

Analysing ethical branding by selected motor dealers in South Africa

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Mini-dissertation submitted in partial fulfilment of the requirements for the Master degree of **Business Administration** at the North-West University

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Graduation May 2018

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ACKNOWLEDGEMENTS

With the submission of this dissertation, I acknowledge with gratitude the assistance, encouragement and support of all the persons involved in this study. In particular, I sincerely thank the following:

- The creator of heaven and earth, our Lord Jesus Christ, for the divine courage and strength to persevere.
- Professor CA Bisschoff, for his patience, guidance, mentorship and the exceptional manner in which he mentored me throughout this study.
- Ms. Thoriso Mothibi from the Department of Statistics, at Transnet SOC Limited who assisted me in the processing of questionnaires and research results
- My wife, Mahlodi, for taking care of the kids and family during the past three (3) years of my MBA studies.
- My parents and in particular my late mother, Lettie Risiba, who made me promise to complete my MBA no matter what. So to my beloved late mother, I have kept my promise and dedicate this dissertation to your loving memory.
- All the participants that completed the questionnaires required for this study.

ABSTRACT

This study investigates ethical branding by motor dealers in South Africa. It uses General Motors South Africa (GMSA) as a case study. The author chose General Motors South Africa based on its many years of existence within the South African motor industry and its track record. The study established what the most important values that contribute towards an ethical brand are, and developed a theoretical model that was used to measure the ethical branding values of motor dealers in South Africa. The model displayed ethical business practices in motor vehicle branding of South African motor dealers and identified the key ethical values that have made GMSA to be one of the leading ethical brands in the country. Data was collected from 22 GMSA employees between May and September 2017 in Gauteng, North West and Limpopo provinces using a self-administered questionnaire, containing both closed and open-ended questions. Open-ended questions allowed the respondents to elaborate on their answers. The data evaluated GMSA's ethical values and core attributes and how these are carried throughout the company and its dealer network. Of the 22 respondents, 54.5%, 40.9% and 4.5% were in the job positions of the General Manager, Sales Manager and Sales consultants, respectively, in the retail network of GMSA to evaluate the implementation of the said values by GMSA for ethical branding throughout the value chain and dealer network. The results identified the key values of ethical branding that GMSA considers to be important and also indicated how GMSA is using the identified values to build an ethical GMSA brand in vehicle manufacturing. The study established that ethical brands in motor manufacturing in South Africa are brands that promote social responsibility and the public good, and minimise harm to society and the environment. The study gives insight into the application by GMSA of these ethical values in the GMSA brand and tests the communication of the ethical values through to GMSA's retail network. The study subsequently found that motor dealers in South Africa can benefit from the application of ethical values in branding and that they should use the opportunity to communicate their ethical values to customers to minimise the negative public perception brought by the media reports on some of the reported scandals in the motor industry. Other recommendations are that South African motor dealers can organise themselves and

should use the proposed model for ethical branding in this study and GMSA's approach to ethical branding as a guide to organise itself to ensure that there is uniformity of ethical standards throughout motor manufacturing and dealership in South Africa. Uniform application of ethical values by the South African motor industry will ensure a better understanding of the role ethical values in branding can help to ensure the sustainability of the automotive industry in South Africa.

Keywords: ethics, branding, GMSA values, motor industry, South Africa.

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CHAPTER 1

NATURE AND SCOPE OF THE STUDY

1.1 INTRODUCTION

1.1.1 The South African Motor Industry

The South African automotive industry manufactures a broad range of vehicles; this includes passenger cars, light commercial vehicles, medium commercial vehicles, heavy commercial vehicles, extra heavy commercial vehicles and even buses. The industry has one of the most competitive trading environments in the world and in 2016 offered no fewer than 55 brands and 2 872 passenger car model derivatives for consumers to select from. This affords South African car buyers with a wide variety of choice to choose from. Similarly, light commercial vehicles, for the same period, offered 31 brands with 625 model derivatives to choose from. The vehicle-ownership ratio in South Africa is in the order of 180 vehicles per 1 000 persons (Lamprecht, 2016:06).

According to the total market sales figures released by the National Association of Automobile Manufacturers of South Africa (NAAMSA) in April 2017, Toyota continues to maintain the market share lead at 28%, followed by Volkswagen South Africa at 21%, Nissan South Africa at 11% and GMSA at 10% (see Figure 1.1 below).

The automotive industry is the biggest contributor to manufacturing output in the country. Through its well-integrated value chain from downstream to upstream activities, the South African automotive industry contributed 7.2% (or R256.7 billion) to GDP in 2015 (Dludla, 2016). According to De Lange of City Press newspaper, the South African Automotive industry employs approximately 4 million people in South Africa. Of those, only about 18% are highly educated workers, 52% are educated, and 30% are semi-educated or uneducated workers (De Lange, 2017).

In 2014, the industry comprised more than 12% of the country’s total export of trade products. This compared with gold, which in 2014 comprised 6.7% of total exports. Between 2013 and 2015, the country’s seven original equipment manufacturers which include companies like Volkswagen, Mercedes, Nissan and Ford spent R1.5 billion on socio-economic projects including skills development, healthcare, small business development and education (De Lange, 2017). Accordingly, the end of the industry will mean a loss of R84.5 billion in compensation to employees and will lead to massive job losses (De Lange, 2017).

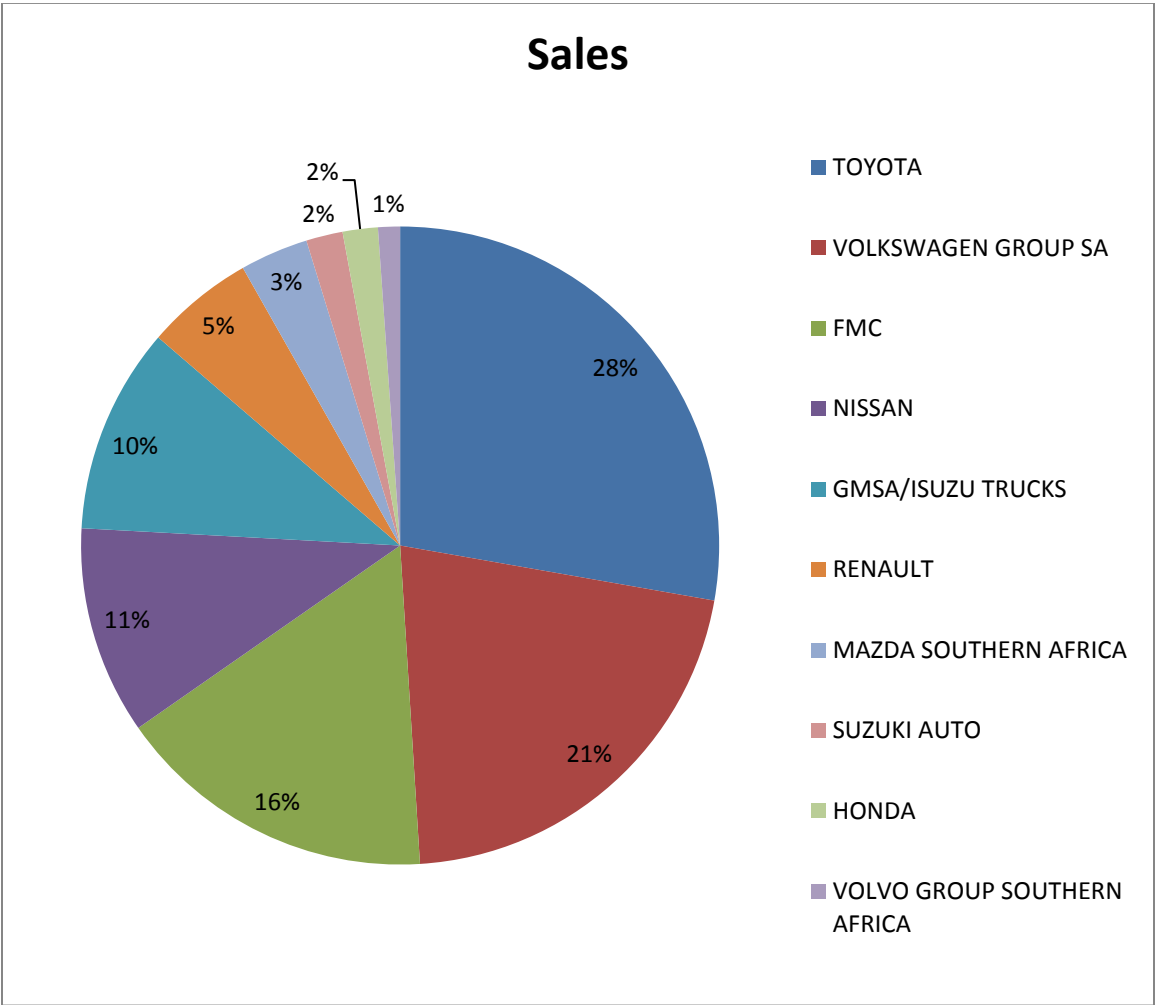


Figure 1.1: Overall new vehicle market share – April 2017

Source: Compiled from the National Association of Automobile Manufacturers of South Africa, 2016. Quarterly review of Business Conditions: 4th Quarter 2016, 31st Mar 2017.

According to the Automotive Industry Export Council report (AIEC, 2016), South African automotive companies, in contrast to many other industries, have also proven to be resilient against adverse economic conditions. This is a result of the high level of integration with domestic component suppliers, a stable policy framework and export diversification. Despite some macroeconomic headwinds faced in the domestic economy, exports of automotive products constitute the major economic success in the country.

According to the statistics released by the National Association of Automobile Manufacturers of South Africa (NAAMSA, 2016), the South African automotive industry has in 2016 recorded an increase in exports from 2015. As indicated in Table 1.1, export sales of all types of vehicles except trucks and buses increased in 2016 resulting in total vehicle exports of 344 822 units in 2016. This is an increase of 11,000 vehicles exported in the previous year when 333 847 vehicles were exported.

	2010	2011	2012	2013	2014	2015	2016	2016 / 2015 % Change
Cars	181 654	187 529	153 268	153 545	156 600	229 723	238 567	3.8%
Light Commercials	56 950	84 125	123 648	121 653	118 922	103 000	105 152	2.1%
Trucks & Buses	861	803	1 076	1 206	1 414	1 124	1 103	-1.9%
Total Exports	239 465	272 457	277 992	276 404	276 936	333 847	344 822	3.3%

Source: Lightstone Auto, NAAMSA

Table 1.1: Aggregate motor vehicle exports figures as at 2016

Although the South African motor industry is achieving great success in the export and international markets, the same success is not replicated in the domestic market. The domestic market has been under pressure for quite some time, and 2015 saw an industry drop of 4.1% in the overall market compared to 2014 (Lamprecht, 2016:08). This trend continued, and statistics indicate that for the third year in succession, South Africa's domestic market recorded a decline in December 2016. The final year figures indicated that 41 639 units were sold; this signifies a decline of 7 519 vehicles (or -15.3%) compared to the same period in 2015. Furthermore, the new passenger car market and light commercial market also reflected a year-on-year drop with -14.0% (cars) and -17.8%

(light commercial vehicles) and -18.2% (medium and heavy commercial vehicles) being sold. Aggregate sales as at the end of December 2016 (see Table 1.2) fell by 11.4% or 547 442 units compared to the sales total of 617 648 in 2015.

This downturn in domestic new vehicle sales could be attributed to various factors, such as a slowdown in the economy, increases in interest rates, pressure on consumers' disposable income and inflationary pressures brought on by a deteriorating Rand resulting in increased retail prices above inflation (Lamprecht, 2016:09). This is further compounded by political uncertainty, unrest and the recent downgrading of South Africa's financial and economic status. The above indications stress the importance of correcting the domestic market as a strong economic role-player and provider of jobs. Accordingly, the automotive industry should do everything in its powers to ensure its sustainability and positive contribution to the economy by building stronger relations with consumers based on trust and shared common values.

Sector	2010	2011	2012	2013	2014	2015	2016	2016 / 2015 % Change
Cars	337 130	396 292	442 604	450 296	438 942	412 478	361 273	-12.4%
Light Commercials	133 756	149 301	160 174	167 996	173 759	174 701	159 128	-8.9%
Medium Commercials	7 557	9 218	10 104	11 584	11 024	10 394	8 447	-18.7%
Heavy Trucks, Buses	14 464	17 438	17 737	19 340	20 534	20 075	18 594	-7.4%
Total Vehicles	492 907	572 249	630 619	649 216	644 259	617 648	547 442	-11.4%

Source: Lightstone Auto, NAAMSA

Table 1.2: Aggregate sales as at the end of 2016

1.1.2 Ethical issues in the South African motor industry

The South African automotive industry has over the years faced accusations of anti-competitive behaviour and price fixing, noncompliance with safety standards, emission regulations as well as sceptical consumer responses to so-called ethical initiatives. Famous for its vehicle recalls due to safety defects, the automotive industry in South Africa (and also the world) has attracted attention and generated controversy from all

sectors of society; this includes consumers and other stakeholders questioning the automotive industry's ethical position and commitment to social action that has seen government being called to action to compel companies to correct their unethical behaviours. A recent example hereof is the Ford Motor Company SA's reluctance to take responsibility for the Ford Kuga car scandal. In August 2016, it was reported by the Citizen newspaper, that more than forty (40) Ford 1.6-litre Eco Boost Kuga cars, manufactured between 2013 and 2014 in Valencia, Spain, have ended up bursting into flames. Port Elizabeth resident Reshall Jimmy was burnt alive in his car in 2015 (Williams, 2016).

In South Africa, the situation is worsened by the lack of regulation of business ethics or ethical values. In recent years, attempts have been made by industry players, such as the Brand Council of South Africa (BCSA), to create self-regulatory bodies to create a vehicle that would guide industry on ethical standards to encourage ethical behaviour at the organisational level.

The BCSA was established in 2008 when leading members of the brand marketing industry met to form a body that would represent the interest of the brand marketing industry. The BCSA is founded on the principle that, "The future of brands in South Africa lies in our ability to transform". It's not just about people; it's about building businesses and brands better for the future. Intellectually, creatively, operationally, in fact, the whole eco-systems need to change for business and brands to survive" (BCSA, 2016).

However, despite the commendable efforts and impressive ideologies of BCSA, the BSCA had limited impact on the brand marketing industry in South Africa. As a result, ethics in South Africa, or rather the lack thereof, remains to be in the news. Typical cases are the collusion and price-fixing investigation by the South African Competition Commission, the Volkswagen's false emissions reports, and Ford Kuga electrical fault incidents. These transgressions are also not limited to specific manufacturers either. In 2014, the South African Competition Commission released a statement indicating that it has launched investigations into price fixing, market division and collusive tendering in the market for the manufacture and supply of automotive components supplied to original equipment manufacturers (OEMs) such as Toyota Motor Corporation, Daihatsu Motor

Company, Nissan Motor Company, Isuzu Motor Limited, Fuji Heavy Industries, Honda Motor Corporation, Suzuki Motor Corporation, General Motors Corporation, Hyundai Motor Company, Yamaha Motor Corporation, Volvo Car Corporation, Mazda Motor Corporation, Mitsubishi Motor Corporations and Ford Motor Corporation. The investigation was based on information received by the Commission that automotive component manufacturers colluded when bidding for tenders to supply automotive components to the OEMs (Scott, 2014). These components included Inverters, Electric Power Steering ECU, Electric Power Steering and Motors, Glow Plugs, Electric Power Steering systems, and many others.

The spate of cases and investigations by the Competition Commission into the corporate conduct of the automotive industry and the recent announcements by the Competition in October 2017 seem to suggest that a lot of work is still required to bring about ethical behaviour on the part of the automotive industry in South Africa. With specific reference, the announcement by the Competition Commission, in October 2017, the Competition Commission issued a press statement to the effect that one of the world's largest manufacturers of airbags, seatbelts and steering wheels has agreed to pay an administrative penalty of almost R150 million following its admission of having contravened the Competition Act (no 12 of 2003) (SA, 2003). The settlement followed the Commission's investigation into collusive conduct against manufacturers of airbags, seatbelts and steering wheels (including Autoliv and its competitors) for allegedly fixing prices, dividing markets and colluding on tenders issued by car manufacturers such as BMW Group and VW Group for the manufacture and supply of airbags, seatbelts and steering wheels (Ngwenya, 2017).

Talking about safety defects, the year 2016, was characterised by an increased number of vehicle recalls by vehicle manufactures due to safety defects. By the end of December 2016, there have been over 60 000 vehicles that were recalled by various motor manufacturers due to safety defects ranging from defective airbags, engines catching fire, breaking defects and other issues (Bubear, 2017). As at the end of December 2016, a total of 4 556 Ford Kuga 1.6-litre units (built between December 2012 to February 2014) were affected by the safety recall in South Africa. Mitsubishi Pajero recalled 7500

vehicles, BMW recalled 5533 vehicles due to camshaft/breaks problems and in February 2017 Ford Motor South Africa, recalled over 1000 Ford Fiesta GTIs due to lack of coolant circulation (Wheels24, 2017).

Although on the one hand, one may argue that the above motor manufacturers acted ethically by pleading guilty and settling with the Competition Commission and in cases of safety defects by recalling the vehicles in question and thus admitting their mistakes, the real test lies in how these motor manufactures communicate their ethical values and stance to customers and demonstrate that the reported collusive practices and safety defects are not as a result of unethical business practice, but were as a result of honest mistakes, particularly in cases where motor manufacturers embarked on cost-cutting measures in their design and production at the expense of customer safety and was also found wanting by the Competition Commission.

Failure to demonstrate adherence to ethical values may result not only in low consumer confidence which will erode consumer loyalty, but will also have financial disasters for these companies and threaten not only the position of many senior managers but also the financial survival of the companies over which they preside (Knights & O'Leary, 2005:359).

For this reason, these high profile scandals have brought about a renewed interest in business ethics and, in particular, in understanding the values that promote business ethics and ethical branding in the automotive industry. Business ethics is about identifying and implementing ethical values, rules and standards of conduct for guiding morally right behaviour in a company's interaction with its stakeholders (Lloyd, 2014:569). The uniform understanding and application of these values and core attributes of business ethics will help the automotive industry not to repeat some of the past unethical behaviour and conduct.

1.2. PROBLEM STATEMENT

One of the ethical dilemmas that face car manufacturers every day is concerning safety versus cost. Motor manufacturers are always developing newer cars, which raise an important question: in designing a new car, what will the balance between safety and cost be? Certainly, there is a demand for inexpensive cars in South Africa and around the world. But there's also an increasing demand for safe cars. A car cannot be one hundred percent safe if cost-cutting measures in its design and production are taken. It, therefore, stands to reason that motor manufacturers must find the perfect balance between low-cost and safety to protect lives. Of importance to note is that striking this balance will to a large degree depend on the ethical values of such a motor manufacturer.

Furthermore, even though the majority of dealerships depicted in figure 1.1 do right by their customers, and subscribe to ethical values posted on their websites, the myriad of ethical complaints and reviews on Hellopeter.com, suggest that a growing number of South African consumers believe the business practices of South African motor dealerships are not ethical. For instance, with respect to GMSA, at the beginning of May 2017, there were a total of 259 negative reviews against GMSA, ranging from bad service by GMSA dealers, failure to adhere to customer satisfaction standards, to cutting costs when doing car services and maintenance and in so doing compromising on product quality and thus endangering the lives of motorists (Hellopeter.com, 2017). Concerning GMSA, the unethical conduct of some of its dealers happens against the backdrop of GMSA's articulated values, as contained in the GMSA Sustainability report of 2016.

From the above analysis, there appears to be a lack of alignment between the values being applied by the holding companies and what is happening at the dealership level. Furthermore, the unethical conduct of these dealers poses the question as to whether or not ethical values are communicated throughout its dealer network and secondly, whether or not these dealers have bought into the ethical branding values and brand strategy of the holding companies. The answers to these questions are crucial, because for ethical values to filter down, be applied and communicated throughout motor manufacturers' dealer networks and for the consumer to enjoy the benefits of ethical values, it is important

that the dealers themselves believe in ethical branding values and also see the benefit of a better and stronger ethical brand for their businesses.

Therefore, the question that confronts South African motor manufacturers and dealers today, and which this study seeks to address, is what are the ethical values that should guide the corporate conduct of motor dealers in South Africa and how to ensure that such ethical values are consistently applied, lived and communicated throughout their dealer networks, and also that dealer networks experience these values so that the benefits thereof are ultimately transferred to the customers.

1.3. OBJECTIVES OF THE STUDY

The primary objective of this study was to identify the key ethical branding values that have made GMSA a successful motor manufacturing brand in South Africa. To achieve the primary objective, the secondary objectives of this study were particularised under section 1.3.1 to 1.3.5 as indicated below:

- 1.3.1 To determine the key values that encourage ethical conduct in the South African motor industry. This objective is addressed in conclusion 4.2.2;
- 1.3.2 To compare these key values with the ethical branding values of GMSA .This is achieved in chapter 3;
- 1.3.3 To empirically test the communication of the GMSA ethical values and to determine if there are deviations from the corporate identity of ethical values and core attributes of GMSA. This is addressed in conclusion 4.3.1; and
- 1.3.4 To then compare GMSA's corporate identity of ethical values and core attributes against the actual brand message and values experienced by GMSA dealers. This objective is addressed by in conclusion 4.2.2.

1.4 RESEARCH QUESTIONS

The abovementioned objectives have been developed from certain questions that were asked and that needed to be answered. These questions were formalised and particularised under section 1.4.1 to 1.4.4 as indicated below:

- 1.4.1. Some of the recently reported high profile incidents have brought about a renewed interest in business ethics and, in particular, in understanding the values that promote business ethics and ethical branding in the automotive industry. This begs the question as to whether or not the reported incidents, unethical behaviour and anti-competitive practices by the motor industry are not indicative of the mounting evidence for the lack of ethical values and standards in the automotive industry. What are the key ethical branding values that would encourage ethical conduct in the company's environment of motor dealers in South Africa?
- 1.4.2. GMSA is one of South Africa's most successful companies, with a number of brands that have gone on to win some of the major awards and accolades in the automotive industry. The question that comes to mind is what are the ethical values that have made GMSA to be such a successful company and can GMSA's ethical values and business principles as contained in GMSA corporate business strategy be the main contributory factors to its success and can any other brand achieve similar success by adopting the same values and principles?
- 1.4.3. Most companies whose brands promise social performance as well as economic and environment performance, have discovered that there is a close link between ethical branding and a company's reputation, and that corporate ethics have a positive effect on companies' reputation. GMSA has a brand strategy that guides all activities to ensure that it lives up to its safety, social, environmental responsibilities and satisfying the needs of its customers. For this ethical branding strategy to work the researcher believes that, GMSA is required to have dealers that have to contribute towards the success of the GMSA brand. They also need to buy into the ethical branding values and brand strategy. These dealers have to

believe in the ethical branding values and also see the benefit of a better and stronger ethical brand for their businesses. The question here is, does the GMSA dealer network experience these values and does it contribute towards ethical conduct in the company's environments under the dealers? The way GMSA delivers the company's business principles and ethical values to the dealers must affect the dealer network's attitude towards the brand. Does this in turn give them a better opportunity to contribute positively towards the GMSA Brand?

1.4.4 In today's volatile economies and increasing regulatory framework, consumers are wary in terms of what to buy. Further, apart from product quality and services, consumers are now more influenced in their buying decisions, by ethical business practices that goes in to product development. GMSA prides itself on the strong dealer network it has. This dealer network is the companies and people that are in the cold face of the brand. What this means is that they are the people that interact with the customer on a daily basis and that can play either a positive or a negative role to the brand strategy. How have these dealers ensured that, at retail level, customers experience all ethical branding benefits and how is this communicated to the customer by these dealers?

1.5 STATISTICAL ANALYSIS

The study employed the Cronbach's alpha quantitative statistical techniques to analyse the data. The decision to utilize this technique is informed by the use of questionnaires to gather the relevant data and Cronbach's alpha is the most useful to test the reliability thereof. Cronbach's alpha determines the internal consistency or average correlation of items in a survey instrument to gauge its reliability (Naidoo, 2011:23).

Reliability is concerned with how consistently it measures what it is supposed to measure" (Field, 2007:668). It indicates the extent to which individual differences in test scores are attributable to "true" differences in the characteristics under investigation. Internal reliability (or consistency) refers to the degree to which all the items of a particular scale measure the same construct (Naidoo, 2011). This procedure estimates reliability from a

single administration of the inventory and measures the consistency of the content of the individual scale being examined (Shuttle worth, 2009:44).

Accordingly, the internal consistency and stability of the data relating to GMSA brand evaluation were examined under the groups of ethical branding values, brand positioning, ethics communication and delivering ethical branding benefits to consumers by using Cronbach's alpha coefficients, of 0.70. Figure 1.2 provides a data analysis and reliability decision tree for this research. Kline (1979; 292) advises that correlations above 0.70 should be avoided as they make the scale too narrow and too specific. He states that "if one constructs items that are virtually paraphrases of each other, the result would be high internal consistency and very low validity.

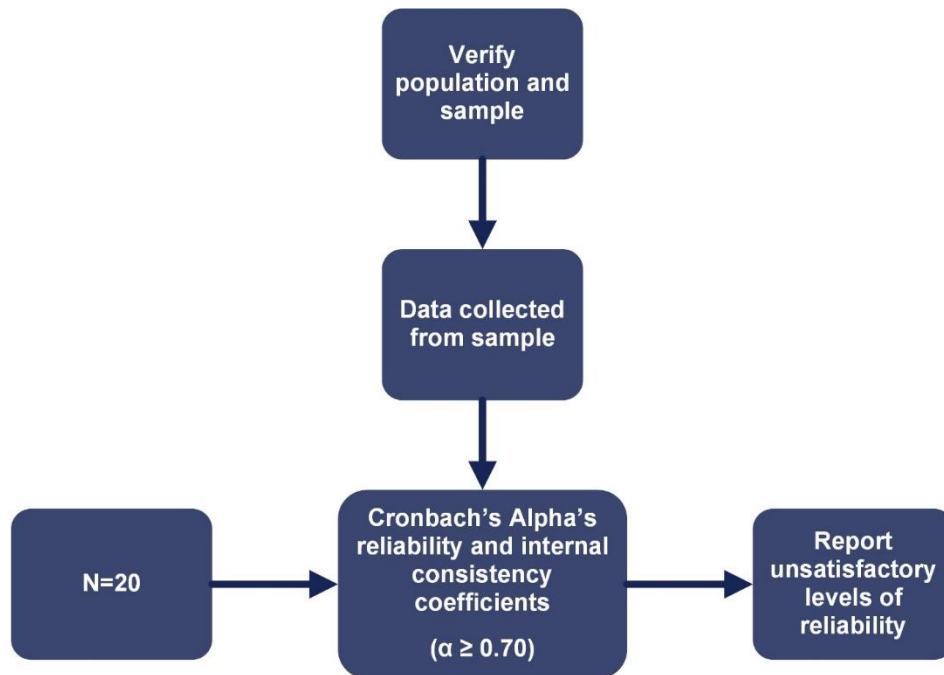


Figure 1.2: Data analysis & reliability decision tree

Source: Naidoo, 2011

1.6 LAYOUT OF THE STUDY

Chapter 1 consists of the research proposal that includes the introduction to the study, the problem statement as well as the primary and secondary objectives. This is followed by the explanation of the research methodology that has been followed.

Chapter 2 consists of the literature study that evaluated the meaning of a brand and examined the concept of “ethical branding” and GMSA’s ethical branding values, business principles and the importance of communication in operationalising the corporate identity of a company, which corporate identity consists of values and core attributes of the company. The objective of the literature study was to provide the necessary theoretical depth and insight to serve as the basis for the empirical research.

Chapter 3 deals with the presentation of the statistical analysis findings and discussion of the results. In this chapter, the ethical branding of GMSA is analysed. In conclusion, the statistical analysis and an interpretation of the research results are conducted.

Chapter 4 summarises the study and then leads to conclusions that aimed to provide an overview of the whole research study and relevant findings. Recommendations are made to GMSA as well as the dealer network to ensure that GMSA manages and communicates its ethical branding values throughout the value chain with maximum impact on the customer. The recommendations seek to achieve synergy between wholesalers and retailers and to ensure that the GMSA promise can be fulfilled at a customer level.

1.7 OVERVIEW OF THE RESEARCH PROCESS

The research process embarked upon consisted of 4 steps, namely:

- 1.7.1. developing an empirically answerable question, being what are the ethical values that should guide the corporate conduct of motor dealers in South Africa and how to ensure that such ethical values are consistently applied, lived and communicated throughout their dealer networks, and also whether or not the

identified dealer networks experience these values so that the benefits thereof are ultimately transferred to the customers.

1.7.2. deriving a falsifiable hypothesis derived from a theory that purports to answer the above questions.

1.7.3. this was followed by the author collecting and analysing empirical data to test the hypothesis,

1.7.4. from the data collected and analysed the author had to reject or fail to reject the hypothesis, and

1.7.5. lastly, the results were analysed back to the theory from which the questions were drawn.

1.8. OVERVIEW OF THE RESEARCH DESIGN

The quantitative research was conducted through questionnaires where the retail network (General Managers, Sales Managers in the General Motors South Africa dealer network) evaluated GMSA's implementation of its ethical core values through the dealer network. The sample size consisted of twenty two (N=22) randomly selected GMSA dealers in the country.

Empirical research was conducted to determine the perception of GMSA retail general managers, managers and sales consultants. The methodology that was used to do the survey is explained in Chapter 3.

From the study conducted around what the key ethical branding values are that would encourage ethical conduct in the company's environment of motor dealers in South Africa, the answer found in section B was 95, 5% are in agreement to, "The key ethical values promised by the GMSA brand are commitment to satisfying customer needs, care for the environment, employee wellness, safety and empowerment, social responsibility and innovation.

This study also examine the importance of ethical brand communication and the effectiveness of GMSA to communicate its ethical values successfully throughout the dealer network and ultimately to its customers.

1.9 SUMMARY

Research and analysis in chapter 1 indicate that the South African automotive industry is the biggest contributor to the country's GDP and job creation. However, from the ethical reviews and complaints captured on reputable 'complaints platforms' such as Hellopeter.com, the sustainability of the automotive industry is at risk because of the unethical practices of some of the dealerships.

From the complaints and reviews, it would also appear that, even though the majority of dealerships do right by their customers, there is still a lot to be done at the dealership level and some South African customers believe that the South African automotive industry engages in unethical practices. As most interaction and interface between the brand and customers take place at the dealership level, it goes without saying that industry can benefit from an ethical code to ensure that it minimises the negative headlines that blanket the industry with nagging stereotypes about dishonesty because of the few bad apples.

The analysis also points to the fact that although the South African automotive industry has achieved impressive success in the exports market, it is, however, battling to achieve the same success in the domestic market. The statistics published by NAAMSA in December 2016, shows that the South African Automotive industry continues to record a decline in domestic sales of new vehicles, year after year. The decline is attributed to some factors, ranging from the weak economy and low consumer confidence.

Against this background, it is clear that negative stereotypes can shape perceptions and even though there are so many good dealers out there, the overall stereotype of the unethical dealers may cause an everlasting negative impression on the consumer's mind and in so doing erode their confidence and brand loyalty. It is safe to conclude that the automotive industry and car dealers can counteract this perception by showing

consumers they're serious about ethical business practices to correct this. One way to start, he says, is for dealerships to display a code of ethics in their showrooms and on their websites.

CHAPTER 2

ETHICAL BRANDING VALUES

2.1 INTRODUCTION

As a concept, the notion of ethical branding emerged in Europe in the 1980s. It accompanied the emergence of ethical consumerism, which called for a fair deal for developing world farmers (fair trade movement) (Thompson, 2011). The fair trade movement was largely championed by the Fair Trade Foundation in the UK which was in the forefront in fighting unethical and exploitative labour practices by farmers in developing countries (Thompson, 2011). The movement gained momentum in 1998 with the formation of the Ethical Trading Initiative in the UK. The initiative was an alliance of members' enterprises, trade unions and NGOs with the intention of improving transparency and the protection of human rights in companies' supply chain through adopting the Base Codes (Thompson, 2011). The early fair-trade brands campaigned for social justice, animal welfare and the promotion of natural substances in the production of groceries and beverages. One of the first mainstream brands to be built on the notion of ethical branding and consumerism was The Body Shop. Founder Anita Roddick was an environmental activist and campaigner for the homeless, victims of domestic violence and disadvantaged children (McIntyre, 2007). Founded in 1976, The Body Shop broke the mould by refusing to sell cosmetics that were tested on animals and by promoting fair trade practices in developing countries (Egan-Wyer et al., 2014)

Since then and in recent years, ethical brands have risen to prominence as a market solution to a diverse range of political, social and, in this case, most interestingly, ethical problems. By signifying the ethical beliefs of the company behind them, ethical brands offer an apparently simple solution to ethical consumers: buy into the brands that represent the value systems that they believe in and avoid buying into those with value-systems that they do not believe in (Egan-Wyer et al., 2014).

It, therefore, stands to reason that today's society and consumers desire ethical behaviour from companies and that, unless companies behave accordingly, they face inflicting costly damage on their carefully crafted brand images. According to economic rules of demand and supply, the market should then ensure that companies respond to the ethical requirements of the society in which they reside (Egan-Wyer et al., 2014). As a consequence, brand management has to incorporate as one of its main tasks the translation of the ethical positions on the market into communicable brand messages (Egan-Wyer et al., 2014).

To the South African automotive industry, the above analysis points to the practical challenges meeting the expectations of multiple stakeholders and compete for reputational status (Maden, Teci & Kantur, 2012:655). What this means is that competition amongst motor vehicle brands can no longer be limited to products and service quality, but also extend to how motor manufacturers and dealers strive to retain loyal customers in tough economic conditions. It is only through ethical business practices and taking their ethical values seriously that they will ensure that the automotive industry remains sustainable. This can be done through building motor brands that consumers can relate to from a safety, environmentally friendly and economic level, point of view. According to report published by the Mail & Guardian on 10 April 2014 (Mail & Guardian, 2014), companies that take their environmental, social and governance responsibilities seriously are likely to survive during difficult economic conditions, as they are not only do that for purely altruistic reasons, but these businesses can see a clear convergence between the interests of their companies and those of the country. are also adding to shareholder value.

Accordingly, this chapter aims to evaluate the concept of a brand, ethical branding values based on the literature study, GMSA ethical values and business practices, and communication of ethical values throughout the company and ultimately to customers.

2.2 ETHICAL BRANDING

2.2.1 Definition of a brand

To understand the elements and values of ethical branding, it is important first to understand the concept of a brand. The Business Dictionary (2017) defines a brand as a:

“ Unique design, sign, symbol, words, or a combination of these, employed in creating an image that identifies a product and differentiates it from its competitors. Over time, this image becomes associated with a level of credibility, quality, and satisfaction in the consumer's mind. Thus brands help harried consumers in the crowded and complex marketplace, by standing for certain benefits and value”.

From this definition, it is clear that a brand has more meaning than just a name associated with a product of a company. According to Shuttleworth (2009:14), a brand is *“the major enduring asset of a company, outlasting the company’s specific products and facilities”*. Barlow and Steward (2004:259) continue and state that, *“a brand is something that can carry a company through the good times and enable one to excel through the bad times. In difficult times, a brand is probably a company's biggest competitive edge”*.

Customers know what to expect from each branded product. In the buying decision, branded products have already established a value proposition in the mind of the customer (Felthan, 1989:373). Kapferer (2004:497) adds by stating that strong brands evoke emotions that drive customers to stay loyal towards the brand. A brand is a set of mental associations, held by the customer, which add to the perceived value of the product or service (Keller, 1993). Brands’ attributes also create a strong relationship between the brand and the customers. This is where customers buy and re-buy products based on the beliefs of the superiority of the branded product and the company who owns the brand (Kapferer, 2004:497).

Excellent brands are characterised by the ability to involve its own consumers in a lasting relationship based on trust and richness of symbol and emotional value (Shuttleworth, 2009:16). This is also referred to as ‘brand awareness’. Brand awareness is the ability of

potential customers to remember the brand and connect it with a particular product (Kotler & Pfoertsch, 2010:313). Through this association, brand image is formed. Brand image is the mental pictures of the product or service in the eyes of the consumers (Moiseieva, 2013:102). The expectation of the customer and the realisation of his expectation create an image of value in the customer's mind (Shuttle worth, 2009:17). This is also called brand equity.

Brand equity is the valued relationship that customers have with the brand; this value is evaluated each time the customer buys and uses the product. A brand has a financial value (equity) because of the mental and competitive assets that customers connect to the brand (Shuttle worth, 2009:14). A brand does not only play a role when customers make a purchasing decision, but it also affects the competitiveness of the product or service.

2.2.2 Ethical branding defined

From the onset, it must be pointed out that although marketing and branding are interlinked, branding is not marketing, so is ethical marketing and ethical branding. However, for this study, the focus will only be on ethical branding.

Ethical branding is a distinct subject area and a subset of both ethical marketing and brand management (Thompson, 2011). Ethical marketing sets out the moral challenges inherent in the marketing discipline and the ethical frameworks by which marketers might complete values based judgement. Brand management relates to both preserving the distinctive characteristic and personality of a brand and evolving it through innovation and communications to maintain a competitive advantage. The foundation for ethical marketing is that wider society expects marketers to consider the moral implication of their actions for other people and society (Brenkert, 2008:51). Marketing is a value-laden activity that falls within the moral arena. Ethical branding, on the other hand, applies to the practice of ethical brand management by all brand owners (Thompson, 2011).

In today's competitive markets, some companies have seen ethical values as a strategic asset to influence consumer buying behaviour and purchasing decisions and desire that

their brands be considered as ethical. Accordingly, these companies understand that ethical behaviour is normative, whereas unethical brand behaviour risks the censure and sanction of society. Against this background, an ethical brand is a brand that does not harm the public good, but promotes and contributes towards the public good (Fan, 2005:342).

2.2.3 Values that make a brand an ethical brand

What are the values that set an ethical brand apart from other brands? The answer to this question is complex because brand values that may be positively associated with the brand by one market segment may be deemed negative by another segment (Fan, 2005:03). Furthermore, different stakeholders have different values. This means that NGOs, government departments, customers, or church organisations, for example, have own views, beliefs, norms and values and have their own preferences of what corporate and ethical values should be or portrayed. Furthermore, customer values not only differ across cultures but also change over time (Schlegelmilch & Pollach, 2005:270). This has been especially evident in the shift towards increasing environmental awareness, although other changes such as changing employment, different social class or altered political values also affect customer value sets (Plummer, 1989).

These value shifts have also resulted in a heightened importance of ethical values in the American and European value structures. In 2002, a study conducted by MORI in the United Kingdom showed that the percentage of consumers who deem corporate social responsibility to be a factor when they make purchasing decisions has doubled from 1998 to 2002. This suggests that consumer mindsets are shifting towards a stronger concern for corporate ethics, and more importantly, customers effect this in their buying behaviour (Lewis 2003:365).

Should ethical values in a company then rather be moulded around a targeted group which considers the company's behaviour to be ethically positive and whose value system favours such behaviour? Schlegelmilch and Pollach (2005:272) postulate that, for example, people with strong socialist values are likely to view a price discount for the

unemployed as a positive ethical measure. However, politically or socially oriented groups or people with corresponding values or lifestyles usually only represent sub-sets of all consumers. This poses difficulty in identifying the appropriate ethical values. Additionally, difficulty with a targeted approach and focusing on the small size groups of customers or stakeholders likely result in biased values that are swayed to serve only the interest of a particular group of customer segment. In so doing, the company does not create objective ethical values that represent consumers in a broad mass market. Ethical values should be established for the betterment of the community and by consumers in a broad mass market.

Some researchers have attempted to define what the ethical values are that make a brand an ethical brand. However, there seems to be a lack of consensus on the matter. On the one hand, some state that ethical brands, “*must contribute positively to society as a whole by inserting ethical values, especially in the broader context of society*” (Fan, 2005:03). On the other hand, researchers such as Whetten and Mackey (2002) argue that, “*while the company’s reputation is derived from perceptions of all stakeholders, it is pragmatic to focus on the immediate customers, as they usually are the group that will have major influence*”.

Hamidzadeh, Karimi and Rezaei (2014), attempted to define what ethics entails as, “*the moral rules or principles of behaviour [are] for deciding what is right or wrong*”. However, the authors concede that these principles are not always easy to define, because ethical values vary between individuals, companies and different entities, and they are subject to change over time.

According to Fan (2005:3), ethical branding is “*a subset of ethical marketing that defines right and wrong behaviour in branding decisions. Further that, the most important element is that ethical brands should not harm public good. Instead it should contribute to or help promote public good*”. Schlegelmilch and Pollach (2005), however, are of the view that the question concerning what are the values that contribute to an ethical brand, can only be established concerning what the ethical concerns of customers are when making purchasing decisions. In their view, customers’ ethical concerns can be classified into

three main areas namely the business practices, environmental concerns, and employee treatment. Table 2.1 explains these concepts in more detail.

Business Practices	Environmental Concerns	Employee Treatment
<ul style="list-style-type: none"> • Product safety • Deceptive advertising • Law abiding • Handling of customer complaints • Philanthropy and community involvement • Past illegal/unethical behaviour 	<ul style="list-style-type: none"> • Pollution abatement • Use of recycled materials in products • "Environmentally friendly" packaging • Waste reduction within the company 	<ul style="list-style-type: none"> • Occupational health and safety • Discrimination • Diversity in the workplace • Sexual harassment • Medical benefits for employees • Layoffs

Table 2.1: Customers' ethical concerns

Source: Schlegelmilch and Pollach (2005)

The different interpretation and lack of consensus concerning what constitutes ethical branding is a testament to the fact that there is no universal set of norms, values and standards on what constitutes an ethical brand and each case must be assessed on its own merits, depending on the country and set up. That being said, it is generally accepted amongst corporate companies and organisations around the world that ethical values in branding can become an important strategic step for progressive organisations and it is a continuing process (Joyner & Payne, 2002). Furthermore, there is also growing recognition, supported by research, that good ethics can have a positive economic impact on the performance of companies and that 'good ethics is good business'. Some of the benefits for ethical branding values, codes and ethical behaviour are Moiseieva (2013:103) that:

- Customers feel more confident about the organisation and are more likely to trust it;
- Employees are guided by their performance and protection of their rights;

- Organisations are provided with the standards and regulations for both internal and external use;
- Industries benefit from ethics because it helps in regulating the trade relations, and that
- Society benefits from the ethical standards in the organisation, economically (such as income of population, industry turnover), socially (such as employment standards, product/service benefiting the society), and environmentally (such as responsible companies cause less pollution and act with respect to the ecology and other ways).

Ethical values, strategy and core attributes are also important in building a corporate identity. It is the corporate identity that would then feed into the organisational identity which reflects 'the mix of employees' values, which are expressed regarding their affinities to corporate, professional, national and other identities' (Balmer, 2001:280). This would then ensure, that a company's ethical values and core attributes are embraced and applied throughout the company's structure. It thus becomes important for companies to manage their corporate identity, which demands that companies define the distinctive values and attributes of their organisation and to attend to how this is represented and communicated to a variety of stakeholders (Albert, Ashforth & Dutton, 2000).

2.2.4 Ethical branding model

Nga and Soo (2013) developed a model to identify important values of ethical branding based on literature reviews and case studies of successful ethical brands in Malaysia. The model covers the values of ethical branding such as personal values, health concerns, concerns about social issues, concerns about the environment, brand trust and gender. This model was used to investigate and evaluate the application and implementation of ethical branding by motor dealers in South Africa, and to test the findings against the business principles and ethical branding values of GMSA. The model is presented in Figure 2.1.

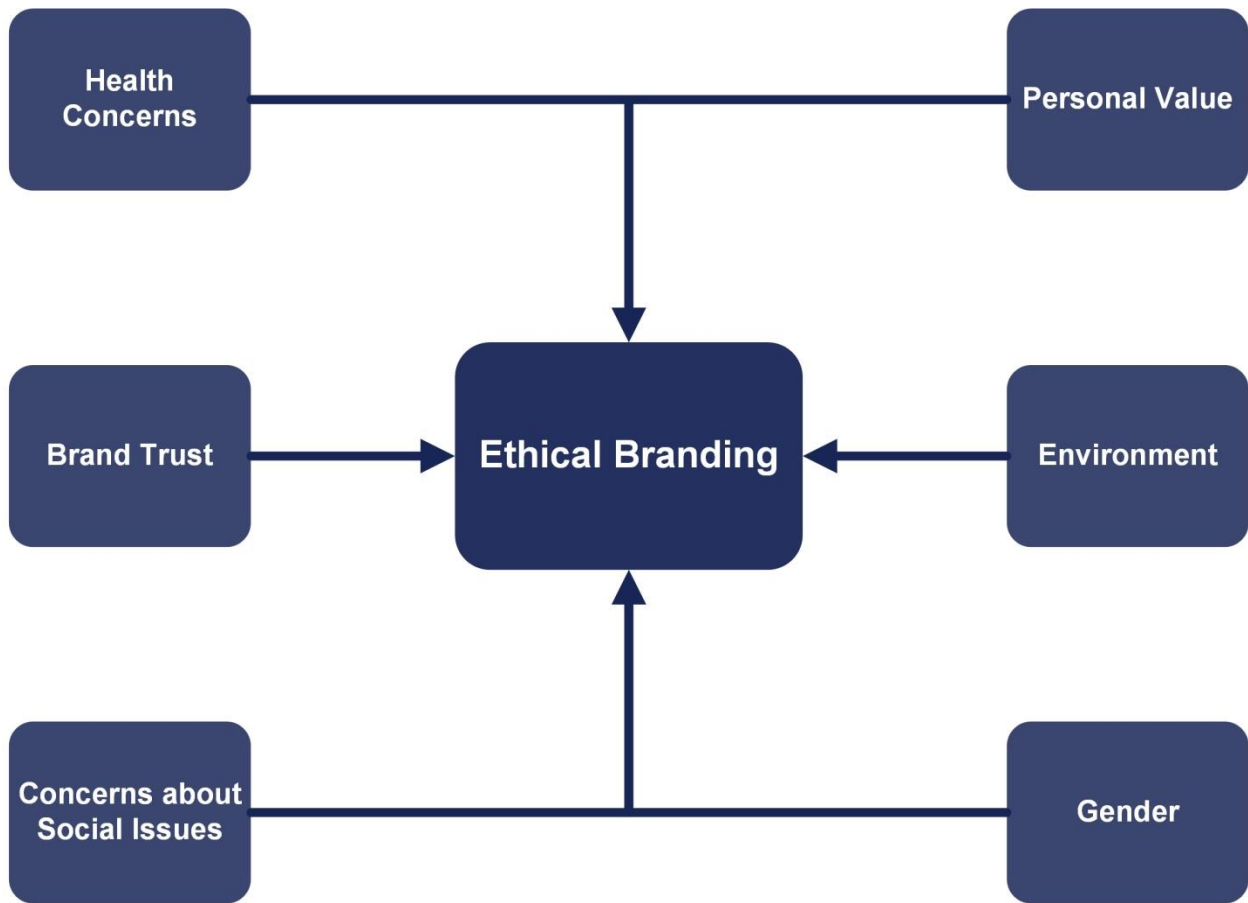


Figure 2.1: Ethical branding model

Source: Nga and Soo (2013)

The ethical branding values as outlined in the above model are discussed hereunder.

2.2.3.1 *Personal values*

Personal values in ethical branding originate from the perception that ethical branding is rooted in the subjective meanings consumers attach to their personal values. A subjective meaning could, for example, be the concept of ethical egoism which is described as the “normative ethical position that moral agents ought to do what is in their own self-interest”. (Wikipedia, 2017a). Ethical attitudes of consumers are also influenced by their degree of moral development. Accordingly, personal values have a positive influence on ethical branding (Nga & Soo, 2013:44). In practice, this means that, in addition to making promises and commitments to apply the ethical standard in brand development,

companies should also “walk their talk”. Customers identify with companies that pursue a corporate social responsibility strategy that is based on shared personal values, characteristics and goals (Nga & Soo, 2013:44).

The well-known incident of the Tylenol crisis in 1982 when seven people died of cases of potassium cyanide poisoning after taking the pain-killer Tylenol showed that a company could regain public trust and confidence. (Police investigations absolved the company from criminal liability after it was established that the contamination was as a result of third-party interference and tampering with the packaging of the pills.) Swift management actions by Johnson & Johnson led to the withdrawal and destruction of 31 million capsules valued at \$100 million (Ford, 2017). Safe new packaging was designed and introduced during a press conference. During this time, the company chairman appeared in commercials and did more than 50 interviews. As a result of the regained trust and confidence by the public, Tylenol’s market not only recovered but also grew from its original 33% before the crisis, to 48% days after the re-launch of the safe-pack medication (Ford, 2017). This case study attests to the fact that company values are a strong competitive tool to engage customers and gain market share.

2.2.3.2 Health concerns

Yan (2003) states that the health and safety of the society and the environment have become a top priority in the image a company has. Companies are increasingly being regarded as integral players in the well-being of society (Rossouw & Van Vuuren, 2013), and companies would be unwise to compromise these interests for better profit margins. Ethical brands that minimise the harm to society and the environment have a positive impact on the sustainability of a company.

In South Africa, media reports have shown that South African consumers followed international suit and are also health conscious. They reacted strongly to the recent health and safety incidents when the news broke about the unsafe meat export practices of Brazilian meat and the fires in Ford Kuga engines. The Department of Agriculture, Forestry and Fisheries and the South African Consumer Commission reacted officially

against these consumer transgressions (Ismail, 2017; Hosken, 2017). Consumer reaction also showed that ethical branding is important to South African consumers. Hence the automotive industry should take measures to ensure that they promote strong safety standards and adhere to these values in the development and manufacturing of vehicles if they are to build successful and sustainable brands.

2.2.3.3 Concerns about Social Issues (CSR)

According to Schmeltz (2014:02), the traditional role of companies is being challenged by increasing demands imposed on them by society. They are no longer just legal entities intended to generate profits by supplying products or services and expected to create jobs, but they are also required to play the role of responsible co-citizens of the community, socially and environmentally conscious citizens of the world, and inspiring and rewarding workplaces dedicated to their employees. From society, it “is expected that companies behave ethically and it is desired that they engage in discretionary and philanthropic activities” (Ihlen, Bartlett & May, 2011:7). Socially, brands need to integrate their social environment (Nasruddin & Bustami, 2007). Through showing concerns for social issues and taking action companies can have a positive impact on consumers' brand perceptions and, thereby, create an impact for the brand. The brand needs to harmonise with key customers' needs and with various stakeholders such as the customers, media, government and non-governmental organisations (NGOs) and anti-capitalist movements to remain relevant and be the brand of choice (Nasruddin & Bustami 2007).

2.2.3.4 Concerns about the environment (Environmental Corporate Social Responsibility)

Environmental protection as an attribute of ethical branding is premised on the proposition that organisations must balance economic efficiency, social equity and environmental accountability (Bertels *et al.*, 2010). Companies that have environmental protection and sustainability as a top priority tend to be more successful and can build more sustainable brands; this is because concerns about environmental issues have a positive influence

on ethical branding (Nga & Soo, 2013:47). The health and safety of the society and the environment should be a top priority and companies should not compromise these interests for better profit margins. As pointed out above, South African consumers are now more health and safety conscious, and therefore, any environmental or health hazard incident could severely impact negatively on the profitability of a company. For this reason, ethical brands should strive to deliver a promise of the company's commitment to assume responsibility beyond its core business context and engage with society to promote a sustainable future (Nasruddin & Bustami, 2007).

2.2.3.5 *Brand trust*

Chaudhuri and Holbrook (2001) define brand trust as “the willingness of the average consumer to rely on the ability of the brand to perform its stated function”. Brand trust arises after consumers' evaluation of companies' offerings. If companies provide beliefs of safety, honesty and reliability about their brands to consumers, the brand trust will be generated subsequently (Ebru *et al.*, 2012). It shows that the brand is differentiated in the marketplace. Zahra *et al.* (2015) describe brand trust the “soul” of the brand; the “understanding” of what the consumers desire most from the brand. By doing so, consumers would feel that the brand is a part of them, resultantly leading to brand loyalty. Brand loyalty is part of the continual process of valuable and notable relationship which, in part, results from brand trust.

2.2.3.6 *Gender*

Gender also influences ethical branding perceptions (Nga & Soo, 2013:48). In this regard gender influences buying behaviour and, in general, male ethical decision making is consequence based, whereas females tend to be more rule-based in their decision making (Bateman & Valentine, 2010:394). These authors state that females also make more ethical buying decisions in both the actual purchasing decision and in their consumption decisions (Bateman & Valentine, 2010:393). However, Witkowski and Reddy (2010:9) disagree and state that their studies found no differences in gender towards ethical attitudes and consumption in fair trade and green products.

2.3 GMSA'S VALUES

2.3.1 History of GMSA

General Motors South Africa (GMSA) is a wholly owned subsidiary of the American automobile manufacturer. Although GMSA on 18 May 2017 announced that it would cease operations in the South African market by the end of 2017 (De Swart, 2017), GMSA has a rich and long history in the South African market. As a brand, GMSA has won numerous top awards and accolades in the automotive industry all over the world. This is also true in the South African context. GMSA has a long and rich history as an economic role-player in South Africa. General Motors South Africa is the maker of Isuzu, Chevrolet, and Opel and motor brands in the country. GMSA first arrived in South Africa in 1913, but its business was limited to the distribution of imported vehicles from the United States of America. It was only in 1926 that GMSA commenced its production operations in the country. However, the first vehicle assembly was two years later in 1928 at its Kempston Road Plant in Port Elizabeth. Because of the political instability of the then South African government, GMSA decided to divest from South Africa and subsequently Delta Motor Corporation was formed in 1986.

In 1995 Delta Motor Corporation became the highest volume exporter of pickup trucks to Africa. The new democratic dispensation coupled with Delta Motor Corporation's success saw GMSA returning to the South African shores and purchasing 49 % interest in Delta Motor Corporation. As a result of this move, the Chevrolet brand returned to South Africa in 2003. This was followed by the purchase of the remaining 59% of Delta Motor Corporation by GMSA in 2004.

Over the years, to-date, the General Motors (GM) brand has grown significantly. In 2010, General Motors ranked second on the list with 8.5 million units produced globally (OICA, 2011). In 2011, GM returned to the first place with 9.025 million units sold worldwide, corresponding to 11.9% market share of the global motor vehicle industry. The top two markets in 2011 were China, with 2,547,203 units, and the United States, with 2,503,820 vehicles sold (Wikipedia, 2017b). The Chevrolet brand was the main contributor to GM

performance, with 4.76 million vehicles sold around the world in 2011, a global sales record (GM, 2012).

However, in 2014, General Motors suffered major financial and reputation setbacks due to the vehicle recall as a result of faulty ignition switches, which have been linked to at least 13 deaths, at the cost of \$1.3 billion. Shares of GM were down 16% for the year before the new announcement of GM's lower profits. GM profits fell to \$108 million for the first three months of 2014(Isidore, 2014). Despite this rough patch, General Motors has since turned the corner and in since then has recorded an impressive growth and revenue figure as indicated in figure 2.2 below.

It is this impressive growth and financial performance that shocked the South African Automotive industry in May 2017 when GMSA announced that it would cease operations in the South African market by the end of 2017. Speaking to Cars.co.za, Ian Nicholls, President and MD of General Motors announced that restructuring actions in a number of different markets to drive stronger global financial performance was the main reason behind the decision to divest in the South African market and that after a considered assessment at a global level, General Motors had determined that continued or increased investment in manufacturing in South Africa would not provide the strong returns required by GM to support their overall global business strategy. Further to that, the decision had nothing to do with the state of South Africa's economy or political situation (De Swart, 2017). General Motors has in recent years also ceased or dramatically cut back on operations in places such as Australia, Indonesia and in most parts of Europe (De Swart 2017).

Given its history and rich heritage in the South African market, the departure of GM from South African shores is certainly a great loss that will be felt by the automotive industry, labour formation and government for years to come.

That being said, the researcher believes that not all is lost as GMSA leaves behind a legacy of ethical branding values, which legacy if replicated by the remaining automotive industry players, it may yield business success for them.

2.3.2 GMSA's Values

GMSA subscribed to the following ethical values as outlined in its GM Sustainability Report (2014):

1. Commitment to satisfying customer need;
2. Care for the environment;
3. Employee wellness, safety and empowerment;
4. Social responsibility; and
5. Innovation.

These are the key values that have made the company live up to its global vision to become the most valued automotive company in the world. Chief amongst these core values is GMSA's commitment to satisfying the needs of its customers. In this regard, GMSA customer satisfaction strategy elevates customers as the top of GMSA agenda and recognises that customers care about more than just cars.

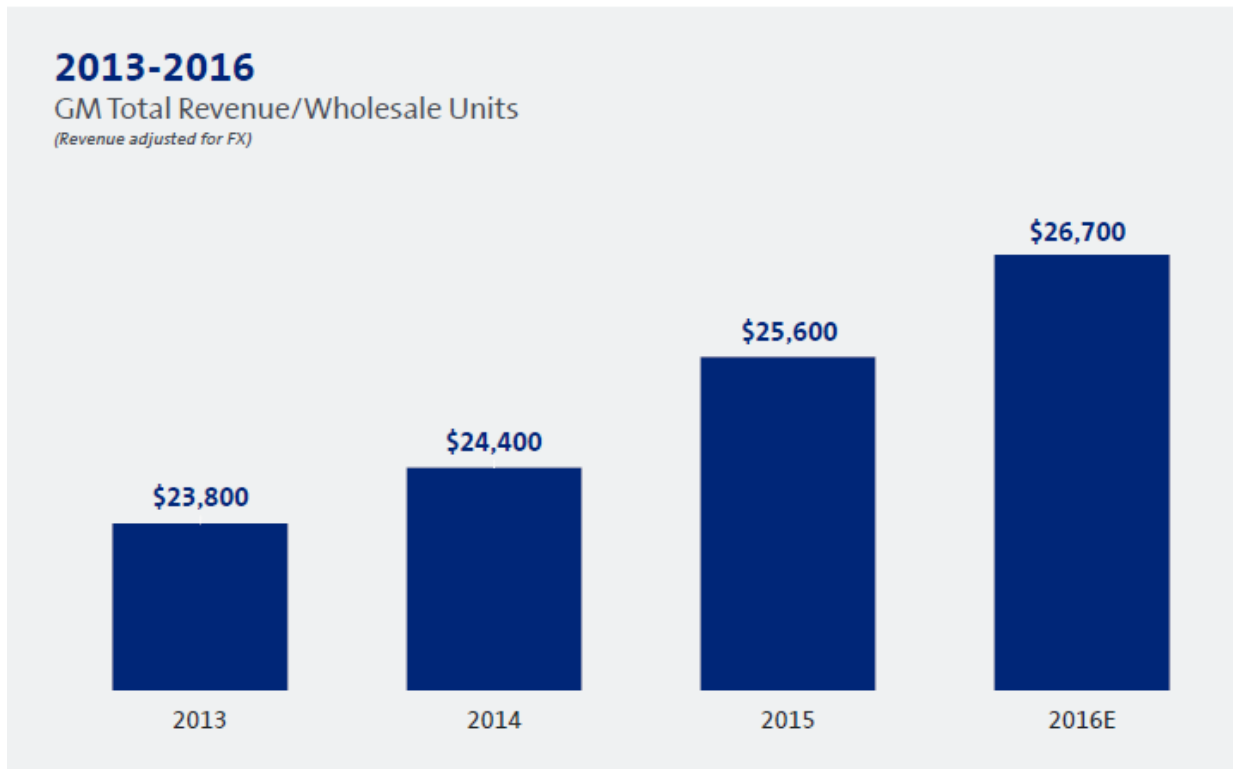


Figure 2.2: GM Total Revenue 2013-2016

Source: Barra (2017)

Second to the above is GMSA's care for the environment and how the company engages with the world around it. To ensure the protection of the environment and the world in which GMSA operates, GMSA also has a strong commitment to waste management and mitigation of the environmental impact of its operations. This has led to GMSA winning three prestigious awards and developing an array of simple, low or no-cost energy reducing strategies. All vehicles built locally are fitted with the latest global advancements in vehicle safety, honouring GMSA commitment to customer safety and compliance to CO² emission regulation for environmental protection.

Thirdly, GMSA cares about its employees. Through its employee sustainability approach, GMSA strives to employ the best and brightest graduates and taking cares of its people and their families. Through GMSA strong commitment to educational advancement and support, offered to all employees, their families, GMSA retirees and, extended

communities, GMSA has strengthened reputation as a corporate citizen and contributing to South Africa's socio-economic growth.

The well-being and safety of staff are of paramount importance to GMSA. In 2014 GMSA launched the 'Internal Health and Safety' incorporating the Fatality Prevention Reporting Programme. The programme encourages increased reporting of near miss and sentinel safety incidents and ingraining an unrelenting safety culture in GMSA people, ensuring that GMSA has a fatality-free future. A further initiative called, *Speak up for Safety*, was introduced to simplify the process of incident reporting, by providing employees with multiple communication channels as well as the option to report safety incidents and concerns anonymously.

GMSA has a proud Corporate Social Responsibility (CSR) record with initiatives and projects that they are currently running. The CSR programme is run through the GMSA Foundation. GMSA Foundation is the primary driver of the companies' community development activities and has a proven track record in partnership with government and other developmental and educational organisations to facilitate effective delivery on two of South Africa's most critical challenges, being public schooling and state-subsidized housing. The foundation has:

- Reached more than 125 000 people throughout the country since its establishment in 1994, and its significant contribution to socio-economic transformation has been recognised with numerous national and international awards (GMSA Overview 2016).
- Continued to contribute towards improving the status of education and youth development in the country. GMSA employees are one of the key stakeholders in these projects. Through the 'Employee Volunteerism' initiatives, GMSA can participate in a project such as 'Winter Woolly Week' project. In 2015 GMSA made a cash donation of R150 000 to this project. Employees also collected money at traffic intersections and donated food, clothing and blankets.

- During the Madiba day celebrations, GMSA employees packed a total of 20 088 meals for underprivileged people. GMSA employees also get involved with adopted schools.
- Also of noteworthy is the GMSA Child life Foundation. Regarding this foundation, for every vehicle sold in South Africa, GMSA, its network of 134 dealers and GMSA financial services contribute to the GM Child life Foundation. Since its inception in 2010, the foundation invested more than R15 million in 61 projects, touching lives of more than 223 000 underprivileged children across South Africa. The project includes feeding schemes, schools transport, building and renovations, and other practical assistance to schools, daycare centres and aftercare centres.
- Lastly, research and development have enabled GMSA to be an industry leader and innovator in finding solutions for improved fuel economy in affordably priced vehicles (GMSA Overview 2016).

At an operational level, GMSA operational and business strategy is guided by the following eight business principles (GM Sustainability Report, 2014):

1. Customer satisfaction;
2. GM People;
3. Vehicle Safety: Internal Health and Safety Management programme;
4. Operational Impact;
5. Fuel economy and CO² Emissions;
6. Community impact;
7. Transformation; and
8. Innovation.

Through the application and implementation of these values and business principles, GMSA has, over the years, achieved success. Milestones in the success story of GMSA are:

- Rolling off the 250 000th Chevrolet utility in 2015 at its Struandale plant. It was also in 2015 that GMSA contributed 2.76 million vehicles out of the global total of 500 million vehicles (GMSA Overview, 2016).
- In 2015 GMSA has also gone to win several top awards substantiating their competitive stance in the South African motor industry. These include:
 - Best volume passenger brand: Opel
 - Best local manufacturing plant
 - Best overall LCV brand
 - Best 1-ton double cab: Isuzu
 - Best 1-ton single cab: Isuzu
 - Best small hatch: Corsa
 - Best small sedan: Sonic
 - Best top sedan: Cruze
 - Best ¾-ton: Chevy utility
 - Best diesel single cab: Isuzu
 - Orchid awards in which the Chevrolet Cruze Advertisement won an Orchid award
 - Govan Mbeki award, in which the Fairview links, was awarded the Best Social Housing Project in the country. This brings the GM Foundation's total awards tally since 1995 to 24 for its housing and education initiatives.
 - Exporter of the year awards: GM won in the environmental category of the Eastern Cape. This is in recognition of the company's efforts to recycle material from its daily operations.
 - Women on Wheels Awards: The Opel Adam won the award for the Best hatchback, while Opel Mokka won the MPV's category.
 - Best of the best award: The new Opel Corsa won the Best of the Best award in the Best Budget Buy segment by The Star Newspaper.
 - Health and Wellness Awards: GMSA emerged victorious at the 7th annual Nelson Mandela Bay awards ceremony.
 - Business Health and Wellness Awards: GMSA won in the category, Corporate Social Investment and Community Support, for the Machin Primary School Arts

- project as well as the overall wellness champion for an employee's involvement with the friends of Paterson Trust.
- In Car Magazine's top 12 Best buys for 2015, the Chevrolet Spark won in the best budget car category. The Chevrolet Trailblazer was named Best Value SUV (GMSA Overview, 2016).

2.4 COMMUNICATION

Corporate communication provides a link between a company's identity (which comprises values and core attributes) and its image (which is how a company is perceived by its constituents) (Gray & Balmer 1998:695). Making known, communicating the values and attributes of the organisation's identity and its meanings internally and externally is important in the process of building a corporate brand (Balmer, 2001:249). A successful communication strategy requires the buy-in of employees and in most companies, employees act as the points of contact between the company and its various stakeholder groups (Abratt, 1989:65).

As the employees interact with different external stakeholder groups, their behaviour is critical to the success of ethical communication, and employees and the company's culture have been identified as important concepts to projecting an ethical company's image (Crane 1997:562). Ethics communication will fail if employees' messages are not consistent or if employee behaviour does not match the messages the company communicate to its external stakeholders (De Chernatony, 1999:158). Conversely, employee identification and commitment to the company improve if employees feel that the company's behaviour and policies match the ethical values it communicates to its external stakeholders (Maignan & Ferrell, 200:460).

An important step in the design of an ethics based communication campaign is the identification of positive ethical issues as perceived and valued by consumers (Schlegelmilch & Pollach, 2005:270). Another important consideration is that consumers are likely to be more interested in ethical issues that concern them (such as product safety) rather than in issues that are in the sphere of the company only (such as giving

gifts) (Schlegelmilch & Pollach, 2005:273). Therefore, ethics communication is more effective with consumers if it focuses on issues that are in the sphere of the consumers and that have a direct influence on them.

Accordingly, ethics communication should be strategically planned and targeted at market segments instead of ad hoc in response to an image crisis (Kitchen & Schultz, 2001). This should be accompanied by a clear communication monitoring and evaluation plan to ensure that companies continually monitor not only their behaviour and communication choices (Schlegelmilch & Pollach, 2005:270). To do this effectively the guidelines as stipulated in Schlegelmilch and Pollach (2005)'s *Framework for Communicating Corporate Ethics* should be adhered to (see Figure 2.3).

Figure 2.3 points out that communicating corporate ethics should be an iterative, inside-out process, in which companies adjust their messages as they change or evolve their behaviour. The cycle stops when the company's public image matches its desired image after a certain number of cycles. Communication of corporate ethics to customers and stakeholders can be done through some channels. This includes but is not limited to, corporate advertising, media coverage, corporate reports and corporate Websites.

- *Corporate advertising*

Corporate advertising can take the form of issues advertising, with the company taking a stance on a specific social issue, or image advertising, which seeks to enhance the company image in general (Sethi, 1977).

- *Media Coverage*

Media reports are attributed higher credibility and faceless scepticism than messages generated by companies since they benefit from third-party credibility (Goodman, 1998). This credibility can be put down to the fact that the media are notoriously suspicious and sometimes even hostile toward business, which makes favourable news reports even more effective regarding image enhancement (Sethi, 1977). However, the media find negative information typically more

newsworthy than positive information (Bromley 1993), which is why they are more likely to cover corporate ethical misconduct than outstanding ethical performance. But it can be argued that there is no such thing as bad publicity, given that unfavourable media reports could provide companies with the opportunity to reverse the picture painted in the media through explanations of and justifications for their behaviour.

- *Corporate Websites*

The multimedia capabilities of the Internet provide a clear advantage of company Websites over printed reports. Companies can, for example, enter into a direct dialogue with their audience by inviting questions and feedback on their Web-sites. As a pull medium, the World Wide Web constantly forces users to make choices on what to see next. Users have to determine the sequence of content themselves, which entail that they do not view sections that do not seem interesting to them. Thus, with users requesting content, they must be compelled to look at the ethics pages of a company Website. If users lack this willingness, ethics-related Web communication is not effective. It would thus be advisable to present ethics-related material on the front page of the Website.

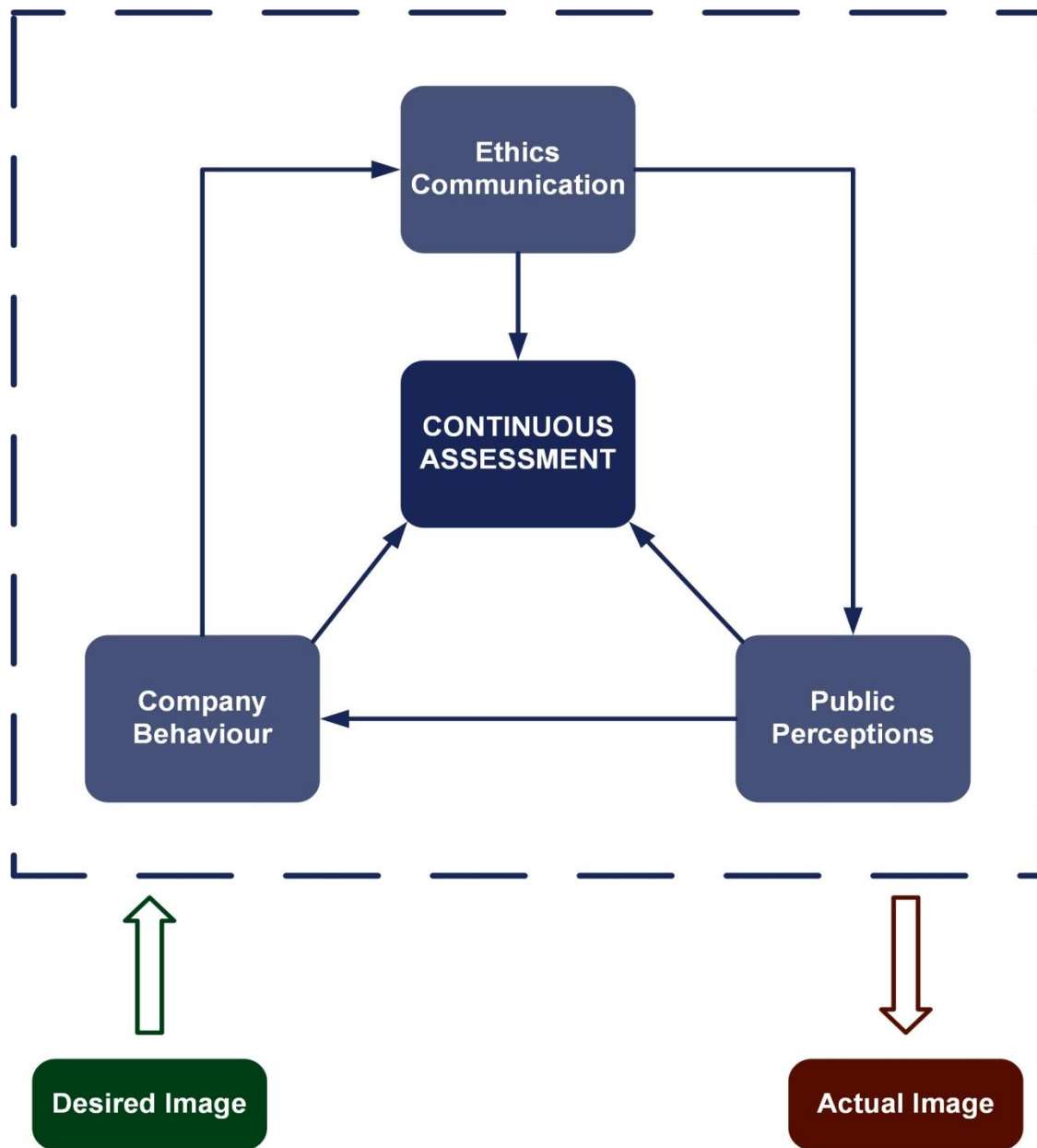


Figure 2.3: A framework for communicating corporate ethics

Source: Schlegelmilch & Pollach (2005)

- *Corporate Reports*

The most important corporate report is clearly the annual report. Essentially, annual reports serve a dual purpose. For one, they provide information about a company's financial performance and business activities, but at the same time, they convey its

attitudes towards its activities and present the company in as positive a light as possible. The major strength of annual reports in image communication is that the accuracy of the financial data included in the annual reports has been certified by third parties, which adds credibility to the promotional sections of annual reports (David, 2001:196).

While in the past annual reports typically contained sections on corporate social performance, companies now increasingly issue separate social, environmental or ethical reports. Also, standards should be developed for environmental reporting to become as credible as financial reporting (Dando & Swift, 2003:198).

Communication of corporate ethics is done internally to ensure effective communication of the ethical values and core attributes throughout the company. It allows for the ethical message to be filtered through to the consumer, and also for the consumer to realise the benefits of ethical values, and the latter must be embedded in the business model. Here the purpose, governance and decision-making process in the company is illustrated in Figure 2.4 (Miller, 2017).



Figure 2.4: Process for communicating ethical values internally

Source: Miller (2017)

2.5 SUMMARY

From the literature study, it is clear that ethical branding values are the moral conscience that guides responsible behaviour (Nga & Soo, 2013). Branding conveys the desired perception about a company's image as well as perceived quality of products it markets (Nga & Soo, 2013). According to Aaker (1991), strong brands are usually built around distinctive cultures and values that a company holds rather than products they market as they are not easily replicated and may be a source of competitive advantage.

Ethical brands are brands that promote corporate social responsibility and the public good (Yan, 2003). As a minimum, the ethical brand should minimise the harm to society and the environment. Ethical brands deliver the promise of the company's commitment to assume responsibility beyond its core business context and engage with society to promote a sustainable future (Nasruddin & Bustami, 2007). The ethical commitment needs to be exhibited in the relationships at all levels and stages of the value chain among the employees, suppliers and other salient stakeholders.

According to Palazzo and Basu (2007) as cited by Nga and Soo (2013), unlike other competencies, ethics cannot be outsourced but instead are captured in the essence of brand equity. Trust of the consumer is essential in ethical branding (Nga & Soo (2013). To establish lasting trust, there needs to be congruence between the live values of the consumer and the brand values. The spirit of corporate social responsibility (CSR) can be a key component in establishing that trust (Nga & Soo, 2013).

By undertaking ethical branding, companies assume the extra responsibility and commitment towards ensuring that the customers' interests and rights are fulfilled. Violation of trust in discharging the presumed ethics of care is likely to result in the deterioration in brand reputation. Ethical branding includes green branding, citizen brands as well as brands that promote good corporate citizenship (Ryder, 2003). Ethical branding provides a basis for functional and emotional appeal. Functional appeal includes calculated assessments about the quality of the product, health benefits, environmental impact as well as economic cost versus benefit evaluations (Nga & Soo, 2013). As such,

specific, real and meaningful information needs to be communicated to the consumer on a personal level (Nga & Soo, 2013). Consumers are ultimately the judge of brand meaning. It is for this reason that consumers may forgive unethical behaviour where the company in question takes steps to correct the unethical behaviour. Empirical research has proved that if a company has a poor ethical record, for example, because of an ethical scandal it has been involved in, it may still be perceived as socially responsible, if it assumes responsibility for its past actions and points to mechanisms that prevent such practices in the future (Frankental, 200:20).

In conclusion, Roger Bolton (2016), president of the Arthur W. Page Society (an organisation that aims to enhance the enterprise leadership role of the chief communications officers) states that: *“For companies that want to succeed in this era of radical transparency and power of stakeholders, it’s really important to be worthy of trust.”*

The next chapter deals with the empirical research. It discusses the research design, data collection and analysis. The empirical results are also presented in this chapter.

CHAPTER 3

DATA ANALYSIS AND DISCUSSION

3.1 INTRODUCTION

This chapter deals with the presentation of the statistical analysis findings and discussion of the results. In this study, the ethical branding of motor dealers in South Africa is analysed.

Data were collected from twenty-two (22) GMSA employees between the periods: May to September 2017 in Gauteng, North West and Limpopo provinces, using a self-administered questionnaire, containing both closed and open-ended questions. Open-ended questions allowed the respondents to elaborate more on their answers. The questionnaire consisted of eight (8) sections, namely:

- Section A: Background information
- Section B: Ethical values research
- Section C: GMSA business management
- Section D: Social sustainability background
- Section E: Business conduct and compliance
- Section F: Environmental sustainability
- Section G: Supplier management
- Section H: Ethics and values communication

This study being mostly descriptive is based on presenting the frequencies and percentages of all the questions (variables), as all of them are categorical variables.

Firstly, the reliability analysis of the questions related to GMSA ethical values (section B) is carried out, as those are the only questions in an ordinal scale, while all the rest are in nominal scale. The reliability analysis measures the overall consistency of the items (questions) that are used to define a scale. The researcher determined the extent to which the questions in section B are related to each other using reliability analysis. As pointed

out in Chapter 2, one of the most popular reliability statistics in use today is Cronbach's alpha (Cronbach, 1951). Cronbach's alpha determines the internal consistency or average correlation of items in a survey (or section of a questionnaire).

Secondly, the frequencies and percentages of the questions are presented in table format or graphs, to answer the research questions of the study 'N' value on the bar graphs represents the number of respondents for each question.

This will be followed by the correlation (association) between ethical values (section B) and other sections. Before this correlation, factor analysis is carried out on section B questions. Factor analysis is a method for investigating whether some variables of interest are linearly related to a smaller number of unobservable factors. That is, whether some questions are together assessing the same concept so that they will be combined to form a single variable or factor (Wikipedia)

All the analyses are carried out using SPSS (Statistical Package for Social Sciences) version 24.

3.2 SECTION A: DESCRIPTIVE ANALYSES

Figure 3.1 represents a frequency distribution of the job position of respondents. The figure shows that of 22 respondents, 54.5%, 40.9% and 4.5% were in the job positions of the General Manager, Sales Manager and Sales consultants, respectively.

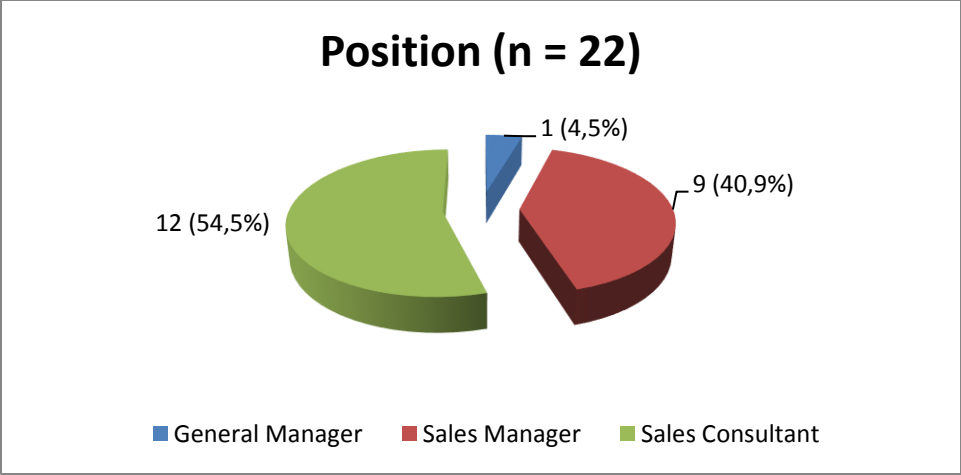


Figure 3.2: Frequency distribution of the position of respondents

3.3 SECTION B: GMSA ETHICAL VALUES

3.3.1 Reliability analysis

This section discusses the ethical values at GMSA. In this section the responses for each question/statement is represented in a five-points Likert-scale indicating strongly agree, agree, neutral, disagree and strongly disagree.

Firstly, the reliability analysis of GMSA ethical values is presented. The reliability analysis provides information about the relationships between individual items in a scale. The reliability analysis for section B answers the following question, “Do the six questions measure GMSA ethical values in a useful way?”

Cronbach’s alpha statistic is used to answer the question. Cronbach’s alpha determines the internal consistency or average correlation of items in a survey. A commonly accepted rule of thumb for describing internal consistency using Cronbach's alpha is as follows (Nunnally et al., 1994):

$\alpha \geq 0.9$	Excellent
$0.7 \leq \alpha < 0.9$	Good
$0.6 \leq \alpha < 0.7$	Acceptable
$0.5 \leq \alpha < 0.6$	Poor
$\alpha < 0.5$	Unacceptable

Table 3.1 below indicates the reliability analysis of the six questions of section B - GMSA ethical values. The Cronbach’s alpha coefficient of 0.859, ranges between 0.7 and 0.9, indicating a good reliability. However, it must be pointed out at this stage that, based on small sample size of only 22, the reliability hereof is subjected to constraints of small a sample.

Table 3.1: Reliability analysis of GMSA ethical values

Number of items	Cronbach’s alpha coefficient
6	0,859

Table 3.2 represents a frequency distribution of ethical values at GMSA. The data collected as shown in Table 3.2 indicates that of the respondents, 63.6% (n=22) strongly agrees that the GMSA key ethical values are a commitment to satisfying customer needs, care for the environment, employee wellness, safety and empowerment, social responsibility and innovation, while 31.8% agrees 4.5% feels neutral.

Of the respondents, 68.2% (n=22) strongly agree that the above listed key GMSA ethical values are communicated, practised and lived throughout GMSA and its dealer network, while 9.1% of the respondents cannot say.

63.6% of the 22 respondents strongly agree that the GMSA facilities do support the GMSA ethical branding message and image, while 13.6% of the 22 respondents are neutral on the question.

Of the respondents, 50%, 36.4% and 13.6% (n=22) respectively, strongly agrees, agrees and are neutral on that the service that GMSA provides its customers is a reflection of their ethical branding promise.

The majority of the respondents, 54.5% (n=22), strongly agrees that at the dealership level customers are experiencing the benefits of the above listed GMSA ethical values, while 18.2% and 27.3% agree and feels neutral respectively.

Of the respondents, 45.5% (n=22) strongly agree that all employees who interface with customers at dealership level are trained about and familiar with GMSA ethical values, while 27.3% respondents both agree and are neutral on the statement.

Table 3.2: Frequency distribution of GMSA ethical values

		Frequency	Percentage
The key ethical values promised by the GMSA brand are a commitment to satisfying customer needs, care for the	Strongly agree	14	63,6
	Agree	7	31,8
	Neutral	1	4,5
	Total	22	100,0

environment, employee wellness, safety and empowerment, social responsibility and innovation.			
Table 3.2 (continued)			
The above GMSA's values are communicated practised and lived throughout GMSA and its dealer network.	Strongly agree	15	68,2
	Agree	5	22,7
	Neutral	2	9,1
	Total	22	100,0
GMSA facilities support the GMSA ethical branding message and image	Strongly agree	14	63,6
	Agree	5	22,7
	Neutral	3	13,6
	Total	22	100,0
The service you provide to GMSA customers is a real reflection of the GMSA ethical branding promise	Strongly agree	11	50,0
	Agree	8	36,4
	Neutral	3	13,6
	Total	22	100,0
At dealership level, customers are experiencing the benefits of the above ethical values.	Strongly agree	12	54,5
	Agree	4	18,2
	Neutral	6	27,3
	Total	22	100,0
All employees who interface with customers at dealership level have been trained about and are familiar with GMSA ethical values.	Strongly agree	10	45,5
	Agree	6	27,3
	Neutral	6	27,3
	Total	22	100,0

3.4 SECTION C: GMSA BUSINESS MANAGEMENT

This section discusses business management at GMSA. The responses for each question/statement in this section is represented in a three-point Likert-scale indicating yes, no, and not applicable.

Table 3.3 represents a frequency distribution of GMSA business management. The data collected shows that 20 out of 22 respondents (90.9%) indicated that there is a code of conduct in place at GMSA, while 1 out of 22 (4.5%) of respondents both indicated that there is no code of conduct at GMSA and that the question is not applicable. Of the respondents, 86.4% (n=22) indicated that the code of conduct is enforced at their site, while 9.1% indicates the opposite and 4.5% feels that the statement is not applicable.

72.7%, 86.4% and 63.6% (n=22) indicated that the organisation have a management person responsible for social sustainability, business conduct and compliance, and environmental sustainability, respectively. While 27.3%, 13.6% and 31.8% (n=22) indicated that there is no management person responsible for social sustainability, business conduct and compliance, and environmental sustainability, respectively. Only 4.5% indicated that the management person responsible for environmental sustainability question is not applicable.

Of the respondents, 54.5% (n=22) indicated that GMSA does publish a Corporate Social Responsibility (CSR)/ Sustainability report, while 31.8% indicated that the company does not publish CSR, and 13.6% responded not applicable.

Of the respondents, 65% (n=20) indicated that GMSA does organise training sessions to enhance the understanding of CSR/Sustainability at the employee's site, while 35% indicated the opposite.

Table 3.3: Frequency distribution of GMSA business management

		Frequency	Percentage
Does GMSA have a Code of Conduct in place?	Yes	20	90,9
	No	1	4,5
	Not applicable	1	4,5
	Total	22	100,0
If there is the Code of Conduct, is it enforced at this site?	Yes	19	86,4
	No	2	9,1
	Not applicable	1	4,5
	Total	22	100,0

Table 3.3 (continued)			
Does GMSA have a management person responsible for social sustainability?	Yes	16	72,7
	No	6	27,3
	Total	22	100,0
Does GMSA have a management person responsible for business conduct and compliance?	Yes	19	86,4
	No	3	13,6
	Total	22	100,0
Does GMSA have a management person responsible for environmental sustainability?	Yes	14	63,6
	No	7	31,8
	Not applicable	1	4,5
	Total	22	100,0
Does GMSA publish a Corporate Social Responsibility (CSR)/ Sustainability Report?	Yes	12	54,5
	No	7	31,8
	Not applicable	3	13,6
	Total	22	100,0
Does GMSA organise training sessions to enhance the understanding of Corporate Social Responsibility/Sustainability at your site?	Yes	13	65,0
	No	7	35,0
	Total	20	100,0

Figure 3.2 shows the frequency distribution of the topics on which GMSA organises a training session on. On this question, the respondents were allowed to select more than one topic. Of the 19 respondents, 78.9%, 57.9%, 73.7%, 89.5% and 21.1% selected code of conduct, social issues, anti-corruption and ethics, health & safety, and other topics respectively.

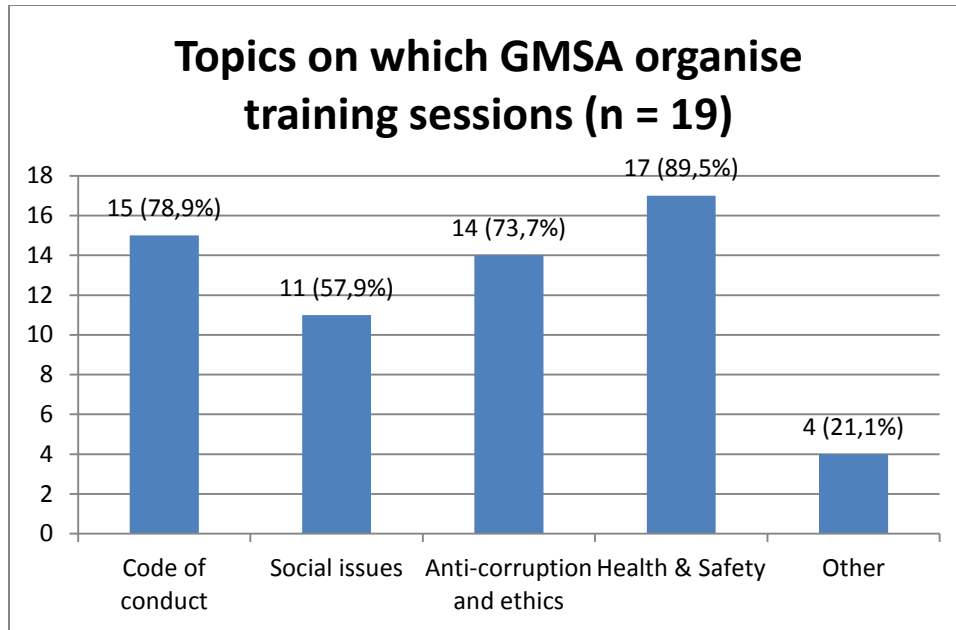


Figure 3.2: Frequency distribution of the topics on which GMSA organise training session

3.5 SECTION D: SOCIAL SUSTAINABILITY BACKGROUND

This section discusses the social sustainability background at GMSA. Figure 3.3 presents a frequency distribution of social issues on which GMSA has a policy. On this question, the respondents could select more than one social issue. Of the 19 respondents, 78.9%, 84.2%, 73.7%, 89.5%, 94.7%, 89.5%, 100% selected, collective bargaining, freedom of association, non-discrimination, wage and benefits, working conditions, no child labour, no forced or compulsory labour and respect for human rights social issues respectively.

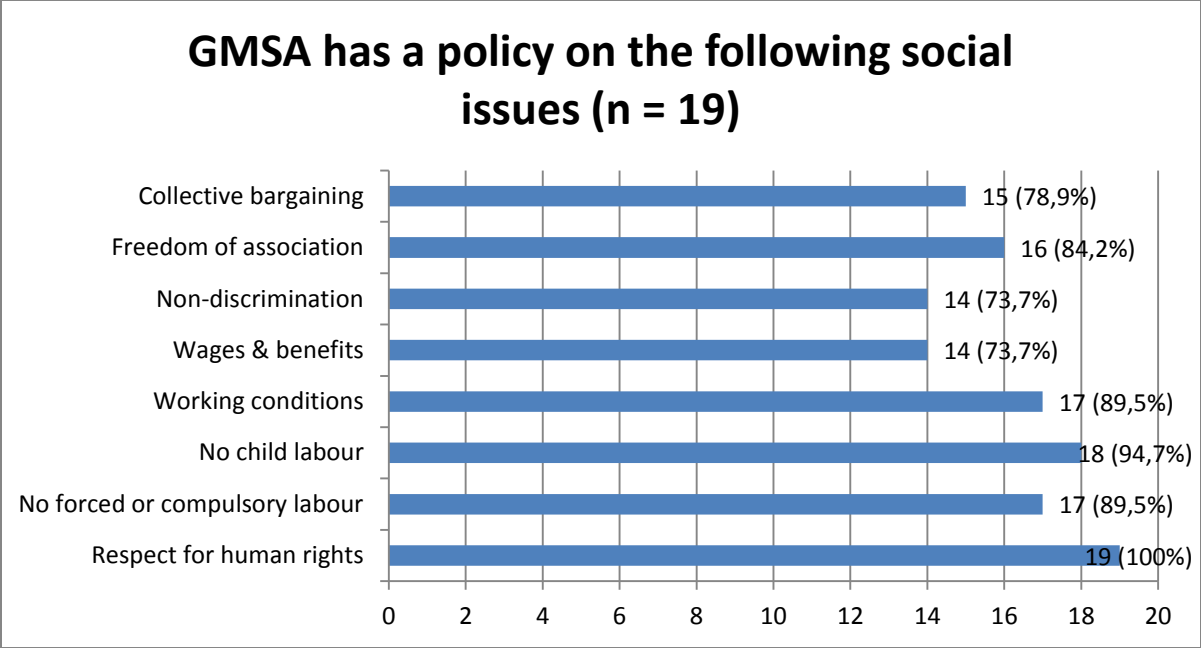


Figure 3.3: Frequency distribution of social issues on which GMSA has a policy

Table 3.4, further represents a frequency distribution of the social sustainability background. Of the respondents, 47.6% (n=21) indicated that all of their sites have management systems in place to manage the social issues mentioned in Figure 3.3, while 23.8% indicated that some of the site have management systems in place to manage the social issues mentioned and 28.6% highlighted that none of their site has a management system in place to manage the social issues mentioned.

Of the respondents, 95.5% (n=22) indicated that GMSA has a written health and safety policy in place, which complies with the industry, national and international standards, while 4.5% indicated the opposite.

Of the respondents, 63.6% (n=22) indicated that specific activities on health and safety had been organised at their site during the past year, while 36.4% responded the opposite.

The majority of the respondents, 81.8% (n=22) indicated that their site has a health and safety management system in place, while 18.2% indicated that there is no health and safety management system in place at their site.

Table 3.4: Frequency distribution of social sustainability background

		Frequency	Percentage
Does your site have a management system in place to manage the above mentioned social issues?	All of them	10	47,6
	Some of them	5	23,8
	None of them	6	28,6
	Total	21	100,0
Does GMSA have a written health & safety policy in place, which complies with industry, national and international standards?	Yes	21	95,5
	No	1	4,5
	Total	22	100,0
Have specific activities on health & safety been organised at this site during the past year?	Yes	14	63,6
	No	8	36,4
	Total	22	100,0
Does this site have a health and safety management system in place?	Yes	18	81,8
	No	4	18,2
	Total	22	100,0

3.6 SECTION E: BUSINESS CONDUCT AND COMPLIANCE

This section discusses GMSA business conduct and compliance. Table 3.5 present a frequency distribution of business conduct and compliance at GMSA. Of the respondents, 95.5% (n=22) indicated that their site has a business conduct and compliance ethics management system, while 4.5% indicated that their site does not have the management system. Furthermore, of the respondents, 65% (n=20) indicated that their business conduct and compliance management system have a full set of documented procedures, while 35% indicated that the management system has documented some of the procedures.

Table 3.5: Frequency distribution of business conduct and compliance

		Frequency	Percentage
Does this site have a business conduct and compliance ethics management system in place?	Yes	21	95,5
	No	1	4,5
	Total	22	100,0
To what extent is your business conduct and compliance management system documented?	Full set of documented procedures	13	65,0
	Some documented procedures	7	35,0
	Total	20	100,0

3.7 SECTION F: Environmental Sustainability

This section discusses the environmental sustainability at GMSA. Of the respondents, 59.1% (n=22) indicated that GMSA has a formal environmental policy, which includes a commitment to legal compliance, continuous measurement and continuous improvements in environmental performance, while 40.9% indicated that there is no formal environmental policy.

Of the respondents, 68.2% (n=22) indicated that GMSA has an environmental management system in place, while 31.8% indicated that there is no an environmental management system in place.

Table 3.6: Frequency distribution of environmental sustainability

		Frequency	Percentage
Does GMSA have a formal environmental policy, which includes a commitment to legal compliance, continuous measurement and continuous improvements in environmental performance?	Yes	13	59,1
	No	9	40,9
	Total	22	100,0
Does GMSA have an environmental management system in place?	Yes	15	68,2
	No	7	31,8
	Total	22	100,0

Figure 3.4 shows the areas that are covered by environmental sustainability policy, and the respondents could select more than one area. 76.5%, 76.5%, 94.1% and 70.6 % of the 17 respondents, selected water usage, air emission, waste management and restricted substances and chemical handling areas respectively.

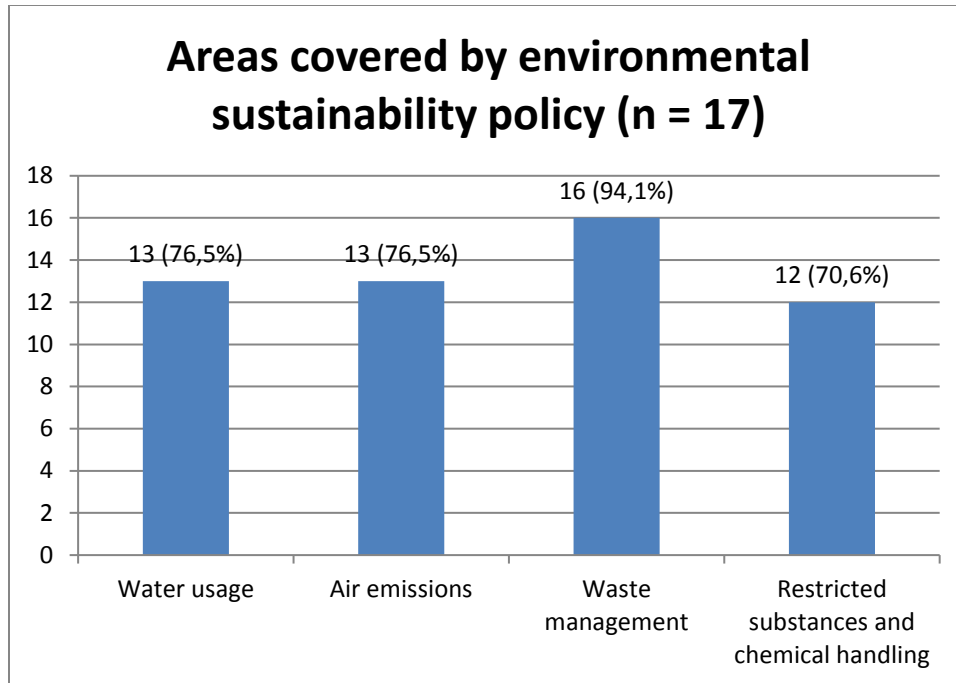


Figure 3.4: Frequency distribution of areas covered by environmental sustainability policy

3.7 SECTION G: SUPPLIER MANAGEMENT

This section discusses the supplier management at GMSA, 70% of the 20 respondents indicated that GMSA has a supplier CSR/sustainability policy while 30% highlighted that GMSA does not have a CSR/sustainability policy. Furthermore, of the respondents, 80% (n=20) indicated that all the suppliers are covered by the policy, while 20% indicated that not all the suppliers are covered by the policy.

Table 3.7: Frequency distribution of supplier management

		Frequency	Percentage
Does GMSA have a Supplier CSR/Sustainability Policy?	Yes	14	70,0
	No	6	30,0
	Total	20	100,0
Are all suppliers covered by this policy?	Yes	16	80,0
	No	4	20,0
	Total	20	100,0

Figure 3.5 represents the areas that are covered by the supplier management policy. 15 respondents selected more than one area, and 93.3%, 100%, 86.7%, 93.3% and 86.7% selected environment, health & safety, anti-corruption & bribery, collective bargaining, freedom of association, non-discrimination, remuneration, working conditions, no child labour, no forced or compulsory labour and respect for human rights respectively.

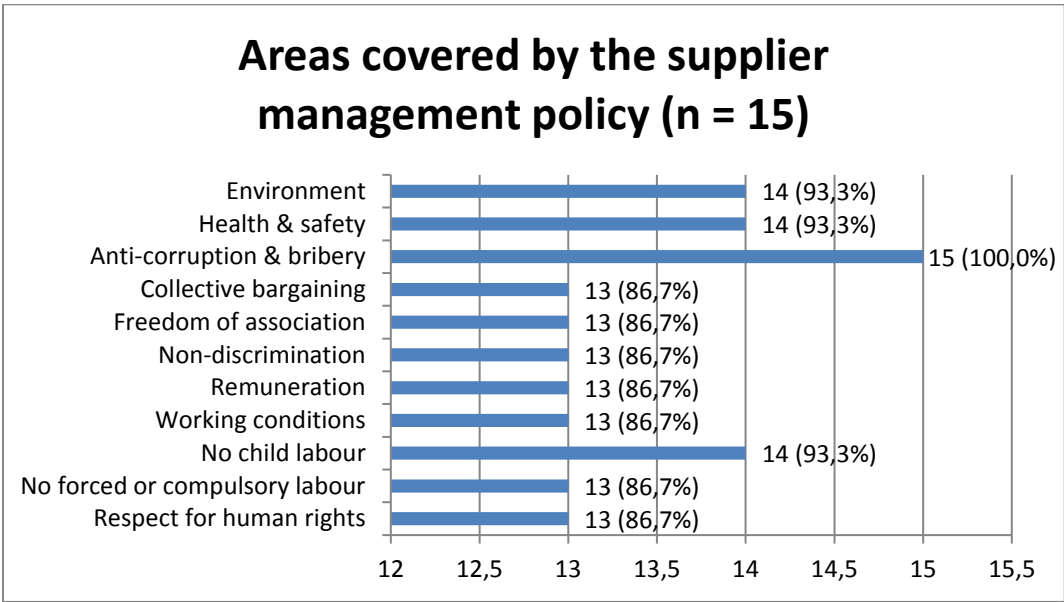


Figure 3.5: Frequency distribution of areas covered by the supplier management policy

3.8 SECTION H: ETHICS & VALUES COMMUNICATION

This section discusses ethics and values communication at GMSA. Table 3.8 shows a frequency distribution ethics and values communication. Of the respondents, 68.2% (n=22) indicated that GMSA does communicate Supplier CSR/Sustainability policy to the suppliers, while 31.8% indicated that GMSA does not communicate Supplier CSR/Sustainability Policy to the suppliers. Also, 85.7% of the respondents (n=21) highlighted that GMSA does communicate its ethical values to its motor dealers or its franchisees/dealer, while 14.3% indicated that GMSA does not communicate its ethical values to its motor dealers or its franchisees/dealer.

Table 3.8: Frequency distribution of Ethics and values communication

		Frequency	Percentage
Does GMSA communicate the Supplier CSR/Sustainability Policy to suppliers?	Yes	15	68,2
	No	7	31,8
	Total	22	100,0
Does GMSA communicate its ethical values to its motor dealers or its franchisees/dealer network?	Yes	18	85,7
	No	3	14,3
	Total	21	100,0

Figure 3.6 shows a frequency distribution of how the supplier CSR policy is communicated, and the respondents could select more than one method of communication. 53.8%, 92.3% and 46.2% (n=13) selected that the policy is communicated during supplier meetings, in contractual terms and through brochures/magazines and newsletters respectively.

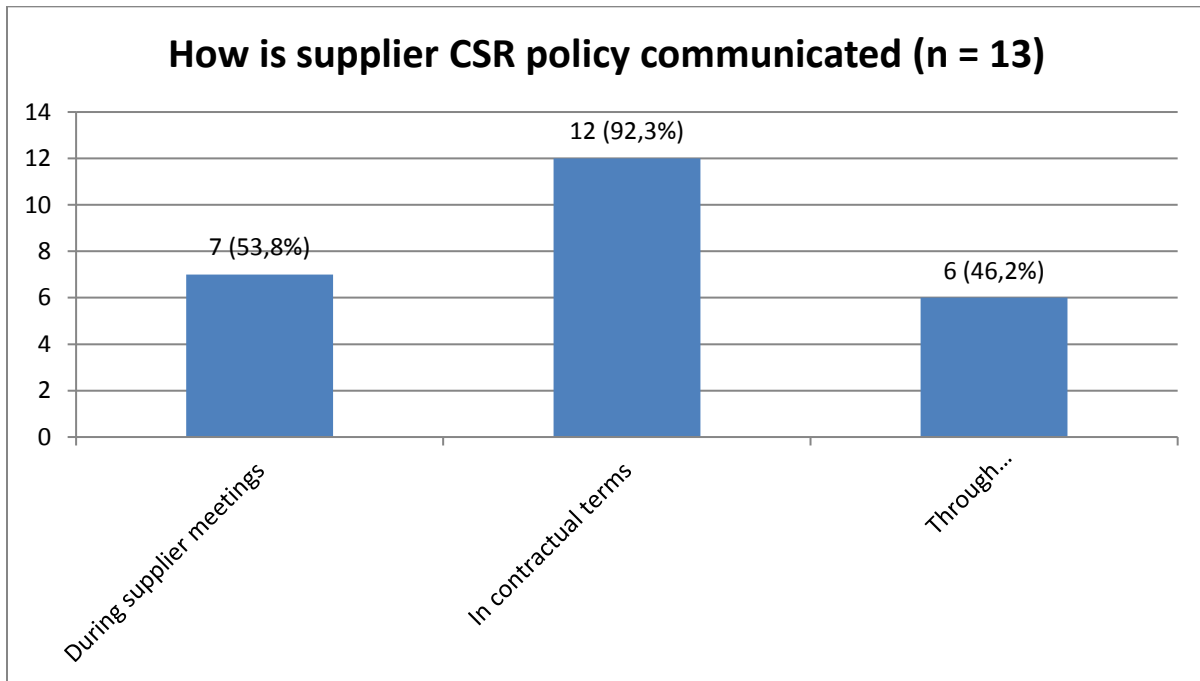


Figure 3.6: Frequency distribution of how supplier policy is communicated

Table 3.9 below, presents factor analysis results of section B on six questions. Four items (in red) are loaded onto factor 1 and two items (in blue) on factor 2. The factor loadings (the weight of each factor on the observed variables) are used to interpret what the factor is for judging the relative sizes of the loadings: high loadings suggest stronger factor contributions to those variables (Kline, 1990). So, Factor 1 weighs more (0.911) on the question, “GMSA facilities support the GMSA ethical branding message and image” compared to factor 2 (0.112). A similar interpretation is made for the rest of the three items loaded onto factor 1.

Factor 3.2 weighs more (0.910) on the question, “The key ethical values promised by the GMSA brand are a commitment to satisfying customer needs, care for the environment, employee wellness, safety and empowerment, social responsibility and innovation.”

The newly created factors, formed by averaging the variables highly loaded on them, are labelled following the observed variable onto which they weighed more. Therefore, factor 1 is named “GMSA supports ethical values” as it weighs more on GMSA facilities support the GMSA ethical branding message and image, while factor 2 is named “GMSA ethical values” as it weighs more on the question that enumerates the different ethical values of GMSA.

Table 3.10 indicates the two factors and their labels, as well as the total percentage of variance explained. It can be seen that the two factors explained 78% of the variance in the six items (questions). This means that variations in the six observed variables mainly reflect the variations in two unobserved (underlying) variables, factors.

Table 3.9: Factor analysis results on Section B questions

Questions	Factor 1	Factor 2
GMSA facilities support the GMSA ethical branding message and image	,911	,112
The service you provide to GMSA customers is a real reflection of the GMSA ethical branding promise	,892	,185

At dealership level, customers are experiencing the benefits of the above ethical values.	,868	,261
All employees who interface with customers at dealership level have been trained about and are familiar with GMSA ethical values.	,576	,481
The key ethical values promised by the GMSA brand are a commitment to satisfying customer needs, care for the environment, employee wellness, safety and empowerment, social responsibility and innovation.	,070	,910
The above GMSA's values are communicated, practised and lived throughout GMSA and its dealer network.	,325	,838

Table 3.10: Creation and labels of new variables (Factors)

Section	Factor	Labels	Number of variables loaded	Total % of variance explained
B	1	GMSA supports ethical values	4	78,3%
	2	GMSA ethical values	2	

The association between section B (GMSA ethical values) and section E (business conducts and compliance) is represented by Table 3.11. The results indicated that all participants agree that GMSA supports ethical values and also on the ethical values themselves. All of them accept that GMSA has a policy in place regarding business conducts and compliance, as well as related processes and procedures.

Table 3.11: Association between GMSA values and ethics

		GMSA supports ethical values	GMSA ethical values
		Agree	Agree
Does GMSA have a formal policy in place regarding business conduct and compliance? (corruption, extortion, bribery)	Yes	22	22
	No	0	0
Total		22	22
Are the following areas: corruption, including extortion bribery, covered by this policy or the related processes and procedures?	Yes	22	22
	No	0	0
Total		22	22
Does this site have a business conduct and compliance ethics management system in place?	Yes	21	21
	No	1	1
Total		22	22
To what extent is your business conduct and compliance management system documented?	Full set of documented procedures	13	13
	Some documented procedures	7	7
Total		20	20

3.11 SUMMARY

This chapter provided the results of the empirical research. The research was conducted via a survey amongst GMSA dealers who responded to a structured questionnaire. The next chapter is the final chapter of the study. It concludes and makes recommendations regarding the research. The chapter also identifies areas for further research in the field of ethical branding in the motor industry.

CHAPTER 4

CONCLUSIONS AND RECOMMENDATIONS

4.1. INTRODUCTION

In this final chapter, conclusions will be made relating to the objectives of the study. Initially, the conclusions reached from the empirical study will be discussed where after recommendations are made. These recommendations will be based on the following:

- The knowledge of experts and researchers as discussed in the literature study (Chapter 2);
- Results gained from the empirical investigation (Chapter3); and
- The chapter will conclude the research study with a summary.

The study established what the most important values that contribute towards an ethical brand are, and developed a theoretical model that was used to measure the ethical branding values of motor dealers in South Africa. The model focused on ethical business practices in motor vehicle branding of South African motor dealers and identified the key ethical values that have made GMSA be one of the leading ethical brands in the country.

In the introductory chapter of this dissertation, it was indicated that the objective of the research was to identify the most important values that contribute towards an ethical motor manufacturer's brand in South Africa. To make such determination, the researcher chose General Motors South Africa as a case study based on its market share in South Africa. Although a decision was taken by the holding company GM USA to pull out of the South African market with effect from 31 December 2017, GMSA has an impressive track record in South Africa that spans over a period of more than 60 years. As a result, valuable lessons can be learnt by the motor industry from the success achieved by GMSA over the years. The secondary objectives were to:

- Determine the key values that contribute towards an ethical brand;

- To determine the key values that encourage ethical conduct in the South African motor industry;
- To compare these key values with the ethical branding values of GMSA;
- To empirically test the communication of the GMSA ethical values and to determine if there are deviations from the corporate identity of ethical values and core attributes of GMSA; and
- To then compare GMSA's corporate identity of ethical values and core attributes against the actual brand message and values experienced by GMSA dealers.

4.2 OVERVIEW OF THE LITERATURE AND EMPIRICAL STUDY

In this study, two approaches were followed to examine the preceding aspects, namely the literature study and the research survey. A summary of both these approaches is presented below.

4.2.1 Literature study

In the literature study, the theoretical foundations of the subject were examined. By consulting books, periodical articles, dissertations, theses and technical reports, the key values of an ethical brand were investigated.

In Chapter 2, attention was focused on the past and current behaviour or corporate conduct within the motor industry. The current economic climate in South Africa and the world compounded by the economic rating downgrades and political instability has negatively impacted on the South African motor manufacturing industry. For the South African automotive industry to withstand these challenges, the importance of ethical branding in the marketplace has then been discussed, and the advantages of an ethical brand have been identified.

The GMSA brand was evaluated to understand the ethical values underlying the GMSA brand which contributes to making GMSA such a strong brand. The history of GMSA was

briefly discussed to provide a better understanding of the GMSA brand. GMSA as a company was evaluated to identify the important ethical values with specific reference to GMSA core values as outlined in its GM Sustainability Report (2014) being:

- Commitment to satisfying customer needs;
- Care for the environment;
- Employee wellness, safety and empowerment;
- Social responsibility; and
- Innovation.

The general description of what constitutes the ethical brand was subsequently discussed in full detail, together with the relationship that exists between a brand and its customers. The conclusion was made in this study that ethical brands in motor manufacturing are brands that promote social responsibility and the public good and minimise harm to society and the environment. An analysis was carried out using SPSS (Statistical Package for Social Sciences) version 24, to determine the correlation between all ethical values being applied by GMSA to establish if they interacted with each other to establish a successful GMSA ethical brand.

An in-depth study was done on all five GMSA ethical values that included the Commitment to satisfying customer needs; care for the environment; employee wellness, safety and empowerment; social responsibility and innovation.

All the underlined items were discussed as laid out in paragraph 2.3.3.

4.2.2 Empirical study

Empirical research was conducted to determine the perception of GMSA retail general managers, managers and sales consultants. The methodology that was used to do the survey was explained in Chapter 3.

From the study conducted around what the key ethical branding values are that would encourage ethical conduct in the company's environment of motor dealers in South Africa, the answer found in section B was 95,5% are in agreement to, "The key ethical values promised by the GMSA brand are commitment to satisfying customer needs, care for the environment, employee wellness, safety and empowerment, social responsibility and innovation".

The section around ethical brand communication and the effectiveness of GMSA to communicate its ethical values successfully throughout the dealer network and ultimately to its customers were rated by the dealer participants as follows:

- 68.2% of the respondents (n=22) strongly agree that the above listed key GMSA ethical values are communicated, practised and lived throughout GMSA and its dealer networks, while 9.1% of the respondents cannot say.
- 63.6% of the 22 respondents strongly agree that the GMSA facilities do support the GMSA ethical branding message and image, while 13.6% of the 22 respondents are neutral on the question.
- Of the respondents, 50%, 36.4% and 13.6% (n=22) respectively, strongly agrees, agrees and are neutral on that the service that GMSA provides its customers is a reflection of their ethical branding promise.
- The majority of the respondents 54.5% (n=22) strongly agrees that at the dealership level customers are experiencing the benefits of the above listed GMSA ethical values, while 18.2% and 27.3% agree and feels neutral respectively.

- Of the respondents, 45.5% (n=22) strongly agrees that all employees who interface with customers at dealership level are trained about and familiar with GMSA ethical values, while 27.3% respondents both agree and are neutral on the statement. The customers, on the other hand, had an average rating of 1.88, indicating that the customers tend to appreciate the communication efforts more than the dealers. This can also show that the dealer network underestimates the power of brand communication. What is important is that customers can also be influenced by brand communication, by creating the value in the minds and hearts of the customers.

4.3 CONCLUSIONS

In compliance with the main research objective stated in Chapter 1, the key elements of an ethical motor manufacturing brand have been identified. This was done using the Nga & SOO Ethical Branding model in Figure 2.1 that was researched to completely understand the required actions and interactions of the five main ethical values of an ethical brand. The secondary objectives to support the main research aim were addressed in the literature study and the empirical survey. In compliance with these objectives, general conclusions were drawn from the empirical study.

4.3.1 General

Concerning problems defined in Chapter 1 of this study and the results of the literature study, the following general conclusions can be drawn:

1. Ethical brands are brands that promote corporate social responsibility and the public good (Yan, 2003) and minimise the harm to society and the environment.
2. Ethical brands deliver the promise of the company's commitment to assume responsibility beyond its core business context and engage with society to promote a sustainable future (Nasruddin & Bustami, 2007).
3. The ethical commitment must be exhibited in the relationships at all levels and stages of the value chain among the employees, suppliers and other salient stakeholders.

4. Corporate communication provides a link between a company's identity (which comprises values and core attributes) and its image (which is how a company is perceived by its constituents).
5. Communicating the values and attributes of the organisation's identity and its meanings internally and externally is important in the process of building a corporate brand.
6. A successful communication strategy requires the buy-in of employees as employees act as the points of contact between the company and its various stakeholder groups.
7. As employees interact with different external stakeholder groups, their behaviour is critical to the success of ethical communication.
8. Ethics communication will fail if employees' messages are not consistent or if employee behaviour does not match the messages the company communicate to its external stakeholders.
9. GMSA ethical values were tested against these principles and were found to be aligned.
10. However, the average response from GMSA employees on the questions as to whether or not employees who interface with customers are trained on the GMSA ethical values; service that GMSA provides its customers is a reflection of GMSA ethical promise; and whether GMSA customers are experiencing the benefits of GMSA ethical values, is worrying.

4.4 RECOMMENDATIONS

The recommendations below on both the literature study and the survey results would presumably contribute to guiding the corporate behaviours of motor manufacturers in South Africa and to ensure that ethical corporate values are practised and applied throughout the dealer network and that customers as the ultimate beneficiary's benefits from ethical branding. In this regard, the following recommendations are made:

1. As pointed out by the researcher in the problem statement, the major challenge confronting motor manufacturers is concerning safety versus costs. Because of

the tough economic conditions motor manufacturers, when designing new cars, for example, they have to always balance between safety and cost. Most of the times, motor manufacturers always chose cost-cutting measures at the expense of safety. This manifest itself in the vehicle emission scandals, customer complaints on Hellopeter.com website, and anti-competitive conduct such as price fixing and collusion investigations by the competition commission.

2. Striking a balance will depend on the ethical values of such a motor manufacturer.
3. In this regard, it is important for the motor industry to apply the proposed model for ethical branding in this study to ensure a uniformity of ethical standards across the motor manufacturing sector. This will also ensure the sustainability of the sector.
4. To have an ethical brand, one needs a service or product that is positioned in such a way to be able to fulfil the physical and emotional needs of customers. If this means that one has to extend the product line, so be it.
5. To achieve this, communication of ethical values is very crucial. However, to communicate effectively to the outside world, one must first communicate effectively internally. In this regard, GMSA and the motor manufacturing industry should embrace its dealer network as its customers, and not only see them as franchisees. They should treat this business with the same ethical promise that the holding company (GMSA) promises to its end customers. This will ensure that the ethical values are lived and applied throughout the dealer network, and the dealer network serves as a communication tool of the ethical values to the end customers.
6. GMSA and the motor manufacturing industry should realise the importance of ethical values and the role ethical branding values can play in the sustainability of a brand and should roll out ethical brand awareness programmes to their dealer networks to reiterate their importance.
7. GMSA and the motor manufacturing industry should also ensure that every staff member that works with end customers influences customers by either reinforcing the ethical brand promise positively. This will, in turn, save these companies a lot of money that should be going to marketing and communication.

4.5 SUGGESTIONS FOR FURTHER RESEARCH

This study is an attempt to identify the important ethical values that make a motor manufacturing brand ethical. This study focused on the motor manufacturer GMSA. It also attempted to evaluate the communication of GMSA ethical brand through the value chain of retailers. Although the results of the study are encouraging, more and varied research is also required in the following areas:

- Empirical testing of the South African motor manufacturing company's customers on the importance of ethical branding in their purchasing decisions.
- Empirical testing of how some of the reported motor manufacturing ethical scandals have impacted on the South African customers' brand loyalty and purchasing behaviour; and
- Empirical research on the number of South African large motor manufacturing companies that have a model or corporate strategy for ethical branding.

4.6 SUMMARY

Chapter 4 was the final chapter in this study. The main focus of the chapter was to conclude from the literature and empirical research. Also, the chapter offers some recommendations regarding the conclusions and findings. Finally, the chapter investigated areas of research that could follow from this study.

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APPENDIX A: LETTER FROM EDITOR



Antoinette Bisschoff
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Saturday, 04 November 2017

To whom it may concern,

Re: Letter of confirmation of language editing

The dissertation **Analysing ethical branding of motor dealers in South Africa** by **Sipho Mgiijima Risiba** (26770253) was language and technically edited. The referencing and sources were checked as per NWU referencing guidelines. Final corrections remain the responsibility of the author.



Antoinette Bisschoff

Officially approved language editor of the NWU since 1998
Member of SA Translators Institute (no. 100181)

Precision ... to the last letter

APPENDIX B: QUESTIONAIRES

To whom it may concern

General Motors South Africa

And GMSA Dealer network

Date: May 2017

Dear Sir/Madam

Re: Analysis of ethical branding by motor dealers in South Africa (MBA Dissertation).

In partial fulfillment of the requirements for the degree, MBA at Northwest University, I am currently conducting a study or research on ethical branding my motor dealers in South Africa, using GMSA as case study. The purpose of the study is to analyze and understand South African motor dealers' approach to the subject of ethical values in building ethical brands that customers can associate with. The analysis and understanding will enable the researcher to propose ways in which South African motor dealers may use ethical branding as a strategic tool for product differentiation and to establish trust and loyalty amongst customers.

Previous research conducted on the subject of ethical branding, indicates that most companies whose brands promise social performance as well as economic and environment performance, have discovered that there is a close link between ethical branding and company's reputation, and that ethical values have a positive effect on company's reputation and customer loyalty.

GMSA has ethical values and these are contained in the GMSA sustainability report of 2014.

Having perused the said ethical values as per the GMSA Sustainability report, the study seeks to:

- (a) test these values against literature review and studies conducted on ethical values that make a brand ethical;



QUESTIONNAIRE
ON ETHICAL VALUES