices.

The following section looks at the effect of CSR on employees.

2.5 Employees' Perceptions of Socially Responsible Companies

A number of researchers have done research on the effect of CSR on the attraction and commitment of employees and the effect of CSR on the employer brand. Key elements of their research are presented below.

2.5.1 Attraction of Employees

Several researchers have suggested that a talented, quality workforce is an important source of competitive advantage for companies.

Backhaus, Stone and Heiner (2002) looked at job seekers perceptions on the importance of CSR. This study revealed that job seekers consider CSR important when assessing potential employers. They rate the five most important CSR dimensions to be the environment, community relations, employee relations, diversity and product issues. The environment, community relations and diversity dimensions were found to have the biggest effect on attractiveness ratings.

Greening and Turban (1996) showed in their research that employers are ensuring that they include their corporate social performance in their recruitment literature in order to enhance their attractiveness to recruits.

A further study by Greening and Turban (2000) revealed that socially responsible companies are more attractive to potential employees. Therefore such companies will benefit from larger applicant pools. A company's ethics, values and social responsiveness play a significant role in shaping employee perceptions of the attractiveness of particular organisations. The research found that job applicants have higher self-images when working for socially responsive firms over those firms that are less socially responsive.

Scott (2004) showed that corporate social and environmental values play a significant role in the recruitment of new graduates.

2.5.2 Commitment of Employees

Brammer, Millington and Rayton (2006) investigated how employee perceptions of a firm's CSR influenced the degree to which they were committed to that organisation. The study looked at three aspects of CSR on organisational commitment: employee perceptions of CSR in the community; procedural justice in the company and the provision of employee training. The study used data from an employee attitude survey for a large retail banking services firm in the United Kingdom. The study showed that employee perceptions of CSR have a major impact on organisational commitment. Ethical treatment of employees was found to be the most important aspect of an organisation's CSR. Perceptions of the firm's responsibility in the community positively influenced employees' commitment.

The positive relationship between employee awareness of CSR and their commitment to an organisation, emphasizes one of the benefits which flows from an investment in CSR. Company contributions to community projects does not only benefit external stakeholders, but is also reflected in the behaviour of internal stakeholders.

Peterson in 2004, concluded that employees will be proud to work for companies that have a favourable reputation. According to social identity theory, corporate social performance may be expected to contribute positively to the attraction, retention and motivation of employees. This is because employees are likely to identify strongly with positive organisational values.

Dawkins (2004) found that 58% of UK employees believed that the social and environmental responsibilities of the company for which they worked, were very important.

Rucci, Kirn and Quinn (1998) conducted a study at Sears in the USA in which they surveyed 65 000 employees. Their study revealed that committed employees performed higher levels of service. The researchers concluded that employee commitment impacted directly on sales through reduced employee absenteeism.

2.5.3 Effect of CSR on the Employer Brand

Bevan, Isles, Emery and Hoskins (2004) reported that a company can differentiate itself from its competitors by having a positive employer brand. This positive employer brand enables a company to attract a high calibre of staff, which in turn can contribute to improved business performance (Greening D.W. and Turban D.B. (2000)).

Bevan, Isles, Emery and Hoskins (2004) in conjunction with the Work Foundation and the Future Foundation conducted a study, "The Ethical Employee" to examine the impact of CSR on the employer brand. They conducted 1050 interviews with the aim of establishing whether a company's CSR affected the reputation of the employer. Their research found that 20% of employees found employers with a positive corporate image more attractive. Retention of employees increased where employers matched their employees' organisational values.

Marconi (2002) showed that cause-related marketing programmes enhance a company's image and increase employee satisfaction. 90% of employees in companies with such programmes were reported to have felt proud of their company.

Jones, Nathan and Westwood (2004) looked at the impact of two Marks and Spencer (M&S) schemes on employees. M&S schemes offered work placements and support to homeless people. Over 20% of the participants ended the scheme with a job at M&S or with other employers. The study revealed that 37% of individuals were much more positive about the company and 39% were a little more positive. The scheme resulted in a positive brand being experienced by existing employees.

The research reviewed above reflects the importance of CSR in a company for the following reasons: Socially responsible companies are more attractive to potential employees. Employees are proud to work for companies that have a favourable reputation. Employee perceptions of CSR have a major impact on organisational commitment which results in employees performing higher levels of service. CSR therefore has a positive effect on the employer brand which in turn can contribute to improved business

performance.

2.6 CSR and Economic Performance

Much research has been conducted to establish whether there is a relationship between CSR and financial performance.

Davis (1973) and Steiner (1979) asserted that although CSR may cost the business in the short term, it benefited the company in the long term. Socially responsible companies benefit from greater social legitimacy and less government regulation. A better society is good for the long term profitability of companies.

Ullmann (1985) and Wood and Jones (1994) researched the relationship between CSR and profitability. These studies used a single gauge of social performance (such as a reputational index) and correlated this with various measures of a company's economic performance. Consensus could not be reached from these studies with regards to the relationship between CSR and financial performance.

Burke and Logsdon (1996) set out to establish whether CSR yields substantial business related benefits to the firm. The researchers set out to identify the relationship between CSR and the strategic interests of the company. They did this in order to establish whether CSR activities can serve the economic and societal interests of stakeholders.

Burke and Logsdon (1996) identified five dimensions of strategic CSR which are critical to the success of the company and the value which the CSR programmes create for the company. The five dimensions are as follows: centrality, specificity, proactivity, voluntarism and visibility. These dimensions of CSR strategies result in value creation for the company.

Centrality refers to the alignment of the CSR policy to the company's mission and objectives. It results in an enhanced reputation for the company and improved employee morale, productivity and retention.

Specificity refers to the company's ability to capture the benefits of a CSR programme. Specific CSR programmes will benefit society as well as benefiting the company. An example would be cause-related marketing programmes which benefit the sponsoring company as well as the recipient non profit organisation.

Proactivity refers to the scale to which the CSR programme is planned in anticipation of emerging social trends or the avoidance of crisis conditions. Companies are required to review their environment to ensure that they can anticipate any changes thereof. Organisations that recognise changes in their environment at an early stage will be able to take advantage of any opportunities or counter any threats.

Voluntarism refers to the level of flexible decision making by the company where there is a lack of external compliance regulations. An example of voluntarism is when a company exceeds the minimum safety standards in their factory. Such activities result in strategic and social responsibility benefits to the company.

Visibility refers to the company's ability to gain recognition from its stakeholders, through their observable activities. Visibility can have positive and negative consequences for companies, although generally CSR activities have positive outcomes. An example of visibility is extensive employee benefit programmes which are highly visible in the company. Such programmes result in improved productivity, morale and loyalty in employees and aid the company in attracting and retaining a high calibre of employees.

The ultimate measure of the strategic benefits from CSR activities is the value that they create for the company. Value creation refers to the economic benefits which are likely to flow to the company as a result of CSR activities. Companies create value in their business activities through introducing new products, investing in new technology, brand building, training and customer services. When these activities are combined with CSR objectives, the CSR programmes are likely to create significant economic benefits for the company.

Most research conducted on the relationship between CSR and financial performance has

been unsuccessful at proving the relationship. The research has however shown the substantial benefits which flow to the organisation as a result of CSR. Value creation activities combined with CSR objectives are likely to create significant economic benefits for the company.

2.7 Conclusion

The research above defined Corporate Social Responsibility and the importance thereof when formulating business strategy. The Milton Friedman approach of “Business of Business is Business” was discussed along with the shortcomings of this model. Studies on stakeholders’ views on CSR were reviewed and the literature revealed that companies benefit from being able to demonstrate their social responsibility towards stakeholders. The literature reviewed looked at the effect of CSR on consumers and the studies revealed that companies’ CSR initiatives have had certain effects on a significant proportion of consumers in the various studies reviewed. These studies reviewed have shown variously that a significant proportion of customers have: purchased a product which is linked to a charitable cause; changed brands to companies that make donations to non-profit organisations; shown greater trust in companies which were aligned with a social issue; paid higher prices for an ethical company’s products; boycotted companies which employed unethical business practices.

A number of studies looked at CSR and employees. These studies revealed that CSR has an effect on the retention and motivation of employees. Employees are proud to work for companies that have a favourable reputation. Socially responsible companies have more committed employees who perform higher levels of service. CSR has a positive effect on the employer brand which can contribute to improved business performance.

Previous research on the relationship between CSR and economic performance was reviewed. Most research conducted on the relationship between CSR and financial performance has been unsuccessful at proving the relationship. Value creation activities combined with CSR objectives are likely to create significant economic benefits.

This extensive research has revealed the value which CSR can bring to organisations. However, prior research was conducted abroad in large, listed companies. There is therefore scope to perform similar research on a medium sized, unlisted organisation in South Africa. The remaining chapters of this research look at a case study performed on an unlisted company operating in South Africa. The objective of the case study is to gain insights into stakeholders' views on CSR in order to establish whether CSR affects the image of a medium-sized unlisted South African company.

Chapter 3

Research Design and Methodology

This chapter explains the research method selected and justification thereof. Methodologies used in prior research were examined and applied where applicable. This chapter explains how the research method was followed, the formulation of the sample size and the selection of the respondents. The questionnaire given to respondents is discussed, along with the type of questions asked. Demographics of the respondents are examined and compared to the population of each stakeholder group. The data collection procedures are set out along with the techniques used to analyse the data.

3.1 Research Design

3.1.1 Research Subject

The research was conducted on Cape Union Mart International (Pty) Ltd, an unlisted, medium sized, family owned retailer operating in South Africa.

Choosing only one company is seen as problematic by scholars such as Eisenhardt (1989). However Glaser and Strauss' (1967, p. 30) contended that "the number of cases is [...] not so crucial. A single case can indicate a general conceptual category or property, a few more cases can confirm the indication." As this study is explorative in nature, it was felt that the selection of one company was justified.

Yin (1994, p. 40) supported the choice of a single case "when an investigator has an opportunity to observe and analyze phenomenon previously inaccessible to scientific investigation."

The management of the company confirmed that no similar investigations have ever been conducted on the selected company. By choosing a single case, the researcher is able to place

a phenomenon in its context (Dyer and Willkins, 1991) which would be impossible to do in multiple cases due to their diverse circumstances.

Given the reasons discussed above, it was considered appropriate to base the study on one company, bearing in mind the limitations thereof. Most of the prior research has been conducted on large, listed organisations abroad. Such listed companies have to be more aware of issues which affect their company image, reputation and possibly their share price. It therefore interested me as to whether the image of a company is of equal importance to an unlisted company. I therefore chose Cape Union Mart International (Pty) Ltd as it is an unlisted, medium sized company operating in South Africa. This choice of company was therefore favoured due to its unique nature from a research point of view.

Cape Union Mart International (Pty) Ltd was founded in 1933 and competes in the outdoor apparel, equipment and casual apparel markets. The company has sixty stores consisting of fifty one Cape Union Mart stores, two outlet stores, and eight Old Khaki stores. All stores are located in prestigious, high traffic shopping centers in South Africa, Namibia and Botswana.

3.1.2 Research Method

The research method selected was a case study method within which stakeholders' opinions were surveyed. This was done to solicit the views of different levels of employees within the company and to solicit the views of internal and external stakeholders.

Survey research is a quantitative method of collecting information by asking a set of predefined questions in a predetermined sequence in a structured questionnaire (Pinsonneault and Kraemer (1993)). The questionnaire is given to a sample of individuals drawn so as to be representative of a defined population. This survey method of research was selected for data collection and a structured questionnaire consisting of close-ended types of questions was formulated. This type of research methodology was selected as it is an effective way to get information from people in a non threatening way. Questionnaires can be completed

anonymously, are inexpensive to administer, are easy to compare and analyze, can be administered to many people and enable the researcher to obtain much data.

The disadvantages of this method are the impersonal nature of questionnaires, the wording thereof can bias client's responses and you may not get the full story. These disadvantages were overcome by ensuring carefully worded questionnaires which cover all aspects of the research topic. In order to personalize the questionnaire, a brief explanation of the purpose of the questionnaire was included in each questionnaire along with a clear explanation of how to complete the questionnaire. A note on the confidentiality of data was included to assure stakeholders that their individual responses would not be revealed to Cape Union Mart. Stakeholders were assured that their responses will be combined with many others to learn about overall attitudes.

3.1.3 Selection of Respondents

Different insights are determined by the personal characteristics of individuals (Thomas, Shankster, & Mathieu, 1994). Therefore questionnaires were sent out to employees at various organisation levels in order to obtain different insights into the company's CSR.

People with different experiences, personal backgrounds, knowledge and access to information (Kahneman & Tversky, 2000; Simon, 1982; Stiglitz, 2000) are likely to provide a variety of interpretations of their views on CSR.

Employees at different levels in the company have different priorities (Heugens 2005) and therefore may or may not be interested in particular organisational phenomena (Dutton, Ashford, O'Neill, & Lawrence, 2001). Therefore such employees introduce different insights into CSR.

External stakeholders provide additional insights into CSR as they have an outside position and strategic decisions affect them differently (Sharma & Henriques, 2005). Therefore questionnaires were sent to a variety of individuals, i.e. external stakeholders (customers and

suppliers) and employees from the highest to the lowest levels of the company (including management and Board members), in order to gain a comprehensive understanding of views on the CSR of the company studied. These stakeholders are in line with Freeman's definition of stakeholders as any group or individual who is affected by the achievements of the company's objectives (Freeman, 1984).

The questions asked to respondents were derived in line with the objective of the dissertation: to establish whether the company's image, as perceived by stakeholders, is influenced by corporate social responsibility. The questionnaires were formulated to gain insights into stakeholders' views of the questions established in chapter 1.

Questionnaires were distributed by hand and by email to all head office employees, management and a random sample of store staff. Questionnaires were sent to a selection of stores around the country by mail and placed at till points of the stores. The store manager was responsible for handing out questionnaires to customers for completion. Questionnaires were sent by email to local suppliers. The questionnaires are included in the appendix to this research.

3.2 Sampling

Empirical research almost always depends upon a sample which is assumed to accurately represent a population. Therefore it was important to select a sample which was representative of the demographic profile of the various stakeholders of the company. The sample size was carefully considered when deciding on the number of questionnaires to send out. Pinsonneault and Kraemer (1993) reported that a small, representative sample will reflect the group from which it is drawn. The larger the sample, the more precisely it reflects the target group. In order to obtain a representative sample of the company's stakeholders, questionnaires were submitted to a large number of stakeholders, which resulted in a good representative sample.

The table below summarises the total number of questionnaires distributed; the number of usable returned and completed questionnaire and the overall response rate.

Table 3.1 - Target Groups and Response Rate

Target Groups	Distributed Questionnaires	Returned Questionnaires	Response Rate
Employees	120	93	78%
Suppliers	30	17	57%
Customers	220	148	67%
Management	14	12	86%
Board of Directors	5	3	60%
Overall Response Rate	389	273	70%

A total of 389 questionnaires were distributed to stakeholders, of which 273 completed questionnaires were returned, which yielded a response rate of 70%. This response was considered large enough and sufficient for statistical reliability and no further attempt was made to increase the sample size. This high response rate improved the validity and reliability of the survey as the greater the response, the more accurately it estimates parameters in the population sampled (Pallant 2002).

The demographic profiles of each sample selected per stakeholder category are presented below, along with details of the overall population demographics. This is done to establish whether the sample selected is representative of the demographic profile of the stakeholder category.

3.2.1 Board of Directors Sample

Questionnaires were sent to all five members of the Board of Directors (including the owner of the business). 3 out of 5 of the Board members completed the questionnaire (60%) which is a sufficient coverage on which to base conclusions.

3.2.2 Management Sample

Twelve members of management completed the questionnaire. The sample of management revealed the following demographics, as compared to the overall population.

Table 3.2 – Management Sample Demographics

<u>Gender</u>	SAMPLE		POPULATION	
	Percentage	Count	Percentage	Count
Male	50%	6	50%	7
Female	50%	6	50%	7

<u>Race</u>	SAMPLE		POPULATION	
	Percentage	Count	Percentage	Count
White	92%	11	93%	13
Coloured	8%	1	7%	1

<u>Age</u>	SAMPLE		POPULATION	
	Percentage	Count	Percentage	Count
18 – 24	0%	0	0%	0
25 – 34	33%	4	36%	5
35 – 49	50%	6	50%	7
50+	17%	2	14%	2

<u>Language</u>	SAMPLE		POPULATION	
	Percentage	Count	Percentage	Count
English	92%	11	93%	13
Afrikaans	8%	1	7%	1

The population demographics were obtained from the company's Human Resources Department. Eighty six percent of management completed a questionnaire and hence the demographics of the sample strongly resembled the demographics of the management team.

3.2.3 Employee Sample

Ninety three permanent employees completed the questionnaire. This equates to 23% of the work force. The sample of employees revealed the following demographics as compared to the entire population.

Table 3.3 – Employee Sample Demographics

<u>Gender</u>	SAMPLE		POPULATION	
	Percentage	Count	Percentage	Count
Male	40.9%	38	51.9%	214
Female	59.1%	55	48.1%	198

<u>Age</u>	SAMPLE		POPULATION	
	Percentage	Count	Percentage	Count
18 – 24	23.7%	22	32.8%	135
25 – 34	57%	53	49.8%	205
35 – 49	17.2%	16	13.1%	54
50+	2.2%	2	4.4%	18

The population demographics were obtained from the company's Human Resources Department. The sample selected had a slight female bias and was more biased towards the age category of 25-34. These biases should not significantly affect the results of the survey as the bias of the sample demographics is not materially different to the population demographics.

3.2.4 Customer Sample

A total of 148 questionnaires were completed by end-use customers in the retail stores. The sample revealed the following demographics:

Table 3.4 – Customer Sample Demographics

<u>Gender</u>	SAMPLE		POPULATION
	Percentage	Count	Percentage
Male	53%	79	67%
Female	44%	65	33%
Not completed	3%	4	0%

<u>Age</u>	SAMPLE		POPULATION
	Percentage	Count	Percentage
18 – 24	15%	22	21%
25 – 34	26%	39	28%
35 – 49	39%	58	33%
50+	14%	21	19%
Not completed	5%	8	0%

<u>Language</u>	SAMPLE		POPULATION
	Percentage	Count	Percentage
English	48%	71	60%
Afrikaans	39%	57	24%
Xhosa	5%	7	0%
Zulu	2%	3	0%
Other	4%	6	0%
Not completed	3%	4	0%

<u>Household Income</u>	SAMPLE		POPULATION
	Percentage	Count	Percentage
0 – R2 999	7%	10	7%
R3 000 – R5 999	11%	16	12%
R6 000 – R9 999	12%	18	13.5%
R10 000 – R12 999	13.5%	20	14.5%

R13 000 – R15 999	11%	16	15%
R16 000 +	32%	48	24%
Refused	13.5%	20	14%

The population demographics were obtained from the company's Marketing Department. The total estimated number of customers is 180 000.

The sample selected had a slight female bias and was more biased towards the age category of 35-49. A higher percentage of the sample were Afrikaans speaking and a higher percentage of the sample fell into the income level of R16 000 and above. These biases should not significantly affect the results of the survey.

3.2.5 Supplier Sample

Questionnaires were sent to the 25 largest local suppliers which supply products to the company. These were considered the most significant local suppliers in the company. 17 suppliers completed the questionnaire which is a sufficient coverage on which to base conclusions.

3.3 Data Collection

Case study research is reliable if the data collection can be repeated with the same results (Yin 1994, 33). The same data collection techniques were used on all the stakeholder groups to ensure the reliability thereof.

Data was collected over a period of three months, from August to October 2006 from the questionnaires which were completed by the research sample.

A different questionnaire was created for each stakeholder group with questions relevant to each group. The types of questions asked focused on whether the CSR of the company affected the behaviour of stakeholders. The main focus of each questionnaire set out to

establish whether socially responsible companies have a better reputation and company image. The questions focused on whether stakeholders would support a company which harms society and the environment; the importance of the communication of CSR policies and activities to stakeholders; whether the company should give away a portion of its profits to social causes; the importance for companies to do good works in society; management's involvement in CSR activities and whether CSR activities attract, retain and motivate the stakeholders of the company.

The questionnaires varied in length from 8 questions to suppliers, 9 questions to the Board of Directors, 12 questions to customers and 14 questions to employees and management. Copies of the questionnaires are included in the Appendix.

Respondents had to rate a list of statements on a 5-point Likert scale. The scale was used to indicate the stakeholders' level of agreement or disagreement with a particular statement. Each statement was aimed at soliciting a response that would give the researcher a clearer understanding of the stakeholders' views on the corporate social responsibility of Cape Union Mart and the effect thereof on the company image.

Before the final version of the questionnaire was sent out, it was pilot tested to determine the appropriateness and relevance of the questions in the instrument. A representative from each stakeholder group completed the relevant questionnaire and gave feedback thereon. Based on the feedback from these respondents, several modifications were made to the wording of some questions, and some less important questions were deleted.

The data was collected in spreadsheets and a different spreadsheet was used for each stakeholder group. Each questionnaire was individually numbered and the data was then captured accordingly. This ensured the completeness of the capturing of all questionnaires. A column was set up for each statement. The data was then captured against this column and a number was given to each answer, depending on the level of agreement or disagreement with the statement as follows:

Answer	Result Number
No Answer	0
Strongly Disagree	1
Disagree	2
Indifferent	3
Agree	4
Strongly Agree	5

In some instances, respondents did not give a response to a statement (ie. No Answer as reflected in the table above). These “No Answer” statements obtained a score of zero for the purposes of the data collection.

Accuracy and validity of the data collection was verified by spot checking questionnaires to the Questionnaire Results spreadsheet. This contributed to the reliability of the research results.

3.4 Data Analysis

Once all the data was collected, quantitative data analysis was performed on the data collected per statement. Quantitative analysis was used due to the nature of the research conducted. For each statement, the total number of answers per level of agreement was calculated and the percentage thereof. A weighted average analysis was then performed per statement on the data collected. Results are displayed in tabular format in chapter 4.

In some instances respondents did not give an answer to a statement. This resulted in a skewing of the weighted average analysis per statement. Such answers were subsequently excluded from the weighted average analysis to avoid distortion of the results.

The unit of analysis in the research was the broad categories of the respondents and the company itself. Each stakeholder group was analysed to establish their views on the CSR of Cape Union Mart. This in turn was used to establish the ways in which CSR affects the company's image.

Cross analysis was performed on the customer group to establish whether any trends exist between the answers given by respondents and their demographic profiles. Such analysis may be useful in the marketing of CSR activities to the various demographic levels within stakeholder groups.

Finally, the results of common questions asked to the stakeholder groups were analysed to compare the various stakeholders' views on the particular statement. The mean responses to the statement, per stakeholder group, were tabulated and analysed accordingly. This was done to understand the different ways in which the company's CSR affects stakeholders. By understanding this, the company will be better positioned to market effectively to stakeholders.

The aim of this survey was to enable the company to obtain a better understanding of stakeholders views' of CSR and the effect thereof on the company's image. By understanding stakeholders' views, the company can improve its image by marketing CSR activities to stakeholders in the appropriate way, in order to get the maximum benefit out of its CSR strategy.

The detailed research results are presented and analysed in chapter 4.

Chapter 4

Analysis of Research Results

This chapter presents the results of the case study. The research results are presented according to the broad categories of the respondents who were interviewed: the Board of Directors (including the owner), Management, Employees, Customers and Suppliers. This was necessary in order to obtain different insights into CSR. People with different experiences, personal backgrounds and knowledge are likely to provide different insights into CSR.

Cross analysis is performed on customers to establish the existence of any trends that would be useful in providing insights about customers' views on CSR. Such information may be useful to the company when marketing CSR activities to stakeholders. The results are further summarized by stakeholder group. The different stakeholder insights are presented and conclusions drawn as to the effect of CSR on the company's reputation and image.

4.1 Board of Directors' Questionnaire Results

The tables below reflect the results of the Board of Directors' questionnaires.

Table 4.1 – Board Members' Results – percentages

Statement	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0%	0%	0%	0%	100%
2	0%	0%	0%	0%	100%
3	0%	0%	0%	33%	67%
4	0%	0%	0%	67%	33%
5	0%	33%	0%	67%	0%
6	0%	0%	0%	33%	67%
7	33%	67%	0%	0%	0%
8	0%	0%	0%	33%	67%
9	0%	0%	0%	33%	67%

Table 4.2 – Board Members' Results – Count

Statement	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0	0	0	0	3
2	0	0	0	0	3
3	0	0	0	1	2
4	0	0	0	2	1
5	0	1	0	2	0
6	0	0	0	1	2
7	1	2	0	0	0
8	0	0	0	1	2
9	0	0	0	1	2

4.1.1 Analysis of Board of Directors Questionnaire Results

Statement 1 – I believe it is important that a company does good works in the society in which it operates

In response to this statement, all of the Board members strongly agreed to the importance of a company doing good works in society. It is therefore evident that the Board of Directors would support the formation of a CSR strategy and CSR activities linked to this strategy. It is likely that the company's overall strategy will incorporate elements of CSR.

Statement 2 - Socially responsible companies have a better reputation and company image.

All respondents strongly agreed that socially responsible companies have a better reputation and company image. This implies that the Board would support any initiatives which contribute to the development of the company into a socially responsible entity. It is unlikely that the Board would approve of any projects which could jeopardize the social responsibility of the organisation as this could negatively affect their reputation and image.

Statement 3 - I believe that companies should give a portion of their profits to social upliftment projects

In response to this statement, all of the Board members strongly agreed or agreed that companies should give a portion of their profits to social upliftment projects. This is significant for the company's corporate social investment (CSI) activities as the Board would support the funding thereof.

Statement 4 - Companies should communicate the good works they are doing for society and the environment to their stakeholders and the general public

All the respondents strongly agreed or agreed to the communication of the good works that the company is doing in society. This implies that the company should create awareness about its CSR strategy and initiatives to customers in the store environment, to management and employees via the company's CSR policy and to suppliers in their supplier interactions.

Statement 5 - I believe that companies should be involved in social upliftment projects which are aligned to the company's core business

In response to this statement, 67% of the Board members agreed that the social upliftment projects in which the company is involved, should be aligned to the company's core business. This gives direction to the company's CSR policy in terms of project selection. The company will be able to create more awareness about its CSR initiatives if such initiatives are aligned to its core business.

Statement 6 - I am aware of Cape Union Mart's spend on social and environmental projects

All Board members agreed that they are aware of the company's spend on social and environmental projects. This implies that the company's CSR initiatives are significant enough to be discussed at Board level.

Statement 7 - Management should focus on their core responsibilities and should not waste their time on CSR activities

All the members of the Board disagreed that management should focus on their core responsibilities and not waste their time on CSR activities. This reflects support from the Board for management to be involved in the company's CSR activities. This is significant as it is doubtful that CSR initiatives will be successful without management support.

Statement 8 - I would not serve on the Board of Directors of a company that does harm to society and Statement 9 - I would not serve on the Board of Directors of a company that damages the environment

All the respondents agreed that they would not serve on the Board of a company that does harm to society and/or to the environment. The Board members will therefore not allow the company to do harm to society or to the environment as it personally affects their role in the organisation.

4.1.2 Conclusion on Board of Directors Questionnaire Results

The table below summarises the mean responses given by the Board members.

Table 4.3 – Board Members' Results: Mean Response Summary

I believe it is important that a company does good works in the society in which it operates.	5.00
Socially responsible companies have a better reputation and company image.	5.00
I believe that companies should give a portion of their profits to social upliftment projects.	4.67
Companies should communicate the good works they are doing for society and the environment to its stakeholders and the general public.	4.33
I believe that companies should be involved in social upliftment projects	3.33

which are aligned to the company's core business.	
I am aware of Cape Union Mart's spend on social and environmental projects.	4.67
Management should focus on their core responsibilities and should not waste their time on CSR activities.	1.67
I would not serve on the Board of Directors of a company that does harm to society.	4.67
I would not serve on the Board of Directors of a company that damages the environment.	4.67

Analysis of the Board members' mean responses to the questionnaires revealed that all Board member respondents most strongly agreed to the importance of companies doing good works in society and that socially responsible companies have a better reputation and company image. These statements were the most supported by the Board members which implies the importance of these statements to the Board members.

The Board members strongly agreed or agreed with most of the other statements, thereby reflecting a mean score of 4.67.

The Board members did not rate as highly the communication of the company's social and environmental policy. It is therefore evident that the Board is not aware of the potential benefits which could arise as a result of communicating the company's CSR policy. The review of related literature revealed that CSR has a positive effect on the behaviour of consumers and employees. Stakeholders are interested in the company's CSR policy. The Board is therefore not maximising the full value which can be obtained from the communication of their CSR policy to stakeholders.

The statement regarding social projects being aligned to the company's core business did not achieve a high mean score. It is therefore evident that Board members are not in agreement over this principle. CSR activities which are aligned to the company's core business are likely to achieve more benefits to the company than those CSR activities which are not linked to the

company's core business (O'Brien, D & Sveiby, K.E. (2001)). It would be advisable for the CSR committee to reveal the benefits of an aligned CSR policy to the Board members to obtain their support for this principle.

The lowest mean score was recorded for the statement that spending time on CSR activities is a waste of management's time and that they should focus on their core responsibilities. This was a negative comment and hence a low score was expected.

Overall, the Board members showed strong support for the company's CSR initiatives. The funding of CSR initiatives is likely to obtain Board approval as the Board supports the principle of giving away a portion of profits to CSR. Management involvement in CSR is supported which contributes to the success thereof. Company activity which harms society and the environment could affect the ongoing involvement of the Board members in the company and is therefore unlikely to get Board approval. All Board members agreed that socially responsible companies have a better reputation and company image. A good reputation and company image can aid the future sustainability of the organisation and is therefore vitally important. The Board members are therefore likely to strongly support the development of a CSR policy to formalise the company's CSR initiatives.

4.2 Management Questionnaire Results

The tables below reflect the results of the Management questionnaires.

Table 4.4 – Management Results – percentages

Statement	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0%	0%	16.7%	16.7%	66.6%
2	0%	8.3%	8.3%	66.7%	16.7%
3	8.3%	8.3%	16.7%	33.3%	33.3%
4	0%	0%	0%	50%	50%
5	0%	0%	8.3%	8.3%	83.3%
6	0%	0%	16.7%	25%	58.3%
7	0%	0%	33.3%	33.3%	33.3%

8	0%	0%	8.3%	41.7%	50%
9	0%	8.3%	8.3%	50%	33.3%
10	8.3%	0%	8.3%	33.3%	50%
11	0%	8.3%	8.3%	16.7%	66.7%
12	25%	16.7%	16.7%	15%	16.7%
13	0%	8.3%	16.7%	25%	50%
14	50%	16.7%	25%	8.3%	0%

Table 4.5 – Management Results – Count

Statement	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0	0	2	2	8
2	0	1	1	8	2
3	1	1	2	4	4
4	0	0	0	6	6
5	0	0	1	1	10
6	0	0	2	3	7
7	0	0	4	4	4
8	0	0	1	5	6
9	0	1	1	6	4
10	1	0	1	4	6
11	0	1	1	2	8
12	3	2	2	3	2
13	0	1	2	3	6
14	6	2	3	1	0

4.2.1 Analysis of Management Questionnaire Results

Statement 1 – I believe it is important that a company does good works in the society in which it operates

In response to this statement, 83% of the management team strongly agreed or agreed with this statement, whilst 17% felt indifferent to the statement. The majority of management would

therefore support CSR activities within the organisation, as they feel it is important. CSR activities are more likely to be successful with the support of management.

Statement 2 - The good that the company does in society, motivates me in my job

The majority of management was in agreement with this statement (83%), whilst 8% felt indifferent and 8% disagreed with this statement. It is therefore evident that CSR activities do not only help the community which they support, but also contribute to the motivation of management. Many companies spend money on team building activities or large incentive bonuses, in order to motivate management.

Statement 3 - I would be more committed to a company if it did good works in society

In response to this statement, 66% of management either strongly agreed or agreed with this statement, 17% revealed indifference to the statement and 16% disagreed or strongly disagreed with the statement. A committed management team is vitally important for the sustainability and performance of the organisation. The Rucci, Kirn and Quinn (1998) study revealed that committed employees performed higher levels of service. CSR activities can therefore indirectly contribute to higher levels of service within the organisation.

Statement 4 - I would be proud of the company if it did good works in society

When confronted with this statement, 100% of the respondents agreed with the statement. Pride in the company enhances a company's image and increases employee satisfaction (Marconi 2005). Therefore CSR activities create pride in an organisation which contributes to a positive company image.

Statement 5 - Socially responsible companies have a better reputation and company image

An overwhelming majority of management agreed with this statement (92%), whilst 7.7% felt indifferent to the statement. CSR enhances the reputation of companies and enables companies

to reap long term sustainability in the market (Burke and Logsdon 1996; Lantos 2001; Porter and Kramer 2002; Johnson 2003). Management have confirmed the assertion that socially responsible companies have a better reputation and company image which should enable the company to be sustainable in the long term.

Statement 6 - I would be interested in volunteering on social upliftment projects & Statement 7 - I would be interested in volunteering on environmental projects

The majority of management expressed interest in volunteering on social upliftment projects (83%). Only 17% expressed indifference to volunteering. 67% of management showed interest in volunteering on environmental projects whilst 33% felt indifferent to the statement.

Employee volunteering has been formalised in companies through schemes called Employee Community Involvement (ECI) schemes. According to the website, www.sagoodnews.co.za, there are a number of benefits which arise as a result of employee volunteering. These include sharing skills and knowledge, increasing job satisfaction, enhancing leadership, improving communication and developing team skills. Volunteering has been found to connect the privileged and the impoverished and encourages a greater understanding between them.

Management expressed less interest in volunteering on environmental projects as compared to social projects. It would therefore be a good idea to involve management more on social projects than environmental projects.

Statement 8 - Communication of the company's social and environmental policy is important to me

Management's favourable response to this statement reflects the importance of the communication of the company's social and environmental policy. 92% of management agreed with the statement whereas only 8.3% felt indifferent to the statement. The company should ensure that management is fully aware of the company's CSR policy. This will

encourage management to buy into the CSR strategy of the company and will improve the implementation thereof.

Statement 9 - The good that the company does in society is an attractive factor in deciding where to work

Management appears to be attracted to a company that does good works in society as 83% of the respondents agreed with the statement. 8% of the population was indifferent to the statement and 8% disagreed with the statement. The company will be able to attract a high caliber of management as a result of its CSR activities.

Statement 10 - I believe that companies should give a portion of their profits to social upliftment projects

The majority of management agreed with the company giving away a portion of their profits to social projects. 83% of management agreed with this principle whereas only 8% felt indifferent to the principle and 8% strongly disagreed with the company giving away profits. The majority of management therefore supports the company funding CSR activities. Management is therefore likely to approve corporate social investment initiatives which will enable the company to support social projects.

Statement 11 – I believe that companies should be involved in social upliftment projects which are aligned to the company's core business

An overwhelming majority of management felt strongly that social upliftment projects should be aligned to the company's core business. This was seen in the results with 83% of management agreeing with the statement. 8% of the sample felt indifferent to the statement and 8% disagreed with this principle. Burke and Logsdon (1996) established that CSR yields substantial business related benefits to the firm. CSR activities which are aligned to the company's core business are more likely to achieve substantial benefits to the company than those CSR activities which are not linked to the company's core business.

Statement 12 - I am aware of Cape Union Mart's spend on social and environmental projects

It appears that management is not aware of the company's spend on social and environmental projects as only 32% of management agreed with the statement. 17% of management was indifferent to the statement and 42% disagreed with the statement. The text in chapter 2 highlighted the numerous benefits which arise as a result of CSR activities. These benefits will however be lost if the company's CSR activities are not communicated to management. It is therefore vitally important for the Board to communicate the CSR activities of the organisation to management.

Statement 13 - I would not work for a company that damages the environment

From the responses, it appears that 75% of management would not work for a company that damages the environment. 17% of the sample felt indifferent to the statement and 8% disagreed with the statement. It is therefore evident that management would not support any initiatives in the company which result in harm being done to the environment. This is likely to enhance the reputation of the company.

Statement 14 - Management should focus on their core responsibilities and should not waste their time on CSR activities

The majority of management disagreed with this statement as 67% disagreed or strongly disagreed with the statement. 25% of management felt indifferent and 8% agreed that management should not waste their time on CSR activities. Management is therefore likely to commit their time to CSR activities which will contribute to the success of the company's CSR programme.

4.2.2 Conclusion on Management Questionnaire Results

The table below summarises the mean responses given by management.

Table 4.6 – Management's Results: Mean Response Summary

Statement	Mean Response
I believe it is important that a company does good works in the society in which it operates.	4.5
The good that the company does in society, motivates me in my job.	3.92
I would be more committed to a company if it did good works in society.	3.75
I would be proud of the company if it did good works in society.	4.5
Socially responsible companies have a better reputation and company image.	4.75
I would be interested in volunteering on social upliftment projects.	4.42
I would be interested in volunteering on environmental projects.	4.00
Communication of the company's social and environmental policy is important to me.	4.42
The good that the company does in society is an attractive factor in deciding where to work.	4.08
I believe that companies should give a portion of their profits to social upliftment projects.	4.17
I believe that companies should be involved in social upliftment projects which are aligned to the company's core business.	4.42
I am aware of Cape Union Mart's spend on social and environmental projects.	2.92
I would not work for a company that damages the environment.	4.17
Management should focus on their core responsibilities and should not waste their time on CSR activities.	1.92

Analysis of the mean responses reveals that management agreed most with the statement that socially responsible companies have a better reputation and company image. Management also felt strongly about the importance of the company to do good works in society. The responses revealed pride in the company that does good works in society. The strong support for these statements reveals the importance of a socially responsible company to management.

Management appears to be interested in volunteering on social and environmental projects. It is interesting to note that management is more interested in volunteering on social projects than on environmental projects. The overall interest expressed in volunteering was high. Volunteering has shown to increase job satisfaction, enhance leadership, improve communication and develop team skills. It therefore results in substantial benefits to the company as well as the underlying project.

An overwhelming majority of management believe that companies should be involved in social upliftment projects which are aligned to the company's core business. Management's response to this comment differed from the Board's response. Management appear to have more understanding of the principle that CSR activities which are aligned to the company's core business are likely to achieve more benefits to the company than those CSR activities which are not linked to the company's core business. It is important for management to reveal the benefits of this principle to the Board when formulating the CSR strategy of the company.

Communication of the company's social and environmental policy appeared to be important to management as management is interested in the company's CSR strategy. The Board does not however understand the importance and benefits of communicating the CSR policy to stakeholders. This communication is not taking place as management is not aware of the company's spend on social and environmental projects. By communicating the company's CSR strategy and activities, the Board could improve the company image in the minds of stakeholders. The Board is however failing to communicate its CSR activities to its stakeholders and is thereby not reaping the benefit of an improved company image as a result of CSR activities.

Management felt less strongly about the statements regarding their attraction, motivation and commitment to the company as a result of the company's CSR activities. It was however evident that the company's CSR activities motivates and commits the majority of management and results in pride of the company. This is likely to result in the performance of higher levels of service within the organisation. The company will be able to attract a high caliber of management as a result of its CSR activities which in turn can contribute to improved business performance.

The majority of management would not work for a company that damages the environment. It is therefore evident that management would not support any initiatives in the company which result in harm being done to the environment.

Management supported the principle of giving a portion of profits to CSR activities. Management is therefore likely to approve corporate social investment initiatives which will enable the company to support social projects.

Management disagreed most with the statement that spending time on CSR activities is a waste of time and that they should focus on their core responsibilities. This is in line with the Board's response to this statement. It is likely that the company's CSR strategy will be well supported by top management as both the Board of Directors and the management team support management's involvement therein. Management is therefore likely to commit their time to CSR activities which will contribute to the success of the company's CSR programme.

Management would support CSR initiatives by the company if they believed that a better company reputation and image was desirable, and that CSR initiatives were the best, most cost-effective means of achieving this outcome. It is however vitally important for the company to communicate its CSR activities to management in order to improve the company's image in the minds of management.

4.3 Employee Questionnaire Results

The tables below reflect the results of the Employee questionnaires.

Table 4.7 – Employee Results – percentages

Statement	No answer	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0%	0%	2.2%	2.2%	40.8%	54.8%
2	0%	0%	2.2%	23.6%	44.1%	30.1%
3	1.1%	0%	2.2%	22.6%	39.8%	34.4%
4	0%	0%	1.1%	1.1%	44.1%	53.8%
5	0%	0%	0%	6.5%	40.8%	52.7%
6	0%	1.1%	4.3%	12.9%	48.3%	33.3%
7	0%	1.1%	6.5%	11.8%	51.6%	29%
8	0%	0%	2.2%	12.9%	50.5%	34.4%
9	0%	0%	4.3%	29%	41.9%	24.7%
10	0%	1.1%	3.2%	19.4%	41.9%	34.4%
11	0%	1.1%	6.4%	22.6%	46.2%	23.7%
12	0%	12.9%	35.5%	24.7%	23.7%	3.2%
13	0%	4.3%	3.2%	9.7%	36.6%	46.2%
14	0%	18.3%	43.1%	19.4%	12.9%	4.3%

Table 4.8 – Employee Results – Count

Statement	No answer	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0	0	2	2	38	51
2	0	0	2	22	41	28
3	1	0	2	21	37	32
4	0	0	1	1	41	50
5	0	0	0	6	38	49
6	0	1	4	12	45	31
7	0	1	6	11	48	27
8	0	0	2	12	47	32
9	0	0	4	27	39	23
10	0	1	3	18	39	32
11	0	1	6	21	43	22
12	0	12	33	23	22	3
13	0	4	3	9	34	43
14	0	17	42	18	12	4

4.3.1 Analysis of Employee Questionnaire Results

Statement 1 – I believe it is important that a company does good works in the society in which it operates

An overwhelming majority of the employees (95.6%) agreed that it is important for a company to do good works in society. Only 2.2% felt indifferent to the statement and 2.2% disagreed with the statement. This is in line with management's response to the statement. The CSR activities in the company are likely to enjoy the support of employees.

Statement 2 - The good that the company does in society, motivates me in my job

74.2% of the respondents are motivated in their jobs as a result of the good which the company does in society. 23.6% of the sample felt indifferent to the statement and 2.2% disagreed with the statement. CSR activities can therefore be used to motivate employees thereby resulting in improved business performance.

Statement 3 - I would be more committed to a company if it did good works in society

When confronted with this statement, 74.2% of the employee sample agreed with the statement. 22.6% of the sample felt indifferent to the statement, 2.2% disagreed with the statement and 1.1% of the sample did not reflect their view. The social responsibility of the company therefore results in committed employees. Committed employees lead to lower staff turnover and hence lower human resources costs. Committed employees have been shown to perform higher levels of service.

Statement 4 - I would be proud of the company if it did good works in society

An overwhelming majority (97.9%) of the employee sample revealed that they would feel proud of the company if it did good works in society. Only 1.1% of the sample was indifferent to the statement and 1.1% of the sample disagreed with the statement. Employee pride in the

organisation can increase employee commitment to the organisation which results in higher levels of service.

Statement 5 - Socially responsible companies have a better reputation and company image

A large majority of the employees (93.5%) believe that socially responsible companies have a better reputation and company image. 6.5% of the sample revealed that they were indifferent to the statement. No employees in the sample disagreed with the statement. Employees are likely to remain committed to an organisation that has a good reputation and image. A good reputation and image contributes to the long term sustainability of the company.

Statement 6 - I would be interested in volunteering on social upliftment projects and Statement 7 - I would be interested in volunteering on environmental projects

From the responses to these statements, it appeared that 81.7% of the employees would be interested in volunteering on social upliftment projects. 12.9% of the samples expressed indifference to volunteering and 5.4% of employees disagreed with the statement. The response for volunteering on environmental projects was not as favourable as social projects with 80.6% agreeing with the statement. 12.9% of employees felt indifferent to the statement and 5.4% disagreed with the statement.

As mentioned in the management section above, employee volunteering on projects has proven to enhance the development of employees' skills including team, leadership and communication skills. Volunteering motivates employees whilst they make a meaningful contribution to society.

Statement 8 - Communication of the company's social and environmental policy is important to me

Communication of the company's social and environmental policy appears to be important to employees as 84.9% of the sample agreed with the principle. 12.9% of the sample expressed

indifference to the principle and 2.2% disagreed with the principle. Given the employee support of the company's social responsibility, it is understandable that employees are interested in the company's CSR policy. By communicating the CSR policy to employees, management will maximise the potential benefits which can flow from CSR.

Statement 9 - The good that the company does in society is an attractive factor in deciding where to work

66.6% of the employees agreed that they would be attracted to a company that does good works in society. 29% of the respondents revealed indifference to the statement and 4.3% disagreed with the statement. CSR activities can therefore enable the company to attract a high caliber of employees. A talented, quality workforce is an important source of competitive advantage for companies.

Statement 10 - I believe that companies should give a portion of their profits to social upliftment projects

The majority of the respondents (76.3%) believe that a company should give a portion of their profits to social projects. Indifference was expressed by 19.4% of the sample and 4.3% of the sample disagreed with the statement. The company therefore has the support of the majority of its employees in their CSI initiatives.

Statement 11 – I believe that companies should be involved in social upliftment projects which are aligned to the company's core business

The responses revealed that 69.9% of employees agreed that companies should be involved in projects which are aligned to the company's core business. 22.6% of the respondents felt indifferent to the statement and 7.5% disagreed with the statement. Projects which are aligned to the company's core business will enable employees to relate to these projects in a meaningful way.

Statement 12 - I am aware of Cape Union Mart's spend on social and environmental projects

It appears that a large number of employees are unaware of the company's spend on social and environmental projects as only 26.9% of the sample agreed with the statement. 73.1% of the sample felt indifferent or disagreed with the statement. The company is therefore not maximising the benefits which could arise as a result of its CSR programmes. By communicating the company's spend on CSR activities, the company may enhance the motivation and commitment of employees and thereby reap long term benefits.

Statement 13 - I would not work for a company that damages the environment

The majority of employees (82.8%) agreed that they would not work for a company that damages the environment. 9.7% of respondents expressed indifference to the statement and 7.5% disagreed with the statement. Employees may resign from the company if it embarks on a project which harms the environment. This could cause disruptions in the company and could seriously affect its financial performance.

Statement 14 - Management should focus on their core responsibilities and should not waste their time on CSR activities

The majority of the employees disagreed or felt indifferent to this statement. Only 17.2% of the sample agreed with the statement. Employees are likely to commit their time to CSR activities if they have the support of management. Employee and management time commitment to CSR activities should contribute to a successful CSR programme.

4.3.2 Conclusion on Employee Questionnaire Results

The table below summarises the mean responses given by employees.

Table 4.9 – Employee's Results: Mean Response Summary

Statement	Mean Response
I believe it is important that a company does good works in the society in which it operates.	4.48
The good that the company does in society, motivates me in my job.	4.02
I would be more committed to a company if it did good works in society.	4.08
I would be proud of the company if it did good works in society.	4.51
Socially responsible companies have a better reputation and company image.	4.46
I would be interested in volunteering on social upliftment projects.	4.09
I would be interested in volunteering on environmental projects.	4.01
Communication of the company's social and environmental policy is important to me.	4.17
The good that the company does in society is an attractive factor in deciding where to work.	3.87
I believe that companies should give a portion of their profits to social upliftment projects.	4.05
I believe that companies should be involved in social upliftment projects which are aligned to the company's core business.	3.85
I am aware of Cape Union Mart's spend on social and environmental projects.	2.69
I would not work for a company that damages the environment.	4.17
Management should focus on their core responsibilities and should not waste their time on CSR activities.	2.40

The analysis of the employees' response to the questionnaires revealed that the responses were very similar to those given by management. The majority of employees expressed the importance for companies to do good works in society and for companies to give a portion of

their profits to social projects. The company's CSR activities attract, motivate and commit employees to the company. The majority of employees would not work for a company that damages the environment.

Employees expressed interest in volunteering on social and environmental projects – more so on social projects than environmental projects.

A large portion of the sample agreed that companies should be involved in social projects which are aligned to the company's core business. This was in line with management's response to this statement, which differed from the Board's response. The CSR project team will be required to convince the Board of the benefits of an aligned CSR policy, when formulating the company's CSR strategy.

Employees expressed interest in the communication of the company's social and environmental policy. Employees are however unaware of the company's spend on social and environmental projects. The employees' response to this statement was similar to management's response and differed from the Board's response. The Board appears to be unaware of employees' and management's interest in the company's CSR activities. This could explain the Board's failure to share the company's CSR strategy with these stakeholders. The Board needs to be made aware of the potential benefit of an improved company's employer image which could arise as a result of the communication of its CSR strategy and activities. This would encourage them to share their CSR strategy with its management and employees and could thereby improve the company's image.

Most employees disagreed with the statement that management spending time on CSR activities is a waste of time and that they should focus on their core responsibilities. This was in line with the Board and management's responses to this statement. It therefore appears that the majority of key stakeholders in the company support management's involvement in the company's CSR activities. This is likely to improve the chances that the CSR programme will be successful as management is likely to be a key driver in the process, with the support of the Board members and employees.

An overwhelming majority of employees agreed that socially responsible companies have a better reputation and company image and as such employees would be proud of the company for doing good works in society.

The results of the employee and management questionnaires revealed the significant benefits which may flow from a socially responsible employer. The company's CSR activities may enhance the company's reputation and company image and may result in a committed and motivated workforce. Volunteering programmes may enhance the commitment and motivation of staff and may develop employee skills. A committed and motivated workforce results in higher levels of service within the organisation. CSR activities can therefore be seen to demonstrate higher levels of service in a company which may enhance the company's financial performance.

The company could improve its employer image by communicating its CSR strategy and activities to its employees. Employee perceptions of the company and employee attitudes are positively affected by a company's CSR initiatives, leading to a number of benefits to the company. For this reason, the company's CSR programme should be communicated to staff.

4.4 Supplier Questionnaire Results

The tables below reflect the results of the Supplier questionnaires.

Table 4.10 –Supplier Results – percentages

Statement	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0%	0%	0%	47.1%	52.9%
2	0%	11.8%	52.9%	35.3%	0%
3	5.9%	23.5%	23.5%	47.1%	0%
4	0%	5.9%	0%	47.05%	47.05%
5	0%	5.9%	29.4%	47.1%	17.6%
6	0%	11.75%	11.75%	41.2%	35.3%
7	0%	11.75%	11.75%	41.2%	35.3%
8	0%	5.9%	5.9%	58.8%	29.4%

Table 4.11 – Supplier Results – Count

Statement	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0	0	0	8	9
2	0	2	9	6	0
3	1	4	4	8	0
4	0	1	0	8	8
5	0	1	5	8	3
6	0	2	2	7	6
7	0	2	2	7	6
8	0	1	1	10	5

4.4.1 Analysis of Supplier Questionnaire Results

Statement 1 – I believe it is important that a company does good works in the society in which it operates

All of the suppliers from the sample agreed that it is important for a company to do good works in the society in which it operates. Such a response from suppliers is encouraging, but their actual behaviour should be monitored before drawing any firm conclusions about supplier behaviour.

Statement 2 - I consider the social responsibility of a company before I supply goods to the company

From the responses, the majority of the suppliers revealed indifference to this statement. 35.3% of the supplier respondents agreed with the statement and 11.8% disagreed. Although all suppliers agree that companies should do good works in society (statement 1), only 35.3% of suppliers actually consider the social responsibility of a company before supplying that company.

Statement 3 - I don't base my business decisions on social responsibility as I don't have enough knowledge of companies' social behaviour

47.1% of suppliers don't appear to base their decisions on social responsibility as they don't have enough knowledge of company's social behaviour. 23.5% of the sample was indifferent to the statement and 29.4% of the sample disagreed with the statement. Companies should improve the communication of their CSR initiatives to suppliers.

Statement 4 - Socially responsible companies have a better reputation and company image

An overwhelming majority of the suppliers (94.1%) agreed that socially responsible companies have a better reputation and company image. Only 5.9% disagreed with the statement. Suppliers are therefore likely to focus on CSR activities to enhance their reputation and image in the market. This may have a positive affect on the products which they supply to clients.

Statement 5 - I believe that companies should give a portion of their profits to social upliftment projects

The majority of the sample (64.7%) agreed that companies should give a portion of their profits to social projects. 29.4% of the respondents were indifferent to the principle and 5.9% disagreed with the principle. The majority of suppliers appear to support CSI initiatives in their business which could enhance their long term sustainability.

Statement 6 - I would not knowingly supply goods to a company that does harm to the environment and Statement 7 - I would not knowingly supply goods to a company that does harm to society

The majority of the suppliers (76.5%) agreed that they would not supply goods to a company that harms the environment and/or harms society. 23.5% of the suppliers was either indifferent or disagreed with the statement.

If the company embarks on a project which harms the environment or harms society, it is likely that suppliers will not continue to supply to them. This could have a significant effect on

the company as new sources of supply will have to be investigated. This is likely to severely affect the company's financial performance as without stock, the company cannot be sustainable. The company is therefore strongly encouraged not to harm society or the environment due to the significant effect thereof on its sustainability.

Statement 8 - Companies should communicate the good works they are doing for society and the environment to its stakeholders and the general public

The majority of the sample (88%) agreed that companies should communicate their good works to its stakeholders. 12% of the sample was indifferent or disagreed with this concept. Both suppliers and the company should communicate their CSR activities to each other to enhance their reputation and company image. All other things being equal, the company may favour suppliers who are socially responsible and suppliers who value social responsibility may show a degree of commitment to socially responsible clients.

4.4.2 Conclusion on Supplier Questionnaire Results

The table below summarises the mean responses given by suppliers.

Table 4.12 – Suppliers' Results, Mean Response Summary

Statement	Mean Response
I believe it is important that a company does good works in the society in which it operates.	4.53
I consider the social responsibility of a company before I supply goods to the company.	3.24
I don't base my business decisions on social responsibility as I don't have enough knowledge of companies' social behaviour.	3.12
Socially responsible companies have a better reputation and company image.	4.35
I believe that companies should give a portion of their profits to social	3.76

upliftment projects.	
I would not knowingly supply goods to a company that does harm to the environment.	4.00
I would not knowingly supply goods to a company that does harm to society.	4.00
Companies should communicate the good works they are doing for society and the environment to its stakeholders and the general public.	4.12

Analysis of the mean responses reveals that suppliers agreed most with the statement about the importance of the company to do good works in society. Suppliers also felt strongly that socially responsible companies have a better reputation and company image. It is therefore likely that the company's suppliers may focus on CSR activities which promote good social responsibility.

The majority of the suppliers in the sample would not supply a company which does harm to society or to the environment. The company is therefore strongly encouraged not to harm society or the environment due to the disruption in their supply chain which could significantly affect financial performance.

It appeared from the respondents, that there was not a large majority of suppliers that would consider the social responsibility of a company before supplying goods to that company. It also appeared that there wasn't a large majority of suppliers that would base their business decisions on social responsibility. It is therefore evident that suppliers are not able to have any influence on their client's social responsibility.

There appears to be an apparent contradiction within the supplying community about CSR. Suppliers consider CSR to be important and would not supply a company which does harm to society or to the environment. Suppliers do not, however, consider the company's CSR when deciding whether to supply a company and do not appear to base their business decisions on social responsibility. It therefore appears that the company's CSR is not that important to suppliers as it is unlikely to influence their behaviour. This is different to other stakeholder

groups where the company's CSR does affect behavioural patterns. This apparent contradiction in the suppliers' responses does not give assurance that suppliers would not supply a company which harms society or the environment. The contradiction could be as a result of the suppliers' ignorance of their customers' social behaviour. It is therefore critical for the company to share its CSR strategy and activities with its suppliers.

The company can therefore improve its reputation in the minds of suppliers by communicating its CSR policy to them.

4.5 Customer Questionnaire Results

The tables below reflect the results of the Customer questionnaires.

Table 4.13 –Customer Results – percentages

Statement	No answer	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0%	1%	1%	5%	40%	53%
2	0%	7%	9%	32%	35%	16%
3	3%	3%	13%	32%	36%	13%
4	1%	7%	14%	28%	31%	19%
5	2%	4%	14%	20%	37%	24%
6	1%	1%	11%	16%	47%	23%
7	1%	7%	7%	15%	40%	30%
8	2%	5%	2%	14%	26%	51%
9	1%	3%	5%	6%	35%	50%
10	0%	1%	2%	15%	49%	34%
11	1%	4%	3%	14%	32%	45%
12	0%	1%	4%	18%	49%	27%

Table 4.14 – Customer Results – Count

Statement	No answer	Strongly Disagree	Disagree	Indifferent	Agree	Strongly Agree
1	0	2	1	8	59	78
2	0	10	14	48	52	24
3	5	5	19	47	53	19
4	1	11	20	42	46	28
5	3	6	20	29	55	35
6	2	2	17	23	70	34
7	2	10	11	22	59	44
8	3	8	3	20	39	75
9	1	5	7	9	52	74
10	0	1	3	22	72	50
11	1	6	5	21	48	67
12	0	2	6	27	73	40

4.5.1 Analysis of Customer Questionnaire Results

Statement 1 - I believe it is important that a company does good works in the society in which it operates

An overwhelming majority of the customers (92.6%) agreed that it is important for a company to do good works in society. 5.4% of the sample expressed indifference to the statement and 2.1% disagreed with the statement. Customers may support socially responsible companies. If the company is not presently doing good works in society, it could attract new customers by embarking on CSR activities and marketing them effectively.

Statement 2 - I consider the social responsibility of a company before I purchase from the company

Over half of the customers in the sample (51.3%) indicated that they consider the social responsibility of a company before purchasing from the company. 32.4% of customers were indifferent to the statement and 16.3% of the respondents do not appear to consider the social responsibility of a company before making purchasing decisions. This is significant as

communication of CSR activities could attract customers as they consider the social responsibility of the retailer. The company may lose customers if bad publicity about the social responsibility of the company becomes available.

Statement 3 - I don't base my purchasing decisions on social responsibility as I don't have enough knowledge of companies' social behaviour

48.6% of customers agreed that they don't base purchasing decisions on social responsibility as they do not have knowledge of the companies' social behaviour. 31.8% of the customers expressed indifference to the comment and 16.2% disagreed with the statement. 3.4% of the sample did not indicate their opinion.

It is likely that more customers will base purchasing decisions on social responsibility as more retailers communicate their CSR activities to consumers. The company could lose customers to other retailers if they do not communicate their CSR activities to them. It is therefore important for the company to communicate their CSR activities to consumers in order to attract and retain customers.

Statement 4 - I am more attracted to brands that support social upliftment projects

Half of the customers agreed that they are more attracted to brands that support social upliftment programmes. 28.4% of the respondents expressed indifference to the statement and 20.9% of the respondents disagreed with the statement.

By building brands that are closely linked to social projects, the company could attract a number of new customers.

Statement 5 - I am happy to pay a little more when buying goods from companies that do good works in society

The majority of the customers (60.8%) revealed that they would be happy to pay a little more when buying goods from companies that do good works in society. 19.6% of customers expressed indifference to the statement and 17.6% of the sample disagreed with the statement. 2% of the sample did not reveal their opinion.

The company could embark on a campaign to donate a portion of the proceeds sold for a product to a social cause. This cost could be marginally built into the product's price to enable the company to sustain their margins. The product could promote the social responsibility of the company, attract new customers and add significant value to the social cause. It must be noted however that 40% of customers might not support this initiative and this should be considered before embarking on such a campaign.

Statement 6 - Socially responsible companies have a better reputation and company image

A large majority of the customers (70.3%) agreed that socially responsible companies have a better reputation and company image. 15.5% of the sample expressed indifference to the statement and 12.9% of the sample disagreed with the statement. 1.4% of the sample did not express their opinion.

Consumer activities are affected by the reputation and image of the company. Consumers have been seen to avoid socially irresponsible products or the products of companies that have not acted in society's best interest. It is therefore very important for companies to maintain their good reputation and image to retain and attract customers.

Statement 7 - I believe that companies should give a portion of their profits to social upliftment projects

69.6% of the customers agreed that companies should give a portion of their profits to social upliftment programmes. 14.9% felt indifferent to the principle and 14.2% of the sample disagreed with the principle. The company should communicate their CSR activities to consumers and their CSI spending as this is important to consumers.

Statement 8 - I would boycott brands that damage the environment and Statement 9 - I would not buy from a company that does harm to society

A large portion of the sample (77.1%) agreed that they would boycott brands that damage the environment. 13.5% of the sample expressed indifference to the statement and 7.4% disagreed with the statement. 2% of the sample did not reveal their opinion.

An even higher portion of the sample (85.1%) agreed that they would not buy from a company that does harm to society. 6.1% of the sample were indifferent to the statement and 8.1% of the sample disagreed with the statement. 0.7% of the respondents did not express their opinion.

It is therefore extremely dangerous for the company to embark on any activities which damage the environment or do harm to society as it is likely that the company will lose customers as a result. From the response by customers, it is likely that some customers might be attracted to a company which protects and helps save the environment and society, although this question was not specifically asked.

Statement 10 - Companies should communicate the good works they are doing for society and the environment

A large portion of the customers (82.4%) agreed that companies should communicate the good works that they are doing in the society and the environment. 14.9% of the customers were indifferent to the statement and 2.7% of the customers disagreed with the statement.

Companies are able to attract and retain customers as a result of their CSR activities. It is therefore vitally important for the company to communicate their CSR activities to consumers to enable the company to reap the benefits.

Statement 11 - If faced with two identical products, I would buy the one made in South Africa

77.7% of the customers agreed that they would buy locally made products if faced with two identical products. 14.2% of the sample expressed indifference to the origin of products and 7.5% of the sample disagreed with the statement. 0.7% of the sample did not express their opinion.

A significant number of retailers purchase their products offshore and do not support the local supply market. The research revealed that customers would prefer locally made products. In order to attract and retain customers, companies should acquire locally produced goods and market these goods accordingly. Failure to do so, could result in the loss of customers to companies which sell locally produced goods.

Statement 12 - I believe my socially responsible consumer behaviour can affect companies' behaviour

A large majority (76.3%) of the sample agreed that their socially responsible consumer behaviour can affect companies' behaviour. 18.2% of the sample expressed indifference to the statement and 5.5% of the customers disagreed with the statement.

Socially responsible consumers avoid buying from companies that harm society. Such consumers may look for products from companies that assist society. It is therefore evident that customers are likely to use socially responsible consumer behaviour to affect companies' behaviour. This can be done, for example, by boycotting a product for ethical reasons.

4.5.2 Conclusion on Customer Questionnaire Results

The table below summarises the mean responses given by customers.

Table 4.15 – Customer Results, Mean Response Summary

I believe it is important that a company does good works in the society in which it operates.	4.42
I consider the social responsibility of a company before I purchase from the company.	3.45
I don't base my purchasing decisions on social responsibility as I don't have enough knowledge of companies' social behaviour.	3.43
I am more attracted to brands that support social upliftment projects.	3.41
I am happy to pay a little more when buying goods from companies that do good works in society.	3.64
Socially responsible companies have a better reputation and company image.	3.80
I believe that companies should give a portion of their profits to social upliftment projects.	3.79
I would boycott brands that damage the environment.	4.17
I would not buy from a company that does harm to society.	4.24
Companies should communicate the good works they are doing for society and the environment.	4.15
If faced with two identical products, I would buy the one made in South Africa.	4.12
I believe my socially responsible consumer behaviour can affect companies' behaviour.	3.97

The analysis of the customers' responses to the questionnaires revealed that an overwhelming majority of customers expressed that it is important for companies to do good works in society. Customers strongly agreed that they would not buy from companies that harm society and they would boycott brands that damage the environment. The social responsibility of the company is therefore vitally important in attracting and retaining customers.

Just over half of the customers in the sample indicated that they consider the social responsibility of a company before purchasing from the company. Nearly half of the

respondents agreed that they don't base purchasing decisions on social responsibility as they do not have knowledge of the companies' social behaviour. This could explain the fairly high percentage of customers which don't consider the social responsibility of a company when making purchase decisions. It is therefore important for the company to communicate their CSR activities to consumers to enable consumers to make the appropriate decisions.

Half of the customers agreed that they are more attracted to brands that support social upliftment programmes. The majority of customers are happy to pay a little more when buying goods from companies that do good works in society. There is therefore an excellent marketing opportunity for companies to promote brands that support social projects. Such brands could attract new customers to the company.

A large portion of the sample would boycott brands that damage the environment and an even higher portion of the sample would not buy from a company that does harm to society. A large majority of the sample agreed that their socially responsible consumer behaviour can affect companies' behaviour. By not being socially responsible, companies could lose the support of existing and potential customers.

Three quarters of the customer respondents agreed that they would buy locally made products if faced with two identical products. If the company does not sell locally produced goods, they could lose customers to retailers which are selling local goods. This could result in a loss of profits for the organisation.

The company could improve its company image as seen by customers by marketing its CSR strategy and activities to customers. The company could enhance the image of products by linking products to social or environmental causes. The company should try and source more of its products locally and market these products as supporting a local cause (ie. employment for South Africans), even though they may be more expensive than foreign brands.

The majority of the customers agreed that socially responsible companies have a better reputation and company image. Companies should therefore focus on this area of the business

to develop a better reputation and image, which could result in the attraction and retention of customers.

4.5.3 Cross Analysis on Customers Questionnaires

The following cross analysis looks at the customers' responses grouped by gender to establish any trends thereof and provide additional insights into customer behaviour by gender. This was looked at to establish how the company can create awareness about its CSI initiatives to customers, in the most effective way.

79 males and 65 females completed the questionnaires. The mean results by gender revealed the following:

Table 4.16 – Customer Results by Gender

Statement	Female	Male
I believe it is important that a company does good works in the society in which it operates.	4.60	4.25
I consider the social responsibility of a company before I purchase from the company.	3.57	3.32
I don't base my purchasing decisions on social responsibility as I don't have enough knowledge of companies' social behaviour.	3.63	3.25
I am more attracted to brands that support social upliftment projects.	3.57	3.27
I am happy to pay a little more when buying goods from companies that do good works in society.	3.81	3.49
Socially responsible companies have a better reputation and company image.	3.78	3.68
I believe that companies should give a portion of their profits to social upliftment projects.	3.95	3.70
I would boycott brands that damage the environment.	4.05	4.26
I would not buy from a company that does harm to society.	4.17	4.29

Companies should communicate the good works they are doing for society and the environment.	4.26	4.01
If faced with two identical products, I would buy the one made in South Africa.	4.08	4.16
I believe my socially responsible consumer behaviour can affect companies' behaviour.	4.05	3.89
Mean Response	3.96	3.80

As can be seen from the table above, the female customers appeared to feel more strongly about CSR than the male customers and their mean scores tended to be higher than the male customers for most of the questions. The average mean result for female customers was 3.96 and for male customers was 3.80.

The significance of this cross analysis is the way in which the company can create awareness about its CSR activities in the minds of its customers. The female customers appear to feel more strongly about CSR and hence CSR may affect their purchasing decisions more strongly than male customers. The CSR campaign should have a slight female bias when creating awareness about the company's CSR activities, in order to maximize the effect thereof on customers' purchasing decisions.

4.6 Results of Common Questions

The following questions were asked to all stakeholders of the business:

- 4.6.1 I believe it is important that a company does good works in the society in which it operates.
- 4.6.2 Socially responsible companies have a better reputation and company image.
- 4.6.3 I believe that companies should give a portion of their profits to social upliftment projects.

The mean responses of the various stakeholders are set out in the table below.

Table 4.17 – Stakeholder Results of Common Questions

Statement	Mean Response				
	Board of Directors	Management	Employees	Suppliers	Customers
I believe it is important that a company does good works in the society in which it operates.	5.00	4.50	4.48	4.53	4.42
Socially responsible companies have a better reputation and company image.	5.00	4.75	4.46	4.35	3.80
I believe that companies should give a portion of their profits to social upliftment projects	4.67	4.17	4.05	3.76	3.79
Average Mean Response	4.89	4.47	4.33	4.21	4.00

Analysis of the table above reveals that the Board members felt the most strongly about the importance for a company to do good works in society. Customers had a lower mean score, but the score reflected a strong agreement to this statement.

The Board members showed the highest score in agreement of the statement that socially responsible companies have a better reputation and company image. The customers showed the lowest mean score of 3.80 which indicates an average response which is biased towards the agreement of the statement with some indifference thereto.

The Board members once again revealed the highest response to the company giving a portion of its profits to social upliftment projects. Suppliers revealed the lowest mean score of 3.76 which still reflects an agreement to the statement.

Of the common questions, the Board members showed the highest support for CSR activities as compared to the other stakeholders. This was followed by management, employees, suppliers and customers. All average responses were 4 or above, which revealed a great deal of support for the statements, by all stakeholders of the business.

It is therefore evident that all the stakeholders of the company are extremely supportive of CSR activities. If the company does good works in society, gives away a portion of its profits and acts socially responsibly, it is likely that stakeholders will continue to support the company. On the other hand, socially irresponsible behavior could adversely affect the company as the company could lose stakeholder support. Without stakeholder support, it is unlikely that the company will be sustainable in the future.

The difference in the support of CSR by the various stakeholders could be attributed to the knowledge of the company's CSR activities. The Board members appeared to be most aware of the companies' CSR strategy and activities followed by management and then employees. The results revealed that the Board members showed the highest support for CSR activities followed by management, employees, suppliers and customers. By communicating its CSR policy and strategy to all stakeholders, the company could significantly improve its company image and reputation in the minds of all stakeholders.

4.7 Conclusion on Research Results

This research set out to establish whether CSR affects a company's image by researching stakeholders' views on the CSR of an organisation in South Africa.

Analysis of the stakeholders' responses as a whole to the questionnaires revealed the following conclusions:

All five stakeholder groups felt strongly about the importance for companies to do good works in society and supported companies giving a portion of their profits to social upliftment projects. The strong support for these statements reveals the importance of a socially responsible company to stakeholders. The company's CSR activities are therefore likely to be successful with the support of all stakeholder groups. If the company does not do good works in society, it may lose the support of its stakeholders which could be detrimental to the sustainability of the company.

The CSR of a company affects the Board of Directors in such a way that members would not serve on the Board of a company which does harm to the society or to the environment. Management and employees revealed that they would not work for a company that damages the environment. Suppliers would not supply goods to a company which does harm to society and the environment. A large portion of the customers would boycott brands that damage the environment and would not buy from a company that does harm to society. The company would therefore lose the support of its stakeholders if it does harm to society or to the environment. This could materially affect the financial performance of the company and its long term sustainability.

The Board members, management and employees agreed that social projects should be aligned to the company's core business. CSR activities which are aligned to the company's core business are more likely to achieve substantial benefits to the company than those CSR activities which are not linked to the company's core business. The company will be able to better market those CSR initiatives which are aligned to its core business.

The company can use its CSR activities to attract and retain stakeholders. Employees and management are attracted, motivated and committed to a company that does good works in society. CSR builds a company of which employees are proud. Higher employee morale can lead to improved productivity, lower staff turnover and the ability to attract good staff. Customers are attracted to brands which support social upliftment programmes. They would even pay a little more when purchasing goods from companies that do good works in society.

CSR has a positive effect on the employer and customer brand which in turn can contribute to improved business performance.

It is vitally important for the company to communicate its CSR policy and activities to its stakeholders to maximize the benefits which could be achieved as a result of its CSR activities. This could result in an improved image in the minds of stakeholders.

All stakeholder groups agreed that socially responsible companies have a better reputation and company image. A company with a good corporate reputation is well placed to gain support of customers, staff and investors. A good reputation and company image is essential for the future sustainability of the organisation. It is therefore important for the company to embark on CSR activities which enhance the social responsibility of the company which thereby results in a good reputation and image.

The aim of this research was to establish whether CSR affects a company's image by researching stakeholders' views on the CSR of an organisation in South Africa. The research results have been successful in gaining stakeholders' insights into CSR. Stakeholders' insights into CSR were very positive and it is evident that CSR positively affects a company's image.

Chapter 5

Research Findings and Conclusion

This research set out to identify whether the company's image, as perceived by different stakeholders, is influenced by corporate social responsibility. In order to achieve this objective, it was necessary to establish the context of CSR in chapter 1 and perform a review of the related literature in chapter 2. The research design and methodology were presented in chapter 3 and the research results in chapter 4. The summaries and conclusions reached in the previous chapters are considered in this chapter and insights into CSR are presented to establish whether the company's image, as perceived by stakeholders, is influenced by corporate social responsibility.

5.1 Context of CSR

CSR was introduced and defined in chapter 1 as a company's obligation to be sensitive to the needs of all stakeholders in its business operations. CSR was examined in the South African context. Many initiatives have been set up in South Africa to encourage corporates to embark upon CSR. Such initiatives include the King II Report; Black Economic Empowerment; the JSE Social Responsible Investment Index; Sustainability Reporting and the KPMG Survey of Corporate Responsibility Reporting. These initiatives have been successful in encouraging corporates to spend a portion of their profits on social concerns.

In addition to these initiatives mentioned above, companies are encouraged to embark on CSR due to the pressure that stakeholders are exerting on corporates. Stakeholder theory highlights the need for companies to satisfy the wide range of demands of the different stakeholders. CSR is an effective way of reaching various stakeholder groups.

The benefits arising from CSR were examined which include reputational management; bottom line performance; human resource attraction, retention and motivation; risk management; and a licence to operate. These benefits will be expanded upon later in this chapter, after reviewing the research results.

The research question as to whether the company's image, as perceived by stakeholders, is influenced by corporate social responsibility, was introduced in chapter 1. A number of questions were developed in order to gain insights into stakeholders' views on CSR.

5.2 Literature Review Summary

The review of the related literature looked at the definition of CSR; stakeholders' views on CSR; the effect of CSR on employee attraction and commitment to an organisation; the impact of CSR on consumers' buying behaviour and CSR and financial performance.

The literature review revealed the importance of CSR to companies. The Milton Friedman approach of "business of business is business" (Friedman (1962)) where the main aim of business is to increase profits and create shareholder value, appears to be outdated. Previous studies revealed that CSR enhances companies' reputations and enables companies to reap long term sustainability in the market (Burke and Logsdon 1996; Lantos 2001; Porter and Kramer 2002; Johnson 2003).

Studies which looked at stakeholders' views on CSR revealed that CSR should be focused on stakeholders needs and there are no negative consequences that may result from adopting a stakeholder approach to CSR (Freeman (1984); Frederick (1998)). Extensive literature suggests that companies benefit from being able to demonstrate their social responsibility towards stakeholders (Carroll (1991); Van Marrewijk (2003)). Most research has however been unsuccessful at establishing a relationship between CSR and economic performance.

Previous literature on consumers' views on social responsibility revealed that consumers' purchase decisions are affected by CSR (Ross, Stutts and Patterson (1991); Holmes and Kilbane (1993); Dahl and Lavack (1995)). Handelman and Arnold (1999) concluded that being socially irresponsible outweighs traditional principles which consumers use to select retailers. Mohr, Webb and Harris, (2001) found that most consumers were positive towards business and especially towards socially responsible companies. The British Telecom study

(2001) concluded that CSR increases customer satisfaction and has a positive impact on revenue and profitability.

Studies on employees' views on CSR showed that employees' behaviour is affected by CSR. Studies conducted by Greening and Turban (1996 and 2000) and Backhaus, Stone and Heiner (2002) revealed that socially responsible companies are more attractive to potential employees. Peterson in 2004, concluded that employees are proud to work for companies that have a favourable reputation. Brammer, Millington and Rayton (2006) study disclosed that a company's CSR has a significant effect on employees' commitment to an organisation.

Extensive research has been conducted to establish whether there is a relationship between CSR and financial performance. Davis (1973) and Steiner (1979) revealed that CSR benefits companies in the long term. Burke and Logsdon (1996) looked at the value that CSR activities create for the company. They concluded that standard value creation activities, combined with CSR objectives, are likely to create significant economic benefits for the company.

The research results of this study on the unlisted retailer appear to be in line with the previous research conducted on this topic.

5.3 Stakeholders' Views on Corporate Social Responsibility

This research set out to establish stakeholders' views on CSR in order to identify their needs and demands which the company should address for their continued support. Stakeholders were questioned and their insights were obtained. (Comments reflect the weighted average response of all stakeholders surveyed).

Question 1: Do stakeholders of the unlisted retailer believe that being socially responsible will enhance the reputation and image of the retailer?

All stakeholder groups agreed that socially responsible companies have a better reputation and company image.

Question 2: Do stakeholders of the unlisted retailer believe that the company should give away a portion of their profits to socially responsible projects?

All stakeholder groups supported the company giving away a portion of its profits to social upliftment projects.

Question 3: Do employees of the unlisted retailer believe that a socially responsible employer will attract and retain employees?

The research revealed that management and employees are attracted, motivated and committed to work for an employer that is socially responsible.

Question 4: Will employees and management of the unlisted retailer work for a socially irresponsible employer?

Employees, management and Board members revealed in their questionnaires that they would not work for a company that does harm to society.

Question 5: Do customers of the unlisted retailer believe that being socially responsible will attract and retain them to the retailer?

Customers appeared to be attracted to brands that are socially responsible and customers would pay more to buy goods from such companies. Many customers would boycott brands that damage the environment or do harm to society. These results suggest that customers would be attracted to a socially responsible retailer. The results were not

however able to prove that a company could retain customers by being socially responsible.

Question 6: Do customers of the unlisted retailer believe that being socially responsible will alter their purchasing decisions?

The research revealed that customers consider the social responsibility of a company before purchasing from that company.

Question 7: Do suppliers of the unlisted retailer believe that if the company is seen to being socially irresponsible, they would consider not supplying the retailer?

The results revealed that suppliers would not supply a company which does harm to society or to the environment.

Question 8: Do stakeholders of the unlisted retailer believe that it is important for a company to be socially responsible?

All stakeholders agreed to the importance for the company to do good works in the society in which it operates.

5.4 Analysis of Research Results

As revealed in chapter 4, the behaviour of the various stakeholders of the organisation, is affected by the CSR of the company. Employees, management and the Board members would not work for a company that does harm to society. Suppliers would not supply a company which harms society and the environment. Customers would not support a company that does harm to society and to the environment. In order to be sustainable in the future, the company needs the support of its stakeholders. It is therefore vitally important for the company to not embark on any activities which harm the environment or society as it could lose its stakeholders' support.

The research revealed the importance for companies to communicate their CSR policies and the good works which they are doing to their stakeholders. Stakeholders cannot be attracted to an organisation by reference to its social responsibility if they are not aware of the CSR strategy and activities of the company.

Stakeholders support companies which give away a portion of their profits to social causes. Such social causes should be aligned to the company's core business. The company is likely to gain maximum exposure from CSR activities which are aligned to its core business as stakeholders can relate to these activities.

The importance for companies to do good works in society was affirmed by all stakeholders groups. It may be important for management to consider the implementation of a CSR programme, and such a programme is likely to enjoy the support of most staff members within the organization if supported by management. The success of the programme is more likely with management support. Management's time spent on CSR activities is therefore vitally important and is not seen as a waste of the company's resources.

A company's CSR activities can help to attract and retain staff members and certain customers, and to motivate staff. Motivated and committed employees and management provide a higher level of service through improved productivity and lower staff turnover. This can contribute to improved business performance.

Customers base their purchasing decision to some degree on a company's CSR and customers would pay more to purchase goods from companies that are socially responsible. Locally produced products are favoured by customers. It is therefore in the company's best interests to embark on CSR activities and market these activities accordingly.

All stakeholder groups revealed that socially responsible companies have a better reputation and company image. Such reputation and image should enable the company to retain the support of its stakeholders which could aid the future sustainability of the company. It is

therefore important for companies to embark on CSR activities which enhance the social responsibility of the company which thereby results in a good reputation and image.

By addressing stakeholders' needs, the company may improve the likelihood of continued stakeholder support. This could be used as a potential marketing tool for the company and may enable the company to mitigate any risks from stakeholder sanctions. This research can be used practically by the company to set its CSR policy, implement the policy and review its performance. This research has indicated that CSR could increase shareholder value but further research is required to prove this causal relationship.

5.5 Benefits of CSR

The research results have highlighted a number of benefits which arise as a result of CSR. A summary of these benefits is listed below:

- CSR enhances the company's reputation and image. A company with a good corporate reputation is well placed to gain support of its customers, staff, suppliers and investors.
- CSR builds a company of which employees are proud and to which employees are committed and motivated. Higher employee morale can lead to improved productivity, lower staff turnover and the ability to attract good staff.
- CSR enables the company to mitigate the risk of sanctions as stakeholders will not support a company which does harm to society or to the environment. This protects a company's licence to operate.
- CSR stabilises the environment for the company's long term survival. By contributing to social causes, companies are developing their operating environment. This will aid the company's long term viability as its performance is linked to the well being of the country and its citizens.

All of the above benefits can potentially result in improved bottom line performance of the company.

5.6 Future Recommended Research

The research set out in this dissertation suggests that CSR could have a positive affect on shareholder value, when combined with other value-adding activities. Socially responsible companies attract and retain employees and attract customers to their brand. Socially irresponsible companies could result in a loss of Board members, employees, management, customers and suppliers. This could have an adverse affect on the shareholder value of the company. It is therefore indicative that CSR could increase shareholder value, however further research will be required to prove this causal relationship.

This study was based on an unlisted retailer operating in South Africa. Further research could be conducted on listed companies operating in South Africa. Further research could also be conducted on unlisted companies in different sectors of the economy.

5.7 Benefits of this Research

This research has been useful in establishing stakeholders' views on CSR. By addressing stakeholders' needs, the company may improve the likelihood of continued support of its stakeholders. Management can use CSR as a potential marketing tool to stakeholders. By understanding stakeholders' views, management has the tools to mitigate the risk of stakeholder sanctions.

Companies operating in a similar environment can use this research to improve their company image by understanding stakeholders' views on CSR. A similar company could formulate a CSR strategy and embark on social projects which are aligned to its core business. The CSR strategy and activities should be actively marketed to stakeholders to ensure that they are fully aware of the social responsibility of the company. This should enable the company to attract and retain stakeholders which should aid in the future sustainability of the company. A company could improve the brand of its products by linking products to a social cause.

The subject of the research, Cape Union Mart, could enhance its company image by improving the communication of its CSR strategy to all stakeholders. The company is unlikely to benefit from its social responsibility status if stakeholders are not aware of its CSR activities. The CSR strategy and activities should be communicated to management and employees thereby increasing their motivation and commitment to the organisation. Employee voluntarism should be encouraged as there are significant benefits which arise as a result thereof. The marketing department should actively market the company's CSR strategy and activities through store visuals, the company website and communications to customers. Products should be developed which are linked to social causes and marketed accordingly. These initiatives could add significant value to the employer and customer brand and thereby enhance the financial performance of the company.

It is envisaged that the research will be used by the company to establish and implement its CSR policy and review its performance thereof. The research will also be used to implement a number of CSR initiatives in the company. The CSR policy and activities could enhance the performance of the company as a result of the many ways in which CSR benefits the organisation.

5.8 Conclusion

This research has revealed various stakeholders' views on CSR and has highlighted the significance of CSR to companies. Stakeholders' positive attitude towards the practice of CSR reflects the numerous benefits which CSR can provide to organisations. These benefits include the attraction, commitment and retention of management and employees; the attraction and retention of customers who support socially responsible brands; the continued support of stakeholders; mitigation of sanctions which could be imposed by customers and suppliers if the company is seen as socially irresponsible; a good corporate reputation and company image which can aid the future profitability and sustainability of the organisation.

CSR can be used as a strategic tool to elevate the reputation and image of companies, whilst at the same time aid the company's long term profitability.

6. APPENDICES

- 6.1 Appendix 1: Corporate Social Responsibility Board of Directors Questionnaire
- 6.2 Appendix 2: Corporate Social Responsibility Employee and Management Questionnaire
- 6.3 Appendix 3: Corporate Social Responsibility Supplier Questionnaire
- 6.4 Appendix 4: Corporate Social Responsibility Customer Questionnaire

Appendix 1

Corporate Social Responsibility Board of Directors Questionnaire

I am studying my Masters in Financial Management and am completing my dissertation on corporate social responsibility and stakeholders views thereof. I am conducting my study on Cape Union Mart and its stakeholders. The purpose of this questionnaire is to solicit your views on the corporate social responsibility of Cape Union Mart for the purposes of this dissertation.

All responses to this questionnaire are strictly confidential and will not be revealed to Cape Union Mart. Responses will be combined with many others to learn about overall attitudes. By completing this questionnaire, you will be helping Cape Union Mart to be a better corporate citizen.

University of Cape Town

On a scale from one to five, please indicate your level of agreement or disagreement with the following statements:

		1. Strongly Disagree	2. Disagree	3. Indifferent	4. Agree	5. Strongly Agree
1.	I believe it is important that a company does good works in the society in which it operates.					
2.	Socially responsible companies have a better reputation and company image.					
3.	I believe that companies should give a portion of their profits to social upliftment projects.					
4.	Companies should communicate the good works they are doing for society and the environment to its stakeholders and the general public.					
5.	I believe that companies should be involved in social upliftment projects which are aligned to the company's core business.					
6.	I am aware of Cape Union Mart's spend on social and environmental projects.					
7.	Management should focus on their core responsibilities and should not waste their time on CSR activities.					
8.	I would not serve on the Board of Directors of a company that does harm to society.					
9.	I would not serve on the Board of Directors of a company that damages the environment.					

Appendix 2

Corporate Social Responsibility Employee and Management Questionnaire

The purpose of this survey is to solicit your views on the corporate social responsibility of Cape Union Mart. Corporate social responsibility describes the need for companies to understand the impact they have on people and the environment and to take measures to make this impact as beneficial as possible. A good corporate citizen behaves ethically and strives to improve the quality of life of its employees, their families, the local community and the society in which it operates.

All responses to this questionnaire are strictly confidential and will not be revealed to Cape Union Mart. Responses will be combined with many others to learn about overall attitudes. By completing this questionnaire, you will be helping Cape Union Mart to be a better corporate citizen.

Please hand in your completed questionnaire to Kate Warner by the 18th of August 2006.

Name: _____

Contact Phone Number: _____

1. Gender

<input type="checkbox"/>	Male	<input type="checkbox"/>	Female
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2. What is your age?

3. What is your preferred home language?

<input type="checkbox"/>	English	<input type="checkbox"/>	Afrikaans	<input type="checkbox"/>	Xhosa	<input type="checkbox"/>	Zulu	<input type="checkbox"/>	Other
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4. What is your current employment status?

<input type="checkbox"/>	Full-time	<input type="checkbox"/>	Part-time	<input type="checkbox"/>	Retired	<input type="checkbox"/>	Housewife	<input type="checkbox"/>	Unemployed	<input type="checkbox"/>	Student
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On a scale from one to five, please indicate your level of agreement or disagreement with the following statements:

		1. Strongly Disagree	2. Disagree	3. Indifferent	4. Agree	5. Strongly Agree
1.	I believe it is important that a company does good works in the society in which it operates.					
2.	The good that the company does in society, motivates me in my job.					
3.	I would be more committed to a company if it did good works in society.					
4.	I would be proud of the company if it did good works in society.					
5.	Socially responsible companies have a better reputation and company image.					
6.	I would be interested in volunteering on social upliftment projects.					
7.	I would be interested in volunteering on environmental projects.					
8.	Communication of the company's social and environmental policy is important to me.					
9.	The good that the company does in society is an attractive factor in deciding where to work.					
10.	I believe that companies should give a portion of their profits to social upliftment projects.					
11.	I believe that companies should be involved in social upliftment projects which are aligned to the company's core business.					
12.	I am aware of Cape Union Mart's spend on social and environmental projects.					
13.	I would not work for a company that damages the environment.					
14.	Management should focus on their core responsibilities and should not waste their time on CSR activities.					

Appendix 3

Corporate Social Responsibility Supplier Questionnaire

I am studying my Masters in Financial Management and am completing my dissertation on corporate social responsibility and stakeholders views thereof. I am conducting my study on Cape Union Mart and its stakeholders. The purpose of this questionnaire is to solicit your views on the corporate social responsibility of Cape Union Mart for the purposes of this dissertation.

Corporate social responsibility describes the need for companies to understand the impact they have on people and the environment and to take measures to make this impact as beneficial as possible. A good corporate citizen behaves ethically and strives to improve the quality of life of its employees, their families, the local community and the society in which it operates.

All responses to this questionnaire are strictly confidential and will not be revealed to Cape Union Mart. Responses will be combined with many others to learn about overall attitudes. By completing this questionnaire, you will be helping Cape Union Mart to be a better corporate citizen.

Name: _____

Company: _____

Position at the Company: _____

Contact Phone Number: _____

On a scale from one to five, please indicate your level of agreement or disagreement with the following statements:

		1. Strongly Disagree	2. Disagree	3. Indifferent	4. Agree	5. Strongly Agree
1.	I believe it is important that a company does good works in the society in which it operates.					
2.	I consider the social responsibility of a company before I supply goods to the company.					
3.	I don't base my business decisions on social responsibility as I don't have enough knowledge of companies' social behaviour.					
4.	Socially responsible companies have a better reputation and company image.					
5.	I believe that companies should give a portion of their profits to social upliftment projects.					
6.	I would not knowingly supply goods to a company that does harm to the environment.					
7.	I would not knowingly supply goods to a company that does harm to society.					
8.	Companies should communicate the good works they are doing for society and the environment to its stakeholders and the general public.					

Appendix 4

Corporate Social Responsibility Customer Questionnaire

The purpose of this survey is to solicit your views on the corporate social responsibility of Cape Union Mart. Corporate social responsibility describes the need for companies to understand the impact they have on people and the environment and to take measures to make this impact as beneficial as possible. A good corporate citizen behaves ethically and strives to improve the quality of life of its employees, their families, the local community and the society in which it operates.

All responses to this questionnaire are strictly confidential and will not be revealed to Cape Union Mart. Responses will be combined with many others to learn about overall attitudes. By completing this questionnaire, you will be helping Cape Union Mart to be a better corporate citizen.

Name (optional): _____

Contact Phone Number (optional): _____

1. Gender

<input type="checkbox"/>	Male	<input type="checkbox"/>	Female
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2. What is your age?

3. What is your preferred home language?

<input type="checkbox"/>	English	<input type="checkbox"/>	Afrikaans	<input type="checkbox"/>	Xhosa	<input type="checkbox"/>	Zulu	<input type="checkbox"/>	Other
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4. What is your current employment status?

<input type="checkbox"/>	Full-time	<input type="checkbox"/>	Part-time	<input type="checkbox"/>	Retired	<input type="checkbox"/>	Housewife	<input type="checkbox"/>	Unemployed	<input type="checkbox"/>	Student
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5. What is your net monthly household salary?

<input type="checkbox"/>	R0 to R2999	<input type="checkbox"/>	R3000 to R5999	<input type="checkbox"/>	R6000 to R9999	<input type="checkbox"/>	R10000 to R12999	<input type="checkbox"/>	R13000 to R15999	<input type="checkbox"/>	Greater than R16000
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On a scale from one to five, please indicate your level of agreement or disagreement with the following statements:

		1. Strongly Disagree	2. Disagree	3. Indifferent	4. Agree	5. Strongly Agree
1.	I believe it is important that a company does good works in the society in which it operates.					
2.	I consider the social responsibility of a company before I purchase from the company.					
3.	I don't base my purchasing decisions on social responsibility as I don't have enough knowledge of companies' social behaviour.					
4.	I am more attracted to brands that support social upliftment projects.					
5.	I am happy to pay a little more when buying goods from companies that do good works in society.					
6.	Socially responsible companies have a better reputation and company image.					
7.	I believe that companies should give a portion of their profits to social upliftment projects.					
8.	I would boycott brands that damage the environment.					
9.	I would not buy from a company that does harm to society.					
10.	Companies should communicate the good works they are doing for society and the environment.					
11.	If faced with two identical products, I would buy the one made in South Africa.					
12.	I believe my socially responsible consumer behaviour can affect companies' behaviour.					

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