The South African retail sector: towards a management model for transformative corporate social responsibility practices

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DECLARATION

By submitting this thesis electronically, I solemnly declare that I authored the work contained within. The thesis is submitted in fulfilment of the requirements for the degree Doctor of Philosophy in Development and Management with Social Transformation and Management at the Potchefstroom Campus of the North-West University.

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Niel Vinitt Rooi

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ABSTRACT

Years before and after a narrowed articulation of businesses' social responsibility in 1953 by Bowen, the business realm worldwide has been regarded to some degree as a valuable sector for its general involvement in the achievement of material and social welfare.

However, the transformation voices, driven by a sluggish social transformation in South Africa, argue for a renewed trajectory in the conventional corporate social responsibility (CSR) practices to accelerate change and transform the lives and well-being of the previously disadvantaged tangibly and sustainably. The advocates for transformative CSR practices believe that greater regard should be given to the country's statutory, regulatory and policy agenda and international standards and best practice in CSR interventions to drive socio-economic transformation in South Africa.

Consequently, the study proposed a management model informing the South African retail sector to transition and realise transformative CSR practices. To realise the objectives, the researcher conducted a literature review as well as an empirical study. From the literature review, it became evident that various challenges still accompany the application of conventional CSR practices in South Africa. Advocates for transformative CSR practices promote CSR practice as a driver of the previously disadvantaged socio-economic transformation in South Africa. The empirical study was conducted to elicit input and comments from retail sector experts regarding the implementability and shortcomings of the draft management model for transformative CSR practice. A qualitative research approach was followed; case studies were conducted among three retail sector segments within South Africa.

The study was conducted in two phases. In the first phase, open-source organisational sustainability reports were methodologically collected and analysed employing qualitative document analysis to propose the draft management model. In the second phase, qualitative data analysis was applied to the questionnaire circulated to retail sector experts for inputs and comments to refine the draft model further and produce the final model.

The study concludes by presenting the final transformative CSR practice management model and recommendations. The main elements of the final model are the oversight and management of CSR and CSR activities, stakeholder management, intervention impact planning, stakeholder engagement, implementation and sustainable impact reporting. This model can be implemented and used by various stakeholders in the retail sector to accelerate tangible and sustainable socio-economic transformation in South Africa.

Keywords

Change management; corporate social responsibility (CSR); retail sector; social impact; social transformation; socio-economic development; stakeholder engagement; stakeholder management; transformative legislation and regulations

OPSOMMING

Jare voor en ná ’n nou begrip van ondernemings se sosiale verantwoordelikheid soos in 1953 deur Bowen verwoord, is die sakewêreld wêreldwyd as ’n waardevolle sektor vir die algemene betrokkenheid daarvan by die bereiking van materiële en sosiale welsyn beskou.

Voorstanders van transformasie, aangevuur deur trae sosiale transformasie in Suid-Afrika, beywer hulle egter vir ’n hernude baan in die konvensionele praktyke van korporatiewe sosiale verantwoordelikheid (KSV) om verandering te versnel en die lewens en welsyn van voorheen benadeelde gemeenskappe op ’n tasbare en volhoubare wyse te transformeer. Die voorstanders van transformerende KSV-praktyke voer aan dat meer ag geslaan moet word op die land se statutêre, regulatoriese en beleidsagenda, asook aan internasionale standaarde en beste praktyke ten opsigte van KSV-intervensies ten einde sosio-ekonomiese transformasie in Suid-Afrika aan te dryf.

Die doel van die studie was gevolglik om ’n bestuursmodel te ontwikkel wat die Suid-Afrikaanse kleinhandelsektor met betrekking tot transformerende KSV-praktyke kan rig. Om die doelstellings te verwesenlik, het die navorser ’n literatuurstudie asook ’n empiriese studie uitgevoer. Uit die literatuuroorsig het dit duidelik geword dat die toepassing van konvensionele KSV-praktyke in Suid-Afrika steeds met verskeie uitdagings gepaard gaan. Voorstanders van transformatiewe KSV-praktyke beskou dit as ’n drywer van sosio-ekonomiese transformasie van voorheen benadeelde gemeenskappe in Suid-Afrika. Die empiriese studie is uitgevoer om insette en kommentaar van kenners in die kleinhandelsektor te bekom rakende die implementeerbaarheid en tekortkominge van die konsepmodel vir die bestuur van transformatiewe KSV-praktyke. ’n Kwalitatiewe navorsingsbenadering is uitgevoer; gevallestudies is onder drie segmente in die kleinhandelsektor in Suid-Afrika uitgevoer.

Die studie is in twee fases uitgevoer. In die eerste fase is oopbron-organisatoriese volhoubaarheidsverslae metodologies ingesamel en ontleed deur van kwalitatiewe dokumentanalise gebruik te maak om die konsepbestuursmodel te ontwikkel. In die tweede fase is ’n kwalitatiewe data-analise toegepas op die vraelys wat aan kenners in

die kleinhandelsektor gesirkuleer is vir insette en kommentaar om die konsepmodel verder te verfyn en die finale model te ontwikkel.

Die studie sluit af met die aanbieding van die finale bestuursmodel vir transformatiewe KSV-praktyke en aanbevelings. Die vernaamste elemente van die finale model is die oorsig en bestuur van KSV en KSV-praktyke, bestuur van belanghebbendes, beplanning van die impak van intervensies, betrokkenheid van belanghebbendes en volhoubare verslagdoening oor impak. Die model kan deur verskeie belanghebbendes in die kleinhandelsektor geïmplementeer en gebruik word om tasbare en volhoubare sosio-ekonomiese transformasie in Suid-Afrika te versnel.

Sleutelwoorde:
belanghebbendes se betrokkenheid; bestuur van belanghebbendes; kleinhandelsektor; korporatiewe sosiale verantwoordelikheid; sosiale impak; sosiale transformasie; sosio-ekonomiese ontwikkeling; transformerende wetgewing en regulasies; veranderingsbestuur

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LIST OF ACRONYMS AND ABBREVIATIONS

<IR>	International <IR> Framework
ANC	African National Congress
B-BBEE	Broad-based Black Economic Empowerment
BRICS	Brazil, Russia, India, China and South Africa
CIPC	Companies and Intellectual Property Commission
CODESA	Convention for a Democratic South Africa
CSI	Corporate social investment
CSO	Civil society organisation
CSR	Corporate social responsibility
DPME	Department of Planning, Monitoring and Evaluation
dtic	Department of Trade, Industry and Competition
EBM	Evidence based management
EU	European Union
GFN	Global Footprint Network
GRI	Global Reporting Initiative
GSSB	Global Sustainability Standards Board
HRDC	Human Resource Development Council
IBASE	Brazilian Institute of Social and Economic Analysis
IHRDS	Integrated Human Resource Development Strategy 2010-230
IIRC	International Integrated Reporting Council
IoDSA	Institute of Directors South Africa
ISO	International Organization for Standardization
ISRDP	Integrated Sustainable Rural Development Programme
JSE	Johannesburg Stock Exchange
NDP	National Development Plan
NPAT	Net profit after tax
NPC	National Planning Committee
NSG	National School of Governance
NWU	North-West University
OECD	Organisation for Economic Co-operation and Development
PIE	Political, integrative and ethical
PwC	Pricewaterhouse Coopers
RBM	Result-based management
SAICA	South African Institute of Chartered Accountants
SDGs	Sustainable Development Goals
SRI	Socially responsible investment
TOC	Theory of change
UDHR	Universal Declaration of Human Rights
UK	United Kingdom
UN	United Nations
UNGC	United Nations Global Compact
URP	Urban Renewal Programme
USA	United States of America
WBCSD	World Business Council for Sustainable Development
WCED	World Commission on Environment and Development

CHAPTER 1

INTRODUCTION AND THEORETICAL ORIENTATION

1.1 INTRODUCTION

For many years before and after the articulation of the social responsibility of businesses in 1953 by Bowen, the business world has been regarded to some extent as a valuable sector for its contribution towards the general realisation of material and social welfare. However, the value of this historical contribution is steadily declining. Since the articulation of corporate social responsibility (CSR) in 1953, an increasing volume of scholars are progressively rebuking the impact of the conventional CSR practice[1] implementation model, its lack of transformative focus and effectiveness (Du Plessis & Grobler, 2014:3; Van den Ende, 2004; Visser, 2006; 2014). According to Van den Ende (2004:105), the conventional CSR practice of partly outsourcing a business's CSR activities to corporate funds or corporate foundations to an extent contributes to its ineffectiveness. The contemporary arguments are that CSR needs to be positioned as an element of the core strategic components within the business. It should form part of the board of directors' strategic, policy and oversight responsibility and accountability. In addition, the South African business fraternity is encouraged to reconsider its position in the social environment, especially concerning its social responsibility (GSSB, 2016a), governance and ethics (Carroll & Shabana, 2010:90), social transformation (ANC, 2017; UNSDSN, 2013:4) and stakeholder relations (Omrad & Dineshwar, 2015:44; PwC, 2016:2).

CSR, in general, is a wide-ranging concept. As such, an attempt to adequately conceptualise the different definitional variations of the concept will be overly extensive for this introductory context. However, Carroll (2008:19-46) provides a broad outline of the concept and practices of CSR from 1950 until the beginning of the 21st century in *The Oxford handbook of corporate social responsibility.*

[1] For clarity, in the introduction, the researcher uses the term 'conventional CSR practice' first to refer to the historical practice of the concept and later 'transformative CSR practice' as an envisaged practice that focuses on tangible socio-economic change.

In brief, historically, CSR has its roots in the definition given by Bowen in 1953. In the delineation, Bowen (1953:6) describes CSR as "the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society". Hopkins (2007:15) describes CSR as creating "higher and higher standards of living while preserving the corporation's profitability, for people both within and outside the corporation". The International Organization for Standardization (ISO) defines CSR as …

> … the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparency and ethical behaviour that: (a) contributes to sustainable development, including health and welfare of society; (b) takes into account the expectation of stakeholders; (c) is in compliance with applicable law and consistent with international norms of behaviour; and (d) is integrated throughout the organization and practices in its relationship (ISO, 2010:6).

Taken from the array of definitions, CSR lends itself to be more "expansive than accumulative" in knowledge creation (Crane *et al.*, 2008:4). It can, therefore, be deducted from the definitions that, first, CSR is an obligation of a business through the formulation and application of its CSR policy and second, it is an obligation to contribute positively to the sustainable development and well-being of the society in its milieu. Since the early 2000s, there has been a relatively steady uptake of the CSR concept by businesses in South Africa. The steady uptake led to the establishment of various local organisational bodies and advocacies that based their founding philosophies on international guidelines set by the ISO, the International Integrated Reporting Council (IIRC), the Global Sustainability Standards Board (GSSB) and the United Nations (UN) Sustainable Development Goals (SDGs), among others (GRI, N.d.; IRC, 2017; ISO, 2010). The ISO primarily focuses on designing criteria to enhance and make governments' and organisations' efforts more efficient.

In contrast, the focal area of the IIRC is mainly on developing criteria for disclosure of the overarching governance information by businesses in their annual integrated reports. On the other hand, the GSSB, through the GRI sustainability reporting standards (henceforth GRI standards), primarily occupies itself by articulating how business managers should approach and manage the public impact their business operations make on humanity. They operate on clearly defined topics such as society, economy and ecology.

Furthermore, the GRI standards aim to establish a common language to report their impacts and sustainability. This reporting regime endeavours to ensure that the sustainability report issued presents a reliable, credible and inclusive picture of material topics, their associated impacts and how they are managed (GRI, N.d.). The SDGs consist of and focus on 17 interlinking goals to achieve a better and more sustainable future for humanity (see section 2.2.15).

In addition, in support of these organisational bodies' endeavours, scholars and civil society organisations (CSOs)[2] over the past few years are increasingly arguing for a move away from the conventional CSR practice towards a more transformative CSR practice. The arguments are based on empirical evidence, which will be discussed later, that found a lack of or sluggish societal transformation; inadequate information on how CSR activities are determined, funded and managed; the anecdotal non-tangible impact of CSR; and information tautological or repurposing reporting practices of the inventive business (Blowfield & Murray, 2014:253-355; Bowen, 2013:3-7; Brown & Nicolaides, 2015:15; Erasmus *et al.*, 2016:146-162; Maroun & Atkins, 2015:10-12). 'Transformative' is generally defined as the action that brings about a systemic, dramatic or tangible change in the system, form or character of the society that undergoes the change (Chouinard, 2010:265-267; Elg & Hultman, 2011:447; Visser, 2014:16). The transformative agenda aims to serve three developmental priorities, namely bringing about fundamental changes in society by improving employment opportunities of the previously disadvantaged through accelerated socio-economic growth; improving innovation and skills development among the unemployed; and improving the state's capability to play a developmental and transformative role (ANC, 2017:2; NPC, 2012:27; The Presidency, 2020:13). Transformative CSR practices can be described as the theoretical, strategic and practical processes to affect progressive tangible change within society, i.e. social transformation (ANC, 2017:2-3; Clark & Bassett, 2016; Louw & Venter, 2010:6; UNSDSN, 2013:4). The implementation of enforceable statutes could aid the change, progressive organisational policies, standards and social advocacies (Camilleri, 2017a:21-22; Steurer, 2010:53).

[2] Civil society organisations include non-governmental organisations, not-for-profit organisations, community-based organisations or any community organisation that operates on a non-profit basis independently from business and government.

Several studies have been conducted internationally to investigate different aspects of CSR practices. These studies range from the role of governments in CSR practice (Albareda *et al.*, 2008; Kloppers, 2013a; Perrini, Pogutz & Tencati, 2006; Steurer, 2010) to how CSR practice is enacted and executed (Carroll & Shabana, 2010; Ndlovu, 2011). The role of governments is regarded as a critical driving force behind the CSR agenda. The United Kingdom (UK) government, for example, appointed a ministry of CSR between the year 2000 and 2010 to primarily oversee the implementation of CSR policies and awareness, promote international codes and best practices, and standardise CSR reporting and labelling in that country (Perrini *et al.*, 2006:35; Steurer, 2010:55). In a study conducted by Camilleri (2017a:21) into CSR practices in the United States of America (USA), the author found that the stakeholder engagement process in that country is an essential battery for legitimacy building. In addition, the pluralist political nature of the USA stimulates the formation of advocacy groups that are viewed as valid representatives of society.

Similarly, several international studies on how CSR practices are enacted and executed in the retail sector also revealed various aspects. The retail sector in this study context refers to those businesses partaking in trading activities in shopping centres/malls or approved retail spaces and that is licensed and registered for value-added tax, sales tax, and income tax, and are selling goods or services to end-users (Goyal & Gupta, 2016:165).

On the international retail sector front, Elg and Hultman (2011:454) conducted a study on the extent to which Swedish retailers deploy CSR best practices and found that most businesses have procedures and a code of conduct in place and practise CSR in their international interactions. However, Elg and Hultman (2011:454) found that few retailers in Sweden provide systematic reporting of their CSR performances and practices in their sustainability reporting. In the USA, Pricewaterhouse Coopers (PwC) found that, in 2012, the retail sector provided 29 million direct and indirect jobs through 3.8 million retail formations across all retail sectors in that country. This made the retail sector the largest private-sector employer in the USA at the time. PwC further states that in the same financial year under review (2012), the retail sector in the USA generated $1.2 trillion in income, which relates to close to 8% of the national gross domestic product for that year (PwC, 2014:1). Despite this virtue, the sector's social reporting practices to stakeholders

lacked details and clarity regarding its CSR activities' management, funding, and sustainability (Lee *et al.*, 2009; Patten & Zhao, 2014). In another study conducted by Lee *et al.* (2009) of 100 retailers in the USA, it was found that the retail sector in the country is not sufficiently communicating its view of social responsibility to the populace. Lee *et al*. (2009) believe that the retail sector prioritises information aimed at investors and stakeholders of the financial fraternity. As a result, more focus is on financial principles and aspects rather than social, economic and ecological responsibilities. CSR in the study sample is mainly highlighted as acts of alm,[3] which might appeal to society in general and are mainly projected to contribute positively to the organisational image (Lee *et al.*, 2009:145-155).

Similarly, Jones *et al.* (2010) studied the world's leading retailers' sustainability reports. It was found that retailers put forward everyday operational duties as CSR activities. These are, for example, duties where the retailer must assess the ecological cost of importing fresh produce such as flowers, fruits or vegetables from developing countries. The retailers then consider the profit margins, ecological cost and social benefit of importing this produce for customers. According to Jones *et al*. (2010:257-265), these duties are then put forward as CSR activities.

In contrast, countries such as India adopted and approached CSR differently and much more organised. Retailers do not only see CSR as a means to achieve corporate sustainability. The retail sector in India has gone beyond seeing CSR as mere acts of alm but embraces CSR as a fundamental component of the overall business strategy. Businesses in India, for example, have dedicated CSR teams that formulate policies, strategies and goals for CSR programmes and ensure the allocation of budgets for the proposed programmes (Deepa & Chitramani, 2015:128-134).

According to the South African Department of Planning, Monitoring and Evaluation (DPME) and others, decades after the introduction of the social transformation agenda in the country to transform education, health, social welfare and skill levels, poverty indicators reveal that deprivation entrapment in many societies in South Africa continues

[3] Alm refers to money, clothes, food or any donations given as charity to the deprived, underprivileged and needy (*Reader's Digest Illustrated Oxford Dictionary*, 1998:35). In this thesis, the term 'alm' is used instead of 'philanthropy'. The researcher is of the view that philanthropic actions have been increasingly associated with individuals (philanthropists). To underscore the dissimilarity between individuals and businesses, 'alm' gives a clearer distinction.

to be a lingering reality (Cimadamore, 2018:414; DPME, 2014a:79; StatsSA, 2017; Visser, 2014:24). Divulgence of misleading sustainability reports exacerbates the sluggish social transformation, deprivation and poverty realities, widespread distrust and corruption at different levels of business and society (Gumede, 2017; Kawadza, 2018; Mosselini, 2013:40; Terry, 2017; Visser, 2014:26-27).

An additional difficulty in the South African retail sector is that CSR practitioners are, in most instances, located within the Communications, Marketing or Public Relations departments[4] (Brennan, 2014:141; Kotler *et al.*, 2012; Rongan *et al.*, 2012:1-2). This location of CSR practitioners could result in potential cross-contamination of functions between that of brand management roles and social responsibility obligations of the business (Kotler *et al.*, 2012; L'Etang, 1994; Masuku & Moyo, 2013). This cross-contamination can also theoretically misinform aspects of the financial accounting sphere, resulting in potential financial irregularities (Henderson, 2018:1; Radebe, 2017:17). Businesses make financial provision for brand management activities in their operational budget allocation processes and report on this in their financial income statements annually (Erasmus *et al.*, 2016:479-482; Lovemore & Brummer, 2011:33-34). Similarly, provision is made for CSR activities through a donation line item, a trust fund, a separate account within the business or as part of its socio-economic development compliance target as set by the Broad-based Black Economic Empowerment (B-BBEE) Generic Scorecard[5] (Erasmus *et al.*, 2016:150; Ndlovu, 2011:87). Therefore, the two business activities (brand management and CSR activities) must be run and accounted for as separate units within a business to avoid budget irregularities or activity blur[6] (Barrett & Fraser, 1977; Erasmus *et al.*, 2016:273-275).

In addition, as mentioned above, CSR funds are in some instances kept in a trust or a foundation fund and managed separately from the retail store managers, who are the implementers of the CSR policies. In a study conducted among South African retail sector employees to establish the perceptions of local managerial support for CSR initiatives, Brown and Nicolaides (2015:15) found that retail store managers have little

[4] The term 'brand management' will be used henceforth to refer to the departmental units in combination.
[5] The Amended Codes of Good Practice for the Broad-based Black Economic Empowerment Amendment Act No. 46 of 2013, *Government Gazette* No. 38766.
[6] An 'activity blur' refers to activities that are marketing-related but reported on as a CSR activity – see the central theoretical statements in Section 1.5.

understanding of the CSR concept and its fit within their businesses, resulting in minimal to no attention to the practice.

Furthermore, there is an increasing awareness that governments in developing economies cannot meet society's changing and growing social and economic realities and needs (Du Plessis & Grobler, 2014:2; Naveen & Maslow, 2011). In the South African context, government introduced the National Development Plan (NDP), legislation such as the B-BBEE Act 53 of 2003 and aspects of the Companies Act 71 of 2008 to assist South Africa's effort towards social transformation in the country (RSA, 2003; RSA, 2008). Despite introducing several policies, strategies and programme interventions, considerable inequalities persist in many parts of the country (dtic, 2003:4).

The NDP aims to unite all South Africans around a common objective. The key objective of the NDP is to set out a road map for all different sectors of society to contribute and participate towards the elimination of poverty and the reduction of inequality in South Africa by 2030 (NPC, 2012:15-16). The NDP further proposes fundamental changes to aspects such as social cohesion, equality, economic regulation and job creation. However, Sewell *et al.* (2016) conducted a study on the strategic alignment of the South African retail sector with the principles of the NDP. Their findings revealed that the transformative or fundamental changes envisioned in the NDP are not equivalently shared and managed within the retail sector (Sewell *et al.*, 2016:248-249). The authors suggest that retail sector leaders and retail trade associations find a tool to incorporate the NDP strategy themes to aid transformative leadership principles. They further suggest enhancing the active citizenry principle and accountability processes and building a retail sector management network supporting the implementation of relevant NDP strategies to better society (Sewell *et al.*, 2014:248).

In general, awareness of and different approaches to the importance of CSR practices and their management processes are gaining momentum (UNESCO, 2017). For instance, although different views exist, Carroll's (1991) CSR pyramid and Kotler and Lee's (2005) six types of corporate social initiatives are widely used tools in the conventional CSR practices. Research has found[7] that the before-mentioned tools are widely used as a respective stand-alone instrument or that a mixture of both is used within

[7] See the detailed discussion in the problem statement in Section 1.2.

the South African retail sector (Kotler *et al.*, 2012:31-32; Sewell *et al.*, 2016:48; Visser, 2006). However, there is the emergence of doubt whether Carroll's CSR pyramid considers the unique African past and environment (Smit, 2014:11; Visser, 2006:31-40). According to Smit (2014:11-12), the CSR environment and context are not a one size fits all, as Carroll's pyramid suggests. Visser (2006) believes that Carroll's CSR pyramid lacks contextual clarity, especially in a diverse cultural environment. The challenge is that its simplicity and static nature do not capture the complexity and reality of CSR in practice in a country such as South Africa (Visser, 2006:46-47). Visser (2006) suggests that the sluggish impact of transformative CSR practice in the South African environment can be attributed to the accuracy and relevance of Carroll's pyramid in the African context. Although Visser admits that the observation remains speculative until further research can conclusively support or disproof the status, "it is suggested that the relative priorities of CSR in Africa are likely to be different" from the American ordering (Visser, 2006:48). This view is supported by Abdulai (2015:431-433), who states that there is a need for a renewed CSR narrative in Africa. The six types of Kotler and Lee's (2005) corporate social initiatives are explored in Chapter 2, section 2.4.

It is anticipated that the introduction to, adoption of and adherence to the B-BBEE Codes of Good Practice will usher in renewed obligations, compliance, competitiveness and legislative commitment towards CSR in South Africa. The Department of Trade, Industry and Competition (dtic) envisage the B-BBEE Codes of Good Practice to be an integrated and coherent socio-economic process that immediately contributes to the social transformation of South Africa and bring about significant changes in inequalities (dtic, 2003:12). The objective is for businesses that score more than 750 in the financial year under review, as calculated in accordance with Regulation 26(2), to spend 1% of their net profit after tax (NPAT) on their socio-economic development Generic Scorecard compliance target (dtic, 2011:30). Tangible socio-economic development is a critical envisioned precondition for transformative CSR practices.

CSR is no longer just a 'voluntary' principle since the promulgation of the Companies Act. The latter is based on the extent, although not explicitly defined, to which the concept is used to compel boards of directors and management, in general, to pay attention to the reach and impact of their social activities (Kloppers, 2013b:166; RSA, 2008; 2011). Foremost, Section 2 of the Constitution of the Republic of South Africa (1996), hereafter

the Constitution, expressively stipulates that the Constitution is the supreme law of the land (RSA, 1996). All obligations in it must be obeyed and satisfied. Section 8 of the Constitution determines the principles that a 'justice person' must accede to and the procedures to be realised (RSA, 1996). The Companies Act stipulates that the justice person is obligated to appoint a social and ethics committee as a subcommittee to the board of directors to consider, approve and monitor the organisation's social activities, among other duties, bearing in mind legislative and best practice guidelines. Considering the array of governance lapses in the conventional CSR practice, the transformative CSR practice aims to explicitly align related legislation and contextually overlay its aims and objectives.

In combination, the theory of CSR, the applicable standards and legal obligations towards CSR have one common denominator: to frame the boundaries of *what* CSR practices should transform society should entail and *how* it should be managed to benefit all stakeholders. To realise these aims broadly, a business must put in place human and financial resources, a stakeholder relations continuum to allow for stakeholder management and their engagement, a clear code of conduct and monitoring procedures and boundaries (Camilleri, 2017a:21-22; Ndlovu, 2011:73; Seitanidi *et al.*, 2010:77). According to Erasmus *et al*. (2016:163), boards of directors and management of businesses must use the stakeholder relations process to generate the corporate policy for CSR.

Stakeholders are defined as individuals or groupings "who are potentially affected by or affect a company's business activity" (Erasmus *et al.*, 2016:164). Management in the continuum process is defined as the sequence of activities carried out by a group of individuals (board of directors, executives and managers) within the business to achieve a set of predetermined objectives by commissioning the necessary physical, monetary and human resources for the attainment of the objectives (Botha, 2016:116-117). Management, as a continuum during the lifecycle of the CSR activity, refers to and includes aspects of idea conception (the process of devising an idea or plan through stakeholder and need identification, stakeholder consultation and budget allocation), planning (how the activities will be prioritised and communicated to stakeholders), execution (how, by whom and by when the activity will commence and be closed out), monitoring (who is responsible to check and account for the progression of the activity),

and reporting (the board of directors must track and verify the content of the final report before its sign-off for consideration in the sustainability report). Stakeholders, especially social stakeholder engagement and management, are a critical component of the conventional CSR practice. However, although there seems to be some engagement, the management appears to lack in the conventional CSR practices. The transformative CSR practice is envisioned to establish and narrowly define what transformative CSR practices should entail and how it should be managed to provide further influence and agency to the community to be involved in interventions to improve their socio-economic conditions.

As businesses endeavour to meet the needs of society, they commonly report annually on their (a) contribution to the country's economy (Botha & Cohen, 2016b:26); (b) contributions to management and control, skills development, enterprise and supplier development and socio-economic development (Botha *et al.*, 2016; Slater, 2016) and (c) efforts to minimise the potential negative impact their business operations might have on social, economic and ecological areas, commonly known as the sustainability report (Maroun & Atkins, 2015). The sustainability report is a crucial component of comprehensive reporting to social stakeholders. The subheadings in this report should consist of elements that depict how the business engages and manages the affected stakeholders, set and funds material topics and conduct its CSR interventions to create social value and impact. Contrary to the before-mentioned, some businesses often report on the rigour and the pride they take in the application of a specific or some regulation(s) or standard(s), while their practising of these guidelines or standards is trailing (Terry, 2017).

According to the National School of Government (NSG), development and transformation have a close interdependence and correlation between addressing deprivation (NSG 2019:8). The NSG (2019) is of the view that minor changes in isolated and selected parts of society are not adequate to address the underdevelopment practices entrenched into the thread of societies. The NSG (2019:8-9) believes that to accelerate the social transformation and the systematic eradication of deprivation aspects, a rapid change in associate mechanisms of the interventions is required. Modern-day CSR practices, considering the relative homogeneous lingering deprivation settings, require a transformative CSR practice that could scale social interventions, effect material change and make an impact on larger communal settings.

Conversely, advocacy by stakeholders such as the South African scholarly community, CSOs and policymakers for more significant interlinking and management of CSR and the social transformation agenda has been lingering for years (Atal, 2017:5-10; Clark & Bassett, 2016:182-185). This study aimed to explore CSR practices, in general, and transformative CSR practices, in particular, in the last three years of three segments in the South African retail sector (food, telecommunications and retail banking[8]) as they appear on the Forbes 2017 Global 2000 ratings (BusinessTech, 2017). A desktop study of the Forbes 2017 Global 2000 top South African businesses indicates that the headquarters of most of the listed businesses are located either in Western Cape or in the Gauteng provinces. Furthermore, the study aimed to design a management model for transformative CSR practices to significantly enhance the practice's contribution towards the mounting socio-economic decline, better align to related contemporary statutes, and greater stakeholder involvement to effect material changes and impact. The design would be enriched by triangulating the different data sets to guide South African businesses, in general, and the retail sector, particularly in their acceleration of transformative CSR practices.

1.2 PROBLEM STATEMENT

Given the broad introductory orientation towards a management model for transformative CSR practices, the problem statement will explain some of the prevailing contemporary CSR practice pain points. As mentioned in the introduction, the Constitution, the NDP, B-BBEE, the Companies Act and leading organisational bodies advocate variant extents for a renewed trajectory in the social interventions by businesses to bring about change and transformation in the well-being of the previously disadvantaged (ANC, 2017:1; Atal, 2017:5-10; Clark & Bassett, 2016:182-185). Contemporary empirical evidence suggests that despite the legislative measures and well-intended initiatives from international and domestic organisational bodies, the South African retail sector's conventional CSR practices in the food, telecommunications and banking segments lack accelerated

[8] Food means retailers where local consumers buy groceries, cooked and uncooked food items. Telecommunications businesses in the retail setting are those entities that sell communication equipment, provide voice, broadband, fibre and Wi-Fi data services to communities. Retail banking, henceforth referred to as banking, are those banks that provide financial services to individual consumers at a community level.

tangible socio-economic change and impact (Brown & Nicolaides, 2015:15; Sewell *et al.*, 2014:249; Smit, 2014:12).

In contrast to the relatively sluggish CSR practices, South African retailers have performed' robustly' over the last few fiscal years, ending 2016/2017, regardless of the weaker year-on-year growth in the economy (EY, 2017; PwC, 2012:11). However, despite the upward financial trajectory of retailers and most of the segment retailers having a footprint store at the vanguard of societal poverty, socio-economic deprivation levels in society remain high (ANC, 2017; StatsSA, 2017:13-14). Due to the extent of the socio-economic deprivation, it, therefore, is crucial to ascertain the involvement of the retail sector sample segments in its alleviation.

The effects of the lack or sluggish conventional CSR practices could be fourfold. Firstly, based on the increase in trust funds or foundations set up by businesses to manage CSR activities (Carroll & Shabana, 2010; Chandler, 2017), it could imply that CSR practices are outsourced and might be outside of the reach and oversight of the businesses' board of directors (Van den Ende, 2004:105). Despite this, statutes and the current scholarly argument hold that transformative CSR practice, on the other hand, must include a more significant stakeholder consultation and should be positioned as a core strategic component within the business and under the direct oversight of the board of directors (Du Plessis & Grobler, 2014:3; Van den Ende, 2004:105; Visser, 2006).

Businesses should realise that transformative CSR practices are more than acts of alm and more about the committed and continued involvement of the businesses in achieving tangible, sustainable societal change and impact. According to Blowfield and Murray (2014:141), for transformative CSR to produce sustainable social change and impact, the widespread agreement is that CSR should be part of a business's strategic planning and DNA. The reasoning is that the CSR component of a business lays the foundation for several societal transformative aspects and interventions such as community development, disaster risk reduction and sustainable socio-economic development, among others (Hamalatha *et al.*, 2013; Oginni & Omojowo, 2016; Rooi, 2018; Twigg, 2001).

Secondly, although strides are made, it is common course that governments in developing countries have difficulty meeting the growing socio-economic needs of their

citizens (Du Plessis & Grobler, 2014:2). Accordingly, the South African government developed the NDP, which aims to gather all South Africans, especially boards of directors, around a shared vision and, in the process, transform society for the better. Researchers found that the outcomes of the NDP are achievable if the private sector and government endorse and implement the NDP through clearly articulated joint commitments and timeframes (Graham, 2011:36-37; Landman, 2013:8). However, considering the dispute over the practicality of Carroll's pyramid, there is a need to find a practical management tool in the South African retail sector that aligns to or incorporates the sector's CSR drive to the broader social agenda in which it operates.

Thirdly, as a baseline recommendation for transformative CSR funding, the primary aim of the B-BBEE Generic Scorecard is to assist government in redressing the social needs of the country and its people from the basis of its historical past (ANC, 2017:1-2; Human, 2003:10). The Generic Scorecard makes provision for aspects of socio-economic development, among other compliance targets. However, Krüger (2011:232) suggests that government should rethink the oversight of the B-BBEE Amended Codes of Good Practice in light of little support and accountability from some businesses. Kloppers (2013a:122) concurs that despite the socio-economic development compliance target of B-BBEE, "a voluntary approach to CSR without any legislative intervention will not succeed". South Africa has since tightened the B-BBEE Generic Scorecard requirements with the establishment of the B-BBEE Commission. The Commission's mandate includes overseeing, supervising, and promoting adherence to the said Act, analysing prescribed reports, and promoting good governance and accountability. Businesses must now demonstrate to their stakeholders how and how much in monetary terms or how in non-monetary terms they have contributed to social transformation through their B-BBEE initiatives and whether such contributions facilitated income generations for the beneficiaries (Kloppers, 2018:62-63; RSA, 2017:195). As per the respective sector codes, the general problem is that transformation in the wider business environment primarily focuses on business transformation elements of the scorecard, such as ownership, management control, employee skills development and supplier development, and minimally on the socio-economic development element (B-BBEE Commission, n.d.). The B-BBEE Commission issued a Code 000-700 notice, which sets out the General Principles for Measuring Socio-economic Development, and the Benefit Factor Matrix discourages the perpetual dependence on alms. An additional difficulty is that there is no

retail sector charter to guide the South African retail sector to effect this aim (dtic, N.d-b). In the absence of a retail sector charter and sluggish business support, it is argued that unless the retail sector values and gives full effect to the socio-economic development compliance targets, its impact and social transformation efforts will not be effective.

Furthermore, the Companies Act 71 of 2008 (informed by the Constitution) compels the boards of directors of South African companies to pay attention to the reach and impact of businesses' social activities through social, ethics and transformation subcommittees (Kawadza, 2018:7; Kloppers, 2013b; RSA, 2011). This oversight should assist businesses to manage, oversee and ensure that the 1% NPAT is spent as obliged. The B-BBEE Commission further notes that there is a great need for verification agencies for the socio-economic development element of the B-BBEE compliance target (B-BBEE Commission, 2020:98). The qualitative measure and verification of aspects such as the material need analysis and monitoring of intervention implementation would enhance, according to the B-BBEE Commission (2020), the socio-economic development objective as envisioned by it.

Lastly, evidence suggests that many businesses listed on the Johannesburg Stock Exchange (JSE) in the South African setting have reduced their CSR efforts to tautology and inadequate reporting of their CSR practices (Clayton *et al.*, 2015; Mashile, 2015:54; Solomon & Maroun, 2012; Struwig & Janse van Rensburg, 2016). According to Solomon and Maroun (2012:51), the reason for the tautological phrasing is "that the companies were making the most of a relatively small amount of [CSR activity] information". Clayton *et al*. (2015:15) support this view that some businesses simply rephrase the traditional sustainability report requirements and "strategically placed this information within the integrated report to appear as if the company successfully integrated sustainability issues in the business".

It is evident that transformative CSR practices envision finding a practical stakeholder-centric management model approach to address the above challenges and expeditiously advance socio-economic development. The envisioned approach is set out in datasets in chapters 3 to 5.

Although the concept of management models has received attention over the last few decades (Essop, 2016; Jonker & Eikildsen, 2009; Van der Aalst & Van Hee, 2004), to

date, no known management model has been developed that specifically addresses the implementation and management of transformative CSR practices in the South African retail sector segments to advance socio-economic development expeditiously. The problem under investigation was the lack of a management model for transformative CSR practices to assist the South African retail sector in giving effect to the said practices. In relation to the above problem statement, the following research objectives were critical in the reliable execution of this research.

1.3 RESEARCH OBJECTIVE

The following research objectives were formulated:

1.3.1 General research objective

The general research objective of the study was as follows: To propose a management model that could inform the South African retail sector to realise transformative CSR practices.

1.3.2 Specific research objectives

The specific research objectives were as follows:

1. To contextualise CSR and explore specifically related terms and the different theories that exist in the scholarly domain of CSR, in general, and transformative CSR, specifically.
2. To analyse relevant theoretical and meta-theoretical perspectives and management models to organisational change and extract modalities to give effect to transformative CSR practices in the South African retail sector.
3. To analyse the statutory and regulatory frameworks of CSR in South Africa
4. To determine global trends and perspectives relating to transformative CSR practices, in general and in the retail sector, precisely.
5. (a) To investigate how transformative CSR is practised in the food, telecommunications and banking retail segments in South Africa and identify gaps and limitations to strengthen the development of a management model for transformative CSR practices in the South African retail sector; and

(b) to elicit inputs and comments from CSR experts within the retail segments to further improve the developed draft model

6. To construct and present a management model for transformative CSR practices in the retail sector in South Africa and provide recommendations as the final contribution to guide the transition to and encourage transformative CSR practices in the retail sector in South Africa.

1.4 RESEARCH QUESTIONS

The research questions were divided into general research questions and specific research questions.

1.4.1 General research questions

The general research question was: What constitutes a management model to inform transformative CSR practices in the South African retail sector?

1.4.2 Specific research questions

The specific research objectives of this research were as follows:

1. What is the context of CSR, and what related terms and theories exist in the scholarly domain of transformative CSR?
2. What are the relevant theoretical and meta-theoretical perspectives on organisational change and what modalities can be extracted from management models to give effect to transformative CSR practices in the South African retail sector?
3. What are the statutory and regulatory frameworks of CSR in South Africa?
4. What are the global trends and perspectives relating to transformative CSR in the retail sector?
5. (a) How is transformative CSR practised in the food, telecommunications and banking retail segments of South Africa, and which gaps and limitations can be identified to strengthen the development of a management model?

   (b) What inputs and comments can be made by CSR experts to improve the developed draft management model for transformative CSR practices in the retail sector in South Africa?

6. What would a management model for transformative CSR practices in the retail sector in South Africa entail, and what recommendations can be made as the final contribution of the study to guide the transition to and encourage transformative CSR practices in the retail sector in South Africa?

1.5 CENTRAL THEORETICAL STATEMENTS

Although the retail sector in different parts of the world has been involved in some form of social activity for centuries, its historical focus was mainly on acts of alm rather than on transformation. The historical focus started to gain momentum in the 1870s in the USA during the medieval guild era (May *et al.,* 2007). During this period, businesses began to have a remarkable influence on diverse facets of humanity and ecology, which led to more significant regulatory reforms by the US government (May *et al.*, 2007). Since World War II, several scholars continued searching for greater genuineness and responsibility for business (Bowen, 2013; Visser, 2012b). This is due primarily to the action of business 'then' (Louw & Venter, 2010) and 'now' (Erasmus *et al.,* 2016), comprising primarily of generous donations to stakeholders.

Since 1994, the South African government supported, adopted and introduced several strategies to accelerate transformation in general and social transformation in particular. In addition, several South African statutes, such as the Constitution, the amended B-BBEE scorecard and the Companies Act, obligate businesses to address social transformation issues (RSA, 1996; RSA, 2008). Theoretically, some businesses in the retail sector are not designed to enact the move to a transformative CSR practice. This is mainly due to CSR activities in some South African retail sector segments being executed by store managers instead of qualified CSR practitioners (Brown & Nicolaides, 2015:15).

Firstly, the amended B-BBEE scorecard and Companies Act require the board of directors to spend 1% NPAT on socio-economic development. The requirement is that the board of directors assure that socio-economic development is more than a benevolent act. The socio-economic compliance target is primarily intended to generate socio-economic interventions that should assist the previously disadvantaged black people expeditiously to advance their social well-being and access to economic means (dtic 2007b:73). In addition, the B-BBEE Commission states categorically that socio-economic development is not a fringe benefit from employers to employees (B-BBEE Commission, N.d.).

According to the dtic (2007a:73-74), socio-economic developmental contributions should endeavour to promote economic access for the beneficiaries through the qualifying contribution criteria, which include, among others:

- developmental programmes;
- healthcare;
- support to schools;
- provision of bursaries to and skills development for the unemployed;
- support to arts and culture;
- development capital for community beneficiaries;
- training and mentoring of communities to assist them to increase their financial capacity;
- payments made to third parties to perform socio-economic development interventions on behalf of the business; and
- maintaining a socio-economic development unit that focuses only on the support of beneficiaries.

Secondly, boards should have greater oversight over CSR activities through their social and ethics board subcommittees (Ellen *et al.*, 2006:155; Rongan *et al.*, 2012).

The presence and advocacy by several organisational bodies (ISO, GRI, IIR and the King Codes) and CSOs for greater involvement and acknowledgement of society as stakeholders in strategic decision making are evident in the ongoing challenges in various business sectors with reference to the retail sector.

The focus since the medieval guild era and the articulation of the CSR concept in 1953 has grown and contains an abundance of theories. Garriga and Melé (2004:51) identified several CSR philosophies and grouped them into four theories within the CSR sphere: instrumental, political, integrative and ethical theories. This study excluded the instrumental theory, as it would not have contributed to the objectives of the study. The instrumental theory mainly focuses on the economic and financial aspects of wealth creation between business and society (Garriga & Melé, 2004:52; Türker, 2015:568-569). The study only explored the political, integrative and ethical theories as a theoretical framework (henceforth, the combination will be referred to as the PIE theories). A brief

explanation of the PIE theories is given below, followed by an exploration and contextualisation of the said theories in Chapter 2.

According to Garriga and Melé (2004:52), the clustered political theories refer to the social power relations of businesses with society and their responsibility in the political space in relation to this power. This implies that businesses accept their social duty and responsibility to partake in certain social collaborations. The authors then address the integrative theory, which they consider a philosophy that encourages businesses to integrate societal demands into their business decisions. The integrative theory argues that businesses and society are interdependent and that businesses are dependent on society for their advancement, continuity and status of going concern. Lastly, Garriga and Melé (2004:53) put forward ethical theories, which underpin the considerate view that the relations between society and businesses are rooted in ethical values.

It can justifiably be argued that philosophies such as the social contract theory, transformative theory and stakeholder theory have emerged as strong contributors to the PIE theories. To provide context, a synopsis of these theories is given below, followed by a detailed discussion under the PIE headings in Chapter 2.

Social contract theory holds that individuals within a community or society forego their 'natural state' to be part of a communal collective. They must reach a consensus on common relations, responsibilities and rights (Byerly, 2013:5-6; Van der Walt & Oosthuizen, 2014:2). As part of the social contract, consensus must be reached on how society should transform to the betterment and well-being of all who live within it. The transformative theory is generally used to encompass different conceptual perspectives, such as social transformation (Mertens, 1999; Visser, 2014). According to Mertens (1999:4), the transformative theory accepts that its epistemology is not sharply defined or indistinctive, but is swayed by the social environment, interests and needs. Transformative scholars are of the view that knowledge must reflect the needs, influence and social relations within society and that such transformative knowledge construction contributes to the overall betterment of society (Banks, 1993; Mertens, 1999:3-4). Visser (2014) extended the transformative theoretical argument by the former authors and encourages businesses to act through actioning the Five R Strategy.[9] In applying the Five

[9] A term given by the researcher of this study to distinct and abbreviate the strategy put forward by Visser (2014).

R Strategy, Visser (2014:85) proposes that businesses reassess, realign, redefine, redesign and restructure their operations to legitimise their transformative actions (see Chapter 2, section 2.7.2 for discussion).

Legitimacy theory sprouted from social contract roots and suggests that in order for a business to operate efficaciously within society, it must be managed and act within the confines of what that society identifies as socially responsible behaviour and communally agreed relations and norms (Deegan & Unerman, 2011:8-10; O'Donovan, 2002:348-350). Management achieves this through sound social relations with society as a stakeholder of the business.

The stakeholder theory holds that businesses must play an active social role in society through their commercial activities or operations within a society (Harrison *et al.*, 2015:859). According to Harrison *et al.* (2010:58), businesses that are taking society as a stakeholder seriously would make available “more resources to satisfy the needs and demands of its legitimate stakeholders than what is necessary” other than those partaking in the production activities of the business. The management team is responsible for balancing the interaction between the business and society as a stakeholder.

Transformative CSR practices in the retail sector were investigated from CSR philosophies or the PIE theories. The philosophical pillars of transformative thinking, namely social contract theory, transformative theory and stakeholder theory, were scrutinised to strengthen the overall theoretical regime. In addition to these theories, the relevant literature on organisational change and the management continuum was scrutinised, partly forming the management model's framework for the study's empirical investigation, especially in the deductive approach.

The fundamental central theoretical argument premised that the conventional CSR practice is insufficient to tangibly mitigate the socio-economic decline, effectively considering statutes and legislation and sufficiently involving stakeholders in material issues. This situation demands a more integrated and comprehensive management model that gives rapid traction and brings about transformative CSR practices in the South African retail sector sampled segments. Such a model could facilitate a more significant social impact of CSR practices in the country. Social impact, to a large extent, is a buzzword in many annual integrated reports and sustainability reports and can be

described as the overall effect of a business's activities on a community in which it operates and ultimately the well-being of individuals (Forester, 2009:49-50; IAIA 2008; Rawhouser *et al.*, 2019:82-84). According to the latter authors, a social impact could be an intervention, an activity or a progressive policy. It can result in intentional or unintentional or positive or negative outcomes. Most significantly, the social impact a business seeks to create or sustain should be for the betterment of society and not for the publicity yield. According to (Stephan *et al.*, 2016:1252), the interventions should be meaningful and result in a positive, tangible long-term social change and should not merely be structured in such a way for the business to reap financial rewards. In short, the impact outcome must be (self)sustainable well into the future. Transformative CSR practices as absorbed in a management model might further lead to greater inclusivity of stakeholders and their needs into the strategic objectives of the sector; maximisation and exceeding of the socio-economic development B-BBEE compliance target (as CSR funding) and improved oversight and stakeholder reporting of transformative CSR practice by the board of directors and management.

1.6 RESEARCH METHODOLOGY

The methodology of a research project implies the general strategy and conduct of the social researcher (Bryman, 2012:4). There are generally three recognised approaches to research the researcher may consider: a qualitative research approach, a quantitative research approach or a mixed-methods research approach to best answer the research questions (Du Preez, 2017:4).

The qualitative approach does not overly emphasise specific questions but considers the theoretical and philosophical paradigm from an enquiring and open-ended perspective (Neuman, 2006:15). The approach primarily relies on general observation, interview schedules and document analysis to gather data from the sampled respondents (Nieuwenhuis & Smit, 2012:132).

In contrast to the qualitative research approach, the quantitative research approach focuses on specific research questions that are numerically quantifiable (Neuman, 2006:14). This approach typically requires questionnaires, structured observation or experiments and statistical and content analysis (Bryman, 2012:165).

The mixed-methods research approach is a combination of qualitative and quantitative approaches. Combining the two approaches allows the researcher to balance out the weaknesses of one approach with the strengths of the other (Wagner *et al.*, 2012:162).

The qualitative research approach was used as it allowed the researcher to use the most appropriate data collection techniques, such as scrutinising official documents and eliciting inputs and comments from industry experts to answer the research questions. The qualitative research methodology also allowed the researcher to gather rich data for the phenomenon under investigation. The design further allowed the data to be thematically analysed and give thick descriptions of the findings (Geertz, 1973). Therefore, the research design identified more as a case study (Yin, 1984:15-21; 2009:59).

Various writers on methodological subject matter find it advantageous when describing the type of methodology and propose that the research approach needs to be independently justified about the literature review, research approach, research design, sampling, data collection techniques, data analysis and ethical considerations (Bryman, 2012:715; Du Plooy, 2009:21; Mouton, 2015:173). According to Creswell (2014:20), the research methodology is embedded in theories and philosophical assumptions. In addition, according to Dash (2005), as cited in Wagner *et al.* (2012:58), several 'lenses' should be considered when deliberating the different philosophical underpinnings.

As part of this study, the social constructionist and interpretive lenses were used to explore the social reality (ontology) and its epistemological underpinnings. According to Chowdhury (2014:433), constructionism and interpretivism aim to understand the populace with the motivation to explore the intricacy of a social phenomenon with a view to gain a conception. Wagner *et al.* (2012:54-56) state that the truth depends on the constructionist and interpretive paradigm context. The nature of knowledge is related to the discovery of specific scientific facts. The study may not necessarily be value-free, but rather is informed by an intersubjective approach to studying the social world (Schultz, 1962:2-4). Therefore, the views above denote that the social sciences should not be limited to one perspective, but should acknowledge and adapt to other milieus. According to Denzin and Lincoln (2005:7), the constructionist and interpretivist approaches are frequently presented as a collective to study the meanings individuals actively create of their perceived reality.

The study followed an inductive and deductive rationale (see Bryman, 2012:20-21). To give effect to inductive reasoning, the researcher allowed the data to reveal specific codes and themes to arrive at a conjecture during the document analysis. Deductive reasoning refers to the rationale that "moves from a pattern that might be logically or theoretically expected to observations that test whether the expected pattern actually occurs" (Babbie, 2007:22), which means that the researcher approached the data with some predetermined themes that were assumed to be present in the datasets and were based on theory and/or existing literature knowledge. The researcher scrutinised the official organisational documents of the selected samples that were available in the public domain. The empirical data were then reviewed against the literature and relevant theories. Table 1. offers a tabular expression of the complete research methodology.

Table 1.1: Research methodology

RESEARCH PARADIGM	RESEARCH APPROACH	RESEARCH DESIGN	DATA COLLECTION INSTRUMENTS	DATA ANALYSIS
Constructivist Interpretivist	Qualitative	Case study	Literature review (datasets) Official document review Qualitative questionnaire	Document analysis Thematic analysis

Source: Created by the researcher (2018)

The research paradigm and aspects of the research approach were discussed above. The following empirical investigation section elaborates on the research approach as part of the research design, followed by sections that set out the data collection instruments and data analysis.

1.6.1 Empirical investigation

The details of the empirical investigation are discussed below.

1.6.1.1 Research design

A research design allows researchers to position themselves in their investigation by linking research questions with the data (Du Preez, 2017). According to Bryman (2012:715), the research design also articulates the research approach employed to answer the research questions. Below is a discussion of the research design and how the researcher positioned himself in the PhD study.

1.6.1.1.1 Research approach

The study utilised a qualitative research approach to answer the research questions. Qualitative research gives a holistic account of the study by focusing on the relationship between the elements under investigation and mainly aims to understand the real-life experiences as described by participants (Yin, 1984). The qualitative research method is holistic in nature, which stems from a constructionist and interpretive approach and aspires to comprehend social life and the meaning people attached to everyday life (Wagner *et al.*, 2012). The qualitative research approach allowed the researcher to include the 'voices' of the respondents in the final report as part of the expert inputs and comments.

1.6.1.1.2 Case study

The selection of multi-organisational segments within the South African retail sector advances the case study to a multiple case study design (Yin, 2009:59). The multiple case study design allowed for a view of multiple retail sectors and extensive and detailed data collection through multiple information sources (Bryman, 2012:66-72; Yin, 1984:23). Three segments were investigated in the South African retail sector: at least one organisation in each of the food, telecommunications and banking segments.

1.6.1.2 Unit of analysis

The unit of analysis was made up of three segments selected using simple random sampling (see table 1.2) from the retail sector components, namely the food, telecommunications and retail banking segments. According to Laher and Botha (2012:90), using the simple random sampling technique is ideal when the researcher is dealing with a reasonably small unit of analysis. The companies were selected from the Forbes 2017 Global 2000 ratings and the 2017 JSE listings. The businesses in these segments were chosen due to their international exposure and the expectation that their CSR practices are on par with international (Forbes) and South African JSE CSR requirements. The simple random sampling method was chosen as a sampling tool due to communities' relatively small homogeneous population footprint, and each segment has an equal opportunity to be selected. However, the drawback of the sampling technique is that it does not consider the researcher's knowledge of the population.

In the next step, three businesses were selected in each segment, totalling a sum of nine. All nine businesses from the three segments were then collated. Six numbers were then randomly drawn from the nine numbers to select the sample and were given the new Retail Segment code (RS?1 to RS?6). The question mark represents the specific segment. For the retail food segment, the code RSF was assigned, for the telecommunications segment RST and for the banking segment RSB. The six retail segments equated to three in the food segment, one in the telecommunications segment and two in the banking segment.

When eliciting expert inputs and comments, demographical information such as the gender, age, race and nationality of respondents were not considered. What was significant were that the respondents had to be working within the retail sector environment and participate in CSR/I[10] interventions. Purposive sampling was used to select the respondents. Purposive sampling relies on the researcher's judgment and refers to selecting individuals based on the belief that they hold information that could inform the research problem and the phenomenon under investigation (Creswell, 2007:125; Laher & Botha, 2012:93; Yin, 2011:88). Table 1.2 provides the interview sampling for the research.

Table 1.2: Retail sector questionnaire sampling

Retail segment	Retail sector expert	Total
RSF	10	**10**
RST	10	**10**
RSB	10	**10**
Total	**30**	**30**

Source: Created by the researcher (2021)

1.6.1.3 Gaining entry

To gain entry, a letter was written to the retail segment samples to formally request permission for participation in the proposed research (see Annexure A). The letters were emailed and hand-delivered[11] attached with the abridged management model for

[10] CSR/I refer to corporate social responsibility and corporate social investment components where it refers to both concepts

[11] Hand-delivered to receptionist or secretary.

transformative CSR practices. The letter clearly stated the aim and purpose of the study and that the respondents would remain anonymous through the allocation of codes. As a parallel process, the researcher ensured that all the North-West University (NWU) minimum standards for conducting social research were met, including the Covid-19 regulations.

1.6.2 Data collection instruments

Bryman (2012:14) describes data collection as the stage in which researchers pose questions to the identified sample to gain answers to the research questions. In line with this description and the study's rationale, scientific datasets consisted of a review of the literature, official documents and a qualitative questionnaire (as discussed below) to give effect to the constructionist and interpretivist systemology of the study.

1.6.2.1 Scientific datasets

Scientific data can be defined as units of literature information that is methodology collected for a set purpose. According to Mouton (2015:86-97), a scientific literature review can establish the latest work/research done in the field under investigation and how literary writings support the argument. The literature review provides credible and relevant scientific data and information and insight into how scholars investigated aspects of the problem(s) under investigation. The literature studied included the following:

- Transformative CSR conceptual perspectives and theories
- Organisational change concepts, principles and approaches
- Management models and key modalities
- Macro and micro political, integrative and ethical theories
- Statutory and regulatory frameworks for transformative CSR practices
- Best practices and trends of transformative CSR practices.

To explain the key features of the research topics, the researcher drew from an array of existing literature. The literature review highlighted new areas of debate and gaps in knowledge in the research setting. To ensure access to recent, relevant and credible information, the researcher also consulted the following:

- Different internet search engines, such as Google Scholar, EBSCOhost and SAePublications
- Related scientific reports and research studies (conducted by government, universities and international organisations)
- Statutory documents relevant to the retail sector in South Africa
- Official documents in the public domain
- Relevant journal articles
- Conference papers and books.

1.6.2.2 Official documents

Although the data in most qualitative studies generally come from interviews and/or observations (Glaser *et al.*, 1968), there is scientific evidence that official documents have been used as stand-alone data instruments. One such study was conducted by Turner (1983). He used reports in newspapers, trade and business journals, government publications and annual company documents in a qualitative study of organisational behaviour, with the different documentary data being treated like sets of field notes.

In another study, Pandit (1996) used literature and documents available at the time to construct two case study databases from which a grounded theory of business turnaround spawned. Pandit (1996) used similar documents as Turner (1983) as data sources.

More recently, Linton *et al.* (2019) and Dalglish *et al.* (2020) also used documents as sole data sources. Linton *et al.* (2019) used documents in conjunction with consolidated insights from expert guidance and current practices to develop a framework of quality indicators for healthcare business cases, whereas Dalglish *et al.* (2020) used only documents to conduct a research study into health policies in Pakistan and Niger.

Official documents in this study comprised those documents that may produce rich qualitative foundational information through “a very heterogeneous group of sources” (Bryman, 2012:550). The documents in the public domain that were qualitatively analysed derived from the specific organisations’ official website (Wagner *et al.*, 2012:141). To set the inclusion criteria for documents, the researcher narrowed the organisational documental data to company-produced sustainability reports or any annexed or related source documents. The qualitative data collected from the six South African retail segments were narrowed and aligned with the research objectives. The aim, therefore,

was to ascertain through precise phraseology, if applicable, the process(es) of the transformative CSR activities and how these activities were conceived and funded. In addition, through the document review, the researcher aimed to establish any phrasing or reference to international standards, stakeholder relations mechanisms, legislative alignment, the oversight role of the board of directors and the interlinkage of managing the continuum aspects. More detailed methodological data collection processes are discussed in Chapter 6, section 6.2.1.

1.6.2.3 Questionnaire

Questionnaires are one of the most widely used data collection techniques made up of questions administered to respondents based on a specific topic (Bryman, 2012:715; Rowley, 2014:2). The study made use of a self-administered questionnaire. The questionnaire was accompanied by an abridged version of the key elements of the management model (see annexures B and C). The aim of the abridged elements of the management model was primarily to protect the integratory of the study and mitigate the potential risk of parts of the model being used before it went through academic scrutiny. In the questionnaire, the researcher asked a mixture of open- and closed-ended questions to allow respondents to give a specific response and give explanatory and elaborative inputs and comments with no scale structure imposed (Boulton *et al.*, 1996:172-173; Rowley, 2014:2-5; Steckler *et al.*, 1992:1-3). This approach to the questionnaire allowed the data output to be textual rather than merely ticks. The approach also allowed the researcher to use qualitative analytical techniques to analyse the data output.

1.6.3 Data analysis

Data analysis is applied to bring direction, arrangement and sense to the volume of data collected. Mouton (2015:108) describes data analysis as the comprehension of “the various constitutive elements of one’s data through an inspection of the relationship between concepts, constructs or variables” to determine “whether there are any patterns or trends that can be identified or isolated, or to establish themes in the data”. To avoid tautology, a large part of the application of the theory in the below section is discussed in more detail in Chapter 6. This section, therefore, primarily only sets out the theoretical aspects and some application text to provide context.

The data analysis of the study was twofold. First, the researcher conducted a qualitative document analysis of sustainability reports and interpreted expert inputs and comments based on the questionnaires. According to Bowen (2009:127-129), qualitative document analysis consists of systematic actions for evaluating and appraising documents. Qualitative document analysis aims to be methodical and analytic without being rigid (Altheide *et al.*, 2008:128; Linton *et al.*, 2019:3-4). As with thematic analysis, qualitative document analysis is more engrossed in thematic trends and emphasises communication, text patterns, and discourse than the frequencies and statistically inferred relationships (Altheide *et al.*, 2008). Bowen (2009) advocates three critical steps as part of the preparation for qualitative document analysis; he recommends that the researcher must:

- skim the documents to get a general overview;
- read and reread the data to identify relevant categories; and
- interpret the body of the documents.

Qualitative document analysis provided a rich source of background information, strategic direction, and application. Although beneficial to the study, the drawback was that the information lacked detail and clarity as articulated in the findings.

To make or compare findings and interpret the data, the researcher used manual and computerised data coding. The ATLAS.ti computer software program was utilised as the computerised co-coder. The ATLAS.ti tool is commonly used in qualitative data analysis and is available at NWU (Potchefstroom). The research objectives guided the researcher throughout the data coding to enhance the trustworthiness of the research.

A comprehensive analytical framework is given in Chapter 6, section 6.2, on how the sustainability reports were analysed. To further analyse and comprehend the various elements of the data, the researcher also used thematic analysis (see Bryman, 2012:13; Wagner *et al.*, 2012:233-234). Thematic analysis is a procedure used to perform coding, construct categories and extract key themes from collected qualitative data (Bowen, 2009:32; Du Plooy, 2009:220). Although the thematic analytical approach does not have distinct steps, the researcher must provide a clear, descriptive image of how the analysis will be conducted or what strategy will be used to conduct the analysis (Bryman, 2012:578-579) reliably. To provide a clearer picture of how the inputs and comments were

analysed, the researcher utilised the following six steps of qualitative data analysis described by Creswell (2009:185-190):

- Organise and prepare the collected data for analysis:
    - During this initial step, the researcher scanned through the answers and sorted the data into the question groups in each segment.
- Read through the data:
    - The researcher briefly estimated the depth, credibility and use of the information while reading through the data.
- Commence the comprehensive analysis. This entails the following:
    - The researcher obtained an overall sense of the data.
    - The researcher selected one question response, worked through it and pondered the underlying meaning of the information.
- Gather the data belonging to each question category.
- Represent the descriptions and themes:
    - The researcher gave an all-embracing chronological overview of the responses.
    - Once the researcher understood the inputs and comments, conclusions could then be drawn from the data.
- Interpret the data:
    - The ATLAS.ti computer software was not utilised to analyse the inputs and comments by industry experts due to the reduced volume of data. The data obtained from the self-administered qualitative questionnaires allowed the researcher to transform the input and comments into contributory information for the management model.

1.7 TRUSTWORTHINESS

The study's trustworthiness was ensured using triangulation (Carter *et al.*, 2014; Yin, 2011) and applying Guba's elements as described by Krefting (1991:214-222). Trustworthiness through triangulation aids the researcher in decreasing bias, permits verification of the truthfulness of respondents' responses, and seeks to validate, support or reject an event, fact or description (Yin, 2011). Carter *et al.* (2014:545) expanded on Yin's articulation by stating that "triangulation also has been viewed as a qualitative

research strategy to test validity through the convergence of information from different sources".

According to Guba's model for trustworthiness, the following four elements are critical for assessing trustworthiness in qualitative research.

- *Truth value (credibility):* This refers to the credibility of the truth of the findings and the context in which the study was undertaken. The truth value in this PhD study was obtained from the textual contribution of an organisation's public records and the respondents. Similarly, the focus on credibility in this study was on assuring consistency through triangulation. Triangulation served to strengthen the reliability and credibility of the data between the theory, document analysis and questionnaire.
- *Applicability (transferability):* Refers to how the findings can be applied to other contexts and settings. The researcher described the data obtained from the official documents and respondents and did not generalise the findings to others.
- *Consistency (dependability):* This refers to the dependability of the findings when an enquiry has to be reproduced with the same respondent or in a similar context. Consistency in qualitative research is seen mainly as a subjective element, as it depends largely on the researcher and the respondent as instruments. Therefore, as Krefting (1991:216) described, variability factors such as increased insight into the topic or changes in the respondents' well-being are realities when testing consistency in qualitative research.
- *Neutrality (confirmability):* Confirmability implies that the findings are not based on biases, but only on the conclusions grounded on data from the datasets, official documents and respondents. The interaction between the researcher and the respondents was minimal. In addition, the researcher-maintained neutrality through the rigour set out in the research methodology above.

According to Babbie and Mouton (2011:275), triangulation can take the typology as applied by the researcher, the paradigms utilised, the methodologies applied and the research method followed. This research was triangulated as follow:

- A literature review and an empirical study were conducted.
- Three cases of one each was investigated in the respective food, telecommunications and banking retail segments.
- Thirty industry experts were approached to give input and comments using a draft management model for transformative CSR practices questionnaire.

Different qualitative data collection instruments were used, namely official document analysis and a questionnaire.

1.8 ETHICAL CONSIDERATIONS

The Research Ethics Committee of NWU considers research ethics as of critical importance. Similarly, the social sciences research community regards the ethical conduct of researchers as highly significant (Yin, 2011:38-47). The researcher has an ethical and moral responsibility to do research with integrity, to strive to protect the human subjects, to disclose his/her identity to the respondents and to examine the data impartially. Throughout this proposed study, the researcher considered the ethical sensitivities emphasised by Tracy (2013:342-243), namely maintaining procedural ethics, not doing harm, avoiding dishonesty, obtaining consent, and ensuring the privacy and confidentiality of the respondents.

At no point was any respondent forced to participate in the research; asked to disclose information that could cause harm to the respondent, researcher or any third party; or reveal sensitive information or information he/she was not comfortable revealing. The information volunteered by the respondents was regarded as confidential. The respondent was made aware that they were entitled to withdraw from the study at any time during the process, should they wished to do so.

Before commencing with the research project, a Research Ethics Application Form was completed and submitted to the Faculty of Humanities Ethics Committee of NWU. The form communicated the scope and the extent to which the ethical considerations had to be considered through the research. Only after the research proposal was approved, ethics number: NWU-00249-17-A7, in writing by this committee, did the research commence. This process ensured that the research was conducted ethically.

The obtained data were kept secured and will be stored for five years in the office of the researcher and will not be released to anyone. Notwithstanding the limitations of any research project, the qualitative data were presented fairly and truthfully.

1.9 OBSTACLES AND LIMITATIONS OF THE RESEARCH

As alluded to in the study's introduction, one of the initial limitations was the limited available data on CSR-driven socio-economic transformation and development in the South African retail sector. The area is under researched and there is limited availability of primary resources in the African context.

Another limitation was the general accessibility of experts in the CSR field, although this is confirmed by the widespread literature evidence of the increasing decline of people willing to participate in qualitative research studies, the non-responsiveness to participation requests, the low return rate of questionnaires, and cancellation or successive postponements of consultations. The advent of Covid-19 as an ever-changing target added additional complexity. After the initial lockdown in March 2020, the ever-changing risk levels and accompanied disaster regulations exacerbated an already volatile situation. This volatility was especially severe during the adjusted risk levels 5 to 3. The data collection tools included focus groups, virtual and face to face interviews. However, several fluctuating adjustments needed to be made to the data collection techniques to adhere to the NWU guidelines for the respective risk levels and the adjusted Covid-19 regulations within which the data collection took place. An invite would be sent to a participant/s for a particular data collection activity just to be cancelled due to the adjustment to a risk level that does not allow for that data collection tool. As a result, several requests for participation were sent to the respondents adjusted to the current risk level that might have coursed confusion or contributed to the low respond rate to the final data collection tool. The researcher cannot thank the study promotors enough for their skill set and knowledge, as it was a learning curve for all involved to overcome the complex challenges.

1.10 THE SIGNIFICANCE OF THE STUDY

The significance of the study is threefold. Firstly, the greatest significance is the generation of knowledge on the management of transformative CSR practices. Secondly, the research provided empirical evidence of how transformative activities are conceived and funded in the South African retail sector. Furthermore, by identifying gaps and limitations, the research identified further research avenues, barriers and means to overcome them for stakeholders and businesses alike.

Lastly, the proposed management model for transformative CSR practices provides practical and theoretical measurable elements that may be used as a blueprint in the retail sector and other sectors to close similar gaps and limitations and enhance their transformative CSR practices.

1.11 CHAPTER LAYOUT

The chapters in this thesis are presented as follows:

Chapter 1: Introduction and theoretical orientation

Chapter 1 presented an introductory overview of the study and discussed the problem statement, research objectives, central theoretical statements, research methodology, limitations and contribution.

Chapter 2: Transformative corporate social responsibility: a theoretical framework

This chapter draws from previous and contemporary research theories to contextualise CSR and explore specifically related terms and the different theories in the scholarly domain of transformative CSR. The chapter also provides an outline for the transition from conventional CSR practices to transformative CSR practices.

Chapter 3: Transformative corporate social responsibility and organisational change: a theoretical review

This chapter gives a theoretical analytical overview of transformative CSR and organisational change by focusing on the theory of change elements, Kotter's eight-step change management model and the McKinsey 7-S model. The analysis of the

management models allowed for the extraction of modalities to give effect to transformative CSR practices in the South African retail sector.

Chapter 4: Statutory and regulatory framework governing corporate social responsibility in South Africa

This chapter gives a contextual statutory synopsis of the South African legal environment from the 20th century. The chapter also sets out the regulatory and policy framework contributory to CSR.

Chapter 5: Transformative corporate social responsibility trends and perspectives

Chapter 5 broadly explores the global transformative CSR trends and perspectives, including those on the African continent.

Chapter 6: Transformative corporate social responsibility practices in the South African retail sector: empirical findings and analysis

This chapter presents the empirical, analytical results of publicly available company sustainability reports of South African retailers. The aim was to establish how CSR is practised in the retail sector in South Africa and consequently identify gaps and limitations. This was followed by the development of a draft management model for transformative CSR practices. The draft was then circulated as a pre-test to CSR experts for input and comments to refine the model further.

Chapter 7: Transformative corporate social responsibility practices for the South African retail sector: summary, conclusions and recommendations

Chapter 7 concludes the study by outlining the findings based on the study's general and specific research objectives. The chapter also presents the final management model for transformative CSR practices and recommendations towards improving the model and further and future research, before concluding the study.

1.12 CONCLUSION

Chapter 1 provided the introductory overview of the research. It delineated the problem statement and stated the research objectives and questions. Furthermore, the researcher

reflected on and reviewed the research methodology extensively and discussed the ethical considerations, obstacles, limitations and significance of the research. In the following chapter (Chapter 2), the researcher contextualises and explores specific related terms and the different theories that exist in the scholarly domain of CSR, in general, and in transformative CSR, specifically.

CHAPTER 2

TRANSFORMATIVE CORPORATE SOCIAL RESPONSIBILITY: A THEORETICAL FRAMEWORK

2.1 INTRODUCTION

Chapter 1 focused on an introductory overview of the study. The chapter set out the problem and research questions and framed the methodological roadmap to achieve the set research objectives. Notwithstanding the literary writings in the previous chapter regarding the divergence on a definition for CSR, the concept has been with humanity for decades (cf. Votaw, 1972:25; Westcott, 2006:86-87). When considering the array of philosophical approaches in pursuing a CSR definition, it is imperative in Chapter 2 to frame and place the study in context to clarify and set the boundary for the research. The theoretical framework drew from previous and contemporary CSR literature to contextualise related theories associated with conventional CSR and, by extension, transformative CSR.

Chapter 2 is divided into seven theoretical sections. The second section expands on the introductory overview by articulating the specific terms used in the realm of CSR and this study. The third section provides a brief chronological overview of the emergence of CSR. The fourth section focuses on the global evolution of CSR, followed by the operational failures and limitations of CSR in the fifth section. In the sixth section, the researcher provides a basis for social transformation or the lack thereof. Lastly, the chapter concludes by highlighting the transition from conventional CSR practices to transformative CSR practices. To articulate aspects of the CSR theoretical framework, it is imperative to have a common understanding of key terms discussed in the following section.

2.2 CONCEPTUALISING CSR AND RELATED CSR TERMS

As this study has established through the literature review, it is common course that there is no agreed definition for CSR (see Chapter 1, section 1.1). The dissimilarities in CSR practices based on the different definitions make the streamlining of operations and the methodical measuring of operative CSR activities challenging (Clarkson, 1995:92).

According to Isa and Reast (2014:170), there is an urgent need for improved operationalisation and measurement of CSR "as the current measures appear to be inadequate". It is generally accepted that the operationalisation of CSR and its practice is a universal one. However, the operationalisation of CSR in the African context is made more challenging due to the lack of research in the African milieu (Visser, 2006:31-40). Matten and Moon (2008:406) believe that some CSR models are developed in a Western context, consequently excluding African dynamics and challenges to an extent. According to Pederson (2010:156), for a business to effectively institutionalise and operationalise CSR, management and practitioners must relate to and grasp the context of the adopted CSR model to establish and understand how a business should respond to its stakeholder environment. Isa and Reast (2014:171) scaffold on the aforementioned by saying it has become imperative for implementers of CSR to adopt, adapt and scientifically align CSR practices to the business environment in which they operate. Isa and Reast (2014:180) identified the following eight dimensions that provide a basis for the contemporary CSR operationalisation process:

- *Process:* the protracted activities and interactions between a business and its stakeholders and amid stakeholders
- *Policy:* compliance with statutes that extend beyond the required legal and ethical obligations
- *Value:* the prevailing belief that aid businesses to separate their status and character and steer their communication exertions
- *Environment:* businesses' responsibility towards ecology through effective management and fortification of natural resources
- *Personal:* the individual characteristics of stakeholders as represented through individual perceptions and expectations from the business
- *Profit:* a business's financial advantage derived from its commercial activities and returned on its CSR investment
- *People:* the shareholders and stakeholders responsible for business and towards whom a business commits
- *Politics:* manipulation of an agenda or process by individuals or third parties for their own gain or interest.

Considering the proliferation of the CSR concept (see Chapter 1) and its terms, it is essential to clarify the application and interpretation of terms. Therefore, the sections

below give a conceptual synopsis of specific and related CSR terms used in this study. The researcher has added clarifications where the application of particular terms requires further detail. The terms were theoretically analysed and embedded within particular practical application settings in the absence of such clarification.

2.2.1 Accountability

Ebrahim (2003:194) defines accountability "as the means through which individuals and organisations are held to account for their actions". The accountability concept in the CSR context has its foothold in the 1990s, when international CSOs and corporations started to accept CSR as a concept. What is generally accepted, as part of accountability, is that businesses must give an account of their past, present and future actions not only to the shareholders but also to a diverse range of individuals and groupings in society (Benston, 1982:88; Blowfield & Murray, 2014:327; Eccles & Cohen, 2016:5-6; Gray *et al.*, 1996:38; Landrum & Daily, 2012:50). CSR interventions require businesses to account for activities and maintain effective oversight and control of such activities throughout the organisational hierarchy.

2.2.2 Impact

Establishing impact in the CSR context is a multi-layered process. Blowfield and Murray (2014:282) define impact as the "outcomes associated with particular actions". They further state that attention is drawn to the term 'outcomes' in the definition and caution that outcomes must not be confused with 'outputs'. Although the two terms are interdependent, outputs have a narrower meaning and refer to explicit actions needed to accomplish a larger effect/result, whereas an outcome is the larger effect/result itself (Blowfield & Murray, 2014; Newcomer, 2015:126). Furthermore, in CSR, outcomes are assessed to establish social impact (Weiss, 2007:207).

Social impact affects people or a community that happens because of inaction or action by a person/people or an organisation(s). The Stanford Centre for Social Innovation (Stanford Business School, N.d.) considers the following when gauging social impact:

- What is the value to society – implying how important/significant is the problem you intend to address?

- What is the efficacy – will the intervention contribute to solving the problem or alleviating the symptoms?
- What would the impact magnitude be – how much of the problem will the intervention solve in the short or long term?
- Is the intervention scalable – is the reach stagnant or how many people or communities can benefit from the activity or intervention?

Considering the above, a social impact assessment should incorporate the processes of analysing, measuring, monitoring and managing, with the involvement of communities, the planned and unplanned social effects of both desirable and undesirable social change invoked by those interventions (Bice, 2015:161-165; Manohar, 2019:188). By assessing the outcomes and measuring the effectiveness, a business could get a more precise and more meaningful picture of the intervention and its sustainability, and issue an appropriate impact statement in its sustainability report (Newcomer, 2015:129-130; Weiss, 2007:207-208). An impact statement sets out the problem, the response, the results/progress, and how the results will be sustained into the future (Donaldson, 2012:5-6). Thus, a social impact statement focuses mainly on the social outcomes or impacts of the CSR intervention, rather than a report back on the business's CSR activities.

2.2.3 Business ethics

Ethics are receiving increased attention and holds that businesses are regarded as members of society and, therefore, are inconceivable without it (Epstein, 1987:104; Herold & Stehr, 2010:100). Businesses, like people, are part of the broader community, and "the responsibilities they bear are not the products of argument or implicit contracts, but intrinsic to their very existence as social entities" (Solomon, 1992:184). Business ethics are generally more effectively managed through formal and informal policies, practices, programmes and sound personal conduct. Formal ethics require that businesses have a code of ethics understood and signed by all staff as well as internal policies relating to acceptable ethical conduct, and that they follow professional and industry codes of ethics. Informal ethics relate to issues of unwritten responsible conduct and an organisation's ethical culture (Van Wyk, 2016:231-233).

2.2.4 Corporate

Although the term ‘corporate’ is commonly used in the CSR fraternity, it is often aligned to multinational or large organisations (Eccles & Cohen, 2016:8). However, this study did not consider the concept to be limited to multinational or large organisations only. The researcher viewed a business; a municipal or state-owned entity; a company; a corporation; and a small, medium or large enterprise synonymously and described them in the broad capitalist sense – as operations in the pursuit of profit for its owners and/or shareholders (Eccles & Cohen, 2016:8; Millon, 1990:201). In general, in variants, all types of legal businesses, could have a significant positive and/or negative impact on society, the economy and the ecosystem (Freeman, 2001:39-41; Millon, 1990:258-260). The researcher uses the term ‘business’ to refer to the array of synonyms that refer to corporates/businesses individually and in general text. The last-mentioned will exclude instances where the term ‘corporate’ is used directly to refer to business. Furthermore, the researcher uses the common term ‘corporate’ instead of ‘business’ when referring to the social responsibility / CSR concept.

2.2.5 Corporate citizen

Eccles and Cohen (2016:5) define ‘corporate citizenship’ as the “role of the corporation in administering citizenship rights for individuals”, thereby suggesting that businesses are recognised as legal persons with specific rights and responsibilities similar to those of individuals as members of society (Botha & Cohen, 2016a:66-67; Davis, 1973:313; Erasmus *et al.*, 2016:149). Corporate citizenship is primarily about the relations a business develops with its stakeholders and the mutual respect they maintain (Waddock & Smith, 2000:48-59).

Conventionally, citizenship is divided into three distinct placements, namely minimalist, communitarian and universal rights (Parry, 1991:166-199). On citizenship as a minimalist right, Parry’s (1991) view is that citizens are simply inhabitants of a communal jurisdiction who identify with specific common duties and rights. The communitarian right, in his view, roots in a specific social setting where the traditions, culture and rules of the coterie are highly regarded along with involvement and participation in the community’s activities.

Lastly, for Parry (1991), the universal rights viewpoint axles on the moral postulation of rights, as it necessitates acknowledging human dignity and the attainment of human agency. Contemporary views are that corporate citizenship is a powerful concept that needs to be Africanised and developed in the African context to become more robust and current (Melé, 2008:75; Visser *et al.*, 2017:12-13). Another view is that a good corporate citizen should have progressive policies and practices, be led responsibly, and should add value to the business and to society and the ecosystem (Kloppers, 2018:60-62).

2.2.6 Corporate social investment

This study did not focus on socially responsible investment (SRI) per se, but primarily on corporate social investment (CSI) as an overarching investment vehicle of CSR. To clarify the difference in part, SRI, also commonly referred to as 'sustainable', 'socially conscious', 'ethical' and 'green' investing, is an investment approach that pursues financial virtues and social and ecological good to bring about social transformation (Blowfield & Murray, 2014:226; Crane *et al.*, 2008:4; Mackie *et al.*, 2018:262-264). CSI, on the other hand, is an overarching investment approach for improving society's economic, social and ecological well-being at large through different intervention ventures (Erasmus *et al.*, 2016:8 & 150). The main difference is that SRI partly focuses on investments that produce a financial return for the business, while with CSI the emphasis is on all stakeholders' sustainable common economic good and the ecosystem.

2.2.7 Human rights

The Constitution protects human rights in South Africa. Businesses as corporate citizens are responsible for acting in harmony with the values on which the Republic of South Africa is founded and adhere to individuals' rights in the Bill of Rights (RSA, 1996; Kloppers, 2018:73). These values include, but are not limited to, respect for human dignity and the advancement of equality and human rights. *Inter alia*, CSR focuses on the business's social contribution and should proactively protect human rights and uphold the ideals of stakeholders (Hopkins, 2007:62; Reklitis *et al.*, 2018:236), especially socio-economic rights, which hold that individuals have certain state-supported rights to education, public healthcare, housing and other social goods.

2.2.8 Intervention

According to Midgley (2000:113), an intervention can be described as a "purposeful action by a human agent to create change". Other scholars describe interventions as radical actions that comprise one or a combination of CSOs, businesses, academia or government in unfavourable societal affairs (Hoffmann, 2003:7; McClelland, 1996:481). These interventions could be brought about by broad legislative, regulative or policy shifts or pressure from CSOs, the business environment, the academia or international best practice and trends related to CSR. The term 'intervention' in this study's context refers to CSR activities undertaken to improve the status quo or adjust, amend or restructure the business due to unfavourable contemporary socio-economic conditions.

2.2.9 Lifecycle

Effectively, most activities and things are to an extent attached to a timeline or change similar to a lifecycle, that is, progressing through the stages of onset outline (embryo), developmental progression (growth), organise, implement, hand over and monitor (maturity), and eventually reaching an end or mortality (Bogin & Verea, 2017:40-41; Erasmus *et al.*, 2016:57). According to Burke (2006:37-41 & 105), the terms of reference of each stage in the lifecycle must be agreed upon in the onset phase to predetermine and align stakeholder and business input and outcome expectations. Therefore, the lifecycle in this study's context refers to the sphere of a CSR programme that starts with the onset phase, the continued reporting to stakeholders until handover to the programme or project custodians, and a business's general accountability throughout the process.

2.2.10 Responsibility

The early description of responsibility in the business context was that one could only be responsible for something if an assertion exists on somebody's part that necessitates a business leader to perform or deliver (Dempsey, 1949:394). The contemporary meaning of 'responsibility' in the modern business context has been narrowed. Contemporarily, responsibility means that the board of directors should act responsibly towards stakeholders and that the executive and management should allow for just and corrective action (Erasmus *et al.*, 2016:160). This study applies the contemporary articulation of responsibility.

2.2.11 Responsible leadership

Responsible leadership entails, among other things, modelling the ideals of ethical behaviour and contributing to the well-being of humanity (Daft, 2008:4; Manning & Curtis, 2012:115). Advocacy for responsible leadership has its roots in the call made in 1951 by Mr Frank Abrams, the then chairman of the Board of Standard Oil, now Exxon. Abrams (1951) made the call in a *Harvard Business Review* article titled “Management's responsibilities in a complex world”, in which he urged leaders of businesses to steer their entities to become virtuous citizens, aim for greater professional management and contribute towards the resolutions of the sundry of compounded social problems of the time. This nostalgic call for responsible leadership has been echoed, amplified and expanded upon by several authors (Botha, 2016:118; Erasmus *et al.*, 2016:158-161; Louw & Venter, 2010:6). The call implies that leaders should adopt a professional attitude towards their responsibilities, obligations and a wide range of interest groups. This posture leaders should adopt is a vision that ultimately became the rudimentary precept of stakeholder theory (Swanson, 2008:235) and received statutory backing through the compulsions of Section 72 of the Companies Act in the South African setting (RSA, 2008; 2011). The statute makes provision for establishing a social and ethics board subcommittee that must oversee responsible leadership and social responsibility issues, among other issues.

2.2.12 Social responsibility

The term commonly covers a comprehensive range of social issues businesses need to consider. According to Rudansky-Kloppers and Strydom (2016:324), social responsibility infers that businesses should contribute to communities’ well-being and broader stakeholders with whom they do business and who rely on the businesses’ going concern. The authors further state that, conventionally, social responsibility was largely actioned through alm. However, contemporary social responsibility goes beyond merely donating food to the underprivileged, funds to a charity or sponsoring activities that give a level of brand exposure. Modern social responsibility requires businesses to be law-abiding corporate citizens (Erasmus *et al.*, 2016:6). According to Erasmus *et al*. (2016:160), a law-abiding and well-governed business will be aware of, resolved about and promptly respond to social responsibility issues while placing great importance on ethical

standards. Further elaborations of the term are given as part of its integration in the CSR concept in Section 2.3.

2.2.13 Stakeholders

Business as an entity has several stakeholders: individuals and/or groupings whose well-being could be affected and whose natural rights could be violated or reduced by business operations or activities within the social realm (Freeman, 2001:41). Stakeholders are further divided into internal and external stakeholders, also called primary and secondary stakeholders (Erasmus *et al.*, 2016:164; Louw & Venter, 2010:86-87). According to Louw and Venter (2010:86), internal stakeholders are those individuals or groupings whose ongoing involvement in the activities of a business is vital in ensuring that a business remains a going concern. These individuals and groupings include, among others, the employees, suppliers, customers and financial institutions.

Conversely, external stakeholders are those individuals, groupings or organisations affected by a business's activities or status as a going concern but are not essential to its survival (Chodokufa & Cronjé, 2016:199). These stakeholders comprise, but are not restricted to, individuals, the community and the local government in which realm businesses operate. The provincial and national governments, CSOs and the media are also external stakeholders. Some external stakeholders are increasingly becoming more significant in terms of raising their concerns about some business activities. External stakeholders such as individuals, the community, CSOs and government are increasingly exerting pressure on businesses through picketing, service disruptions and the initiation of regulations that could potentially have an impact on the long-term going concern status of a business (Louw & Venter, 2010:86) and how businesses engage and manage stakeholders (Erasmus *et al.*, 2016:167-170).

2.2.14 Stakeholder management

Stakeholder management can be regarded as one of the stakeholder relationship processes that business executives and directors[12] should employ to establish a CSR corporate policy (Erasmus *et al.*, 2016:163; Hopkins, 2007:33-35). Stakeholder

[12] Henceforth the combination of business executive directors and directors will be referred to as the 'executive leadership'.

management and their participation in business have their origins in the early 1980s due to societal pressure to clearly define the social responsibility of business (Chodokufa & Cronjé, 2016:197). Stakeholder management as a process typically involves different steps, namely planning, stakeholder identification and stakeholder analysis, process monitoring and evaluation, with stakeholder engagement and stakeholder relations, although part of the lifecycle, regarded as a separate process (Brown & Nicolaides, 2015; Chodokufa & Cronjé, 2016:198; PwC, 2015:16). The steps are merely named at this stage to provide context.

Stakeholder management can therefore be regarded as a continuum of activities carried out by a group of individuals within a business to achieve predetermined CSR objectives by assigning the required physical, monetary and human resources for the said purpose (Botha, 2016:116-117; Garriga & Melé, 2004:76). The stakeholder management process seeks to prioritise, institutionalise and incorporate the views, demands, interests and values of individuals or groupings within a society who are to some extent affected by the short- and long-term activities and, in some instances, the aftermath of a business (Erasmus *et al.*, 2016:164; Scherer & Palazzo, 2008:426). As a corporate citizen, a business needs to identify and prioritise its stakeholders to address their concerns with agency, urgency and resolve.

2.2.15 Sustainable development

The Brundtland Commission defines ‘sustainable development’ as “development that meets the needs of the present without compromising the ability of future generations to meet their needs” (WCED,1987:54). Sustainable development, CSR and social transformation have been in a contributory association since World War II (Blowfield & Murray, 2014:54-57; Hopkins, 2007:20). In 1992, during the Earth Summit held in Rio de Janeiro, Brazil, delegates argued that businesses could play a more significant role in protecting the ecosystem and should contribute authoritatively to sustainable development by changing their strategies, policies and decisions (Louw & Venter, 2010:55). Out of the long-standing and subsequent deliberations in 2015, the UN General Assembly endorsed “Transforming our World: the 2030 Agenda for Sustainable Development” goals (Anderson *et al.*, 2017:77). The SDGs consist of 17 goals and 169 targets, whereas their predecessor, the Millennium Development Goals, comprised 10

targets. The goals are listed and described in Table 2.1 below. The 169 targets are not material to the study and will not be articulated.

Table 2.1: Sustainable Development Goals

Goal	Description	Goal	Description
SDG 1 No poverty	End poverty in all its forms everywhere	**SDG 10** Reduced inequalities	Reduce inequality within and among countries
SDG 2 Zero hunger	End hunger, achieve food security and improve nutrition and promote sustainable agriculture	**SDG 11** Sustainable cities and communities	Make cities and human settlements inclusive, safe, resilient and sustainable
SDG 3 Good health and well-being	Ensure healthy lives and promote well-being for all at all ages	**SDG 12** Responsible consumption and production	Ensure sustainable consumption and production patterns
SDG 4 Quality education	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	**SDG 13** Climate action	Take urgent action to combat climate change and its impacts
SDG 5 Gender equality	Achieve gender equality and empower all women and girls	**SDG 14** Life below water	Conserve and sustainably use the oceans, seas and marine resources for sustainable development
SDG 6 Clean water and sanitation	Ensure available and sustainable management of water and sanitation for all	**SDG 15** Life on land	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
SDG 7 Affordable and clean energy	Ensure access to affordable, reliable, sustainable and modern energy for all	**SDG 16** Peace, justice and strong institutions	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
SDG 8 Decent work and economic growth	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	**SDG 17** Partnership for the goals	Strengthen the means of implementation and revitalise the global partnership for sustainable development
SDG 9 Industry, innovation, and infrastructure	Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation		

Source: UN (2016)

The above SDGs are integrated and interdependent. The integration recognises that action taken in one area will, to a degree, affect outcomes in other areas. However, all the development interventions must balance social, economic and ecological sustainability.

The 17 SDGs and 169 targets encompass and can be summarised into the following five key areas:

- The *planet* focuses on protecting the planet's natural resources for future generations and the changing climate.
- The *people* refers to ending poverty and hunger in all its forms and ensuring dignity and equality for all.
- *Prosperity* aims to ensure prosperous and fulfilling lives for all people in harmony with nature.
- *Peace* strives to foster peaceful, just and inclusive societies.
- *Partnerships* refers to enabling, interlinking and implementing the agenda.

According to Cimadamore (2018:414), the addition of sustainably to CSR aspects was due to the continuous scientific observation of the negative impact the conventional model of development had on a generation and possibly their posterity. This association between CSR and sustainable development has evolved over the years to include aspects of climate change, global warming, disaster risk reduction and poverty alleviation, among others (Blowfield & Murray, 2014:61; Reklitis *et al.*, 2018:236; Swanepoel & De Beer, 2011:55; Twigg, 2001:12-17).

In summary, the above terms have in common that they are identified as key terms that require clarification or theoretically framing. Clarifying or framing these terms allows for a mutual understanding of the word's intention in the context of this CSR study. That said, despite the proliferation of the CSR concept and before it was institutionalised or generally accepted, its conception evolved from early all-embracing beginnings. Furthermore, the articulation of concepts allows for a narrower understanding of the concepts as it applies to transformative CSR practices. In this regard, the following section explores the chronicles of the emergence of CSR thinking as applied in the contemporary context.

2.3 CHRONICLES OF THE EMERGENCE OF CSR THINKING

Early literature and philosophical grant thought frameworks or paradigms shaped the macro and micro conception of CSR as applied in contemporary contexts (Jones *et al.*, 2017:2). According to Carroll (2008:19), the historical roots of these CSR conceptions have a long and across-the-board past. One can trace back the roots of the underpinnings of social responsibility conceptions for centuries. However, to explore the chronological development of CSR conceptions, the researcher considered the period from where everyone made their own products for their own use, with no or little trade between

households. According to Toffler (1971:14-15), this period can be drawn from the agrarian revolution around 8000 BC to the mid-1700s. During the period towards the 1750s, humans have roamed the earth unrestricted. This existence was slowly eroded and replaced with hunter-gathering cultures, ferocity and manufacturing. According to Blowfield and Murray (2014:33), the 1750s to the 1770s are scattered with evidence of frequently violent objections against the emergence of industrialisation. The emerging might of the industrialisation era brought with it many problems and human exploitation. These problems and exploitations in the early 1800s prompted the formation of reform movements such as the Wilberforce anti-slavery society in the UK (Blowfield & Murray, 2014; Toffler, 1971:87-99) and the Christian religious philosophies against the moral failures of society in some parts of Europe (Harrison, 1966:353-354).

By 1844, Christian movements such as the Young Men's Christian Association commonly known by its abbreviation YMCA, were well established in Europe and spread to the USA. The spread from Europe to the USA took place due to the invocation of promoting morality and good citizenship and applying Christian values of caring for one another to business activities, among other things (Kee *et al.*, 1998:476). Industrialisation indeed challenged civilisation as humans knew it (Blowfield & Murray, 2014:32-33). Authors such as Toffler term this period the 'second wave' (Toffler, 1971:87-99). He describes this period as when society saw a growing level of urbanisation, mass production, mass distribution, mass consumption, and the bureaucratic organisational style (Toffler, 1971; 1981:46-56). As a response to these new developments towards the late 1800s and to find harmony between the labour force and management, some business leaders formed associations to promote social values and improve working conditions across industries (Heald, 1970).

It is also around 1850 that aspects of CSR emerged in India. Chahoud *et al*. (2007:2-3) and Kochhar (2014:425) describe the evolution of CSR in India in four periods. They describe the first period of the early emergence of charity and philanthropic actions between 1850 and 1914 as modern-day CSR in India. From 1914 to 1960, the second period attributed CSR's developments to the country's struggle for social development and freedom. According to Kochhar (2014), in the third period from 1960 to 1980, India saw an upsurge in public- and state-owned enterprises. Although there was an increase in tradesmen and businesses since 1960, the concept of CSR was and has been a deep-rooted custom in several Indian establishments, principally family-based establishments

with a solid community ethos (Balasubramanian *et al.*, 2005:80). According to Balasubramanian *et al*. (2005), conventional CSR in India is generally based more on the custom of community welfare and well-being. Therefore, CSR as a core activity in businesses is more based on business traditions than business strategies. The last period from 1980 is attributed to the shift from customary philanthropy initiatives to CSR being integrated into business operations in India (Chahoud *et al.*, 2007; Kochhar, 2014).

Unlike India, CSR in Asia mainly emerged through humanitarian actions by industrialists in the early 1900s. According to Sharma (2013:15), industrial philanthropists such as Jamsetji Nusserwanji Tata was one of the first major contributors to the social course at the time. Since then, there was a significant shift in Asia from humanitarian actions to a more official introduction of the CSR concept in 1996, followed by a wait-and-see approach until the early 2000s (Wong, 2009). According to Wong (2009:130-135), the launch of the China Business Council for Sustainable Development in 2003 as a sprout from the World Business Council for Sustainable Development (WBCSD) indicated China's commitment to CSR in Asia as more than only industrialisation, but also institutionalisation and solving developmental, social and environmental issues.

Part of Western history is set out in the textual evidence in an 1873 novel, *The gilded age: a tale of today*, written by Mark Twain and Charles D. Warner. In the book, Twain and Warner (1873) highlight the two extremes of poverty and perseverance against the voracity, materialism and political corruption in the aftermath of the Civil War in America, which raged between 1861 and 1865 (Twain & Warner, 1873). The notion of broader responsibility as a practice, although not clearly defined at the time, started to emerge during the medieval guild era, also called the 'gilded age' (Carroll, 2008:21). In the 1870s, the responsibility to rebuild the war-torn country was chiefly placed on government, which broadened economic growth in the West and North and migration from Europe to America (Trachetenberg, 1983:140-145). As a result, society emerged from the Civil War in groupings of the have (rich) and the have-nots (underprivileged), with the underprivileged relying on impersonal relationships with distant others (Cunningham, 2014:537-538). According to an analysis by Heald (1970), the strategy set in the aftermath of the Civil War did not go without difficulties, when he states that "what the nineteenth century lacked and what the twentieth was to supply was a rationale – a concept of the responsibility of the relationship to the community – in which social responsibility was clearly seen as a

charge not merely upon individuals' conscience and concern but upon corporate resource as well".

Following the Civil War, the impact of businesses on society and the ecosystem assumed an utterly new dimension. The rich started to use some of their affluence to support philanthropic ventures. However, by the early 1900s, deliberations about the social responsibilities of business had progressed into what we can identify as the early stages of the contemporary CSR movement. According to Lee (2008:54), around the 1917s, some business leaders started to advocate for businesses to be seen as a service to society. However, social responsibility was vaguely framed in macro and moral social terms; stockholders and shareholders could not relate to these terms or how they relate to the business's performance, activities or management (Lee, 2008). It is after this period that socialists started to theorise on the then-contemporary sociological discourse. The book *Contemporary sociological theories,* written by Pitirim Sorokin in 1928, focused on consolidating the literature penned for the last six years since its release and giving attention and connecting the then present-day sociology with its past (Sorokin, 1928).

From the mid-1930s to the 1940s, 'businesses' social responsibility' was the common term used to describe the interactions between industries and other parties (David, 1949; Dempsey, 1949). According to Gabor (2000:277), Chester Bernard was one of the early authors to articulate leadership from a social concern viewpoint in his 1938 book titled *The executive functions.* Despite the articulation, business responsibility, especially in the 1940s, was, in a sense, reactive to the demands of the populace. Similarly, most governments' regulative interventions were responsive as a result of pressure by society. According to Francis (1948:563), people demanded greater inclusion in business as stockholders and owning a personal stake in industries. However, Francis (1948) states that just as the inclusion of individuals as stockholders became the norm, consumers demanded better products and condemned the fraudulent product claims by some businesses. This consumer uprise prompted the government to intervene, allowing consumers to have a greater say in the operations of industry (David, 1949:2; Francis, 1948:563-564). According to Francis (1948), this was followed by employees of different industries grouping together to demand greater consideration and remuneration for their labour with the support of the larger society. This led to further government intervention, resulting in improved employee rights and labour laws. At the time, business responsibility

was mainly focused on employees, investors and consumers. David (1949:3) stated at the time that the sincere appreciation of business responsibility lies in (1) its ability to understand new challenges and (2) how the developmental business leader institutionalises activities into mutual beneficial strengths for the business and general social welfare.

It was not until the late 1940s that businesses started to accept their social responsibilities to an extent and more significant debates on these responsibilities started to emerge (Barnard, 1938; Clark, 1939). Donald David, a scholar at the Harvard Graduate School of Business Administration, called upon business leaders in 1949 to put their differences aside and become involved in societal affairs and show in action their moral justification for an ethical business (Goodpaster *et al.,* 2010). During this latter period of 1949, there was a shift from business responsibility to social responsibility. Unlike business responsibility, social responsibility started to take a more theoretical approach (Bowman & Haire, 1975) and undergone profound adaptations (Goodpaster *et al.*, 2010). The theoretical approach can be described as a viewpoint on social life derived from a specific theoretical tradition (Giddens, 1989). According to Bacharach (1989:498), theorisation provides the reader with a better understanding of philosophies in scholarly research. It introduces greater academic rigour to make sense of the difficulties of the empirical world. The theory also assists in making sense and organising new knowledge and indicates the values upon which such knowledge is constructed (Suddaby, 2014:407). The theoretical underpinnings of social responsibility during the early across-the-board beginnings were rooted in different theoretical streams that came about due to societal pressure on business and the writings of different theorists.

It is generally accepted that society has a grant level of rules and status to provide it with a degree of social order and societal control. These phenomena are differentiated through macro- and micro-level theories. Macro theories concentrate on national social, legal and economic systems and overarching structural functionalities, broad thought paradigms, modernisation, causes of deprivation and stratification issues, among other things (Jones *et al.*, 2017:2). Similarly, micro theories, according to Jones *et al*. (2017:2-4), among other things, focus on families, individual social interactions and relationships and processes within small systems.

In relation to CSR, macro theories generally prioritise accomplishing or attaining CSR outcomes primarily to top management and the inclusive strategies they adopt or have adopted. Unlike macro theories, micro theories aim to understand the junctures between a business, CSR practices, its embedded context and associated responses and experiences among stakeholders.

Some of these theoretical groundworks have been put forward above as part of the grant or broad thought frameworks or paradigms that guide CSR thinking and are further unpacked in the subsequent sections. The below sections summarise the macro theories concerning CSR in alphabetical order before focusing on the micro theories pertaining to specific dimensions or domains of CSR.

2.3.1 Macro theories in relation to CSR

As interlinks and extensions of the philosophical broad thought frameworks or paradigms discussed above, the below theories summarise the macro theories related to CSR.

Consumer theory holds that consumers can select different pockets of goods and service packages; rationally, they choose those goods and services that bring the most significant value for money and benefit (Lancaster, 1966:134; Wagner *et al.*, 2008:124-126). The objective of the theory is to ascertain the bearing on demands for goods or services, the consumers' behavioural rules, and the constraint which the consumer faces when making the purchase decision (Adena *et al.*, 2017:106; Barten & Böhm, 1982:381-382).

Ecological theory embraces aspects of nature and the environment. According to Sarkar (2012:2), conservation of ecology dates back centuries, although recorded contributions can be traced to around 1959. Sarkar (2012:14) describes ecology as something unique to species that should be individually analysed and understood as per each species. Sarkar further states that as early as the 1600s, theorists such as Thomas Hobbes made a distinction between physical ecology and what people can accomplish through development. The Industrial Revolution in Europe displayed how people could enhance ecology, which mainly meant that humans could transform the world to gratify their desires and improve human existence (Dickerson *et al.*, 2019; Oelofse *et al.*, 2006:63; Sarkar, 2012:16). The impact of businesses on ecology can be drawn from the tone set by the World Commission on Environment and Development (WCED) in the Brundtland

Report, which links human development and actions towards ecological responsibility for the benefit of posterity (WCED, 1987). Contemporary businesses increasingly present themselves as ‘green’ (Lyon & Maxwell, 2008:1; Oelofse *et al.*, 2006:63-64). Numerous pain points and advances have been given for the upsurge, from climate change, urbanisation, government pressure, pollution reduction to purchasers’ willingness to pay higher prices for clean products and new approaches to address social and ecological justice (Dickerson *et al.*, 2019:4 & 24; Lyon & Maxwell, 2008:2; Oelofse *et al.*, 2006:74).

Economic theorists are of the view that it is essential to do economic calculations if humans want to make the most of scares resources and effectively determine the importance of the critical factors of production (Adaman & Devine, 1997:54-56; Lange *et al.*, 1938:10 & 14; Lee, 2018:153). However, ownership and sharing the profit output of production have become increasingly contentious in economic theory, especially the capitalist approach (Michie & Lobao, 2012:307). Ownership is derived from corporate ownership, which gives a business the power to control economic processes and labour (Lee, 2018:161). According to Michie and Lobao (2012:319), ownership does not only matter to those who control the world’s productive assets; it also matters to those who do not have access to productive assets and other wealth. Mayer *et al.* (2019:1) agree when saying that there is an increased call for businesses with power in an economy to address issues that help advance social welfare, as they have the opportunity and, to an extent, the obligation to complement traditional roles served by governments.

Legitimacy theory assumes the perception that businesses will take the necessary and appropriate actions within a socially constructed setting (Suchman, 1995). The theory also holds that businesses exist in society under a verbally articulated, assumed or indirect social contract (Campbell, 2000:82).

Political theory posits that the social responsibilities of businesses arise from the social contract and social power the business has. It holds that a social contract between society and business exists. The business is understood to have the same responsibilities and obligations as the individual citizen. Western theoretical traditions can be traced back to Plato to at least 427-347 BC (Kraut, 2002:3; Sahakian & Sahakian, 1966:59). According to Gellner (1992:239), one of the best descriptions of government was given by Arab scholar Ibn Khaldun when he described government as “an institution which prevents injustice other than such as it commits itself". For Ibn Khaldun, government should be

controlled as far as reasonably possible. Later contributions were made by Thomas Hobbes (1588-1679), John Locke (1632-1704), Baron de Montesquieu (1689-1755), Jean-Jacques Rousseau (1712-1778), Karl Marx (1818-1883) and John Rawls (1921-2002). Therefore, the political theory is an ancient debate grounded on the premise that governments are responsible for a society based on the social contract concept. The concept has been used to justify human rights and government policy based on societal demands.

Social theory primarily refers to arguments and critical assumptions about how and why human societies come to exist, degrade, develop or disappear over time (Harrington, 2005; Joas & Knöbl, 2011). It also holds that businesses must employ their resources and management capabilities in such a way to enhance social progress (Kramer & Porter, 2011:77). Seidman (2017:3) views social theory as an analytical paradigm or framework used by theorists and researchers to obtain reliable social knowledge and construe social phenomena to recommend interventions.

Stakeholder theory argues that businesses should behave in the best interests of those stakeholders that can affect the businesses' operations and those affected by the businesses (Freeman, 2001:128; Harrison *et al.*, 2015:861). Stakeholders may encompass, but are not limited to, shareholders, employees, clientele and society (Fontaine *et al.*, 2006:15).

Several other philosophers entered the fray, and the overall development and expansion of social responsibility theories continued as a parallel process. The article "The roots of business responsibility" penned by Bernard Dempsey (1949) to an extent marked the macro theoretical focus of the CSR concept as we knew it in 2019.

In the following section, the researcher first gives a background articulation of some of the micro theories related to CSR. This is followed by a tabulated summary of the most common relations of the said theories to CSR, followed by an outline of the micro conventional CSR theories related to transformative CSR.

2.3.2 Micro theories in relation to CSR

As outlined in Table 2.2, the conventional CSR theories interweave and expand on the grant paradigms highlighted in the previous section. It therefore provides a more detailed and focused perspective on the macro-CSR frameworks.

Barring that to be an exemplary citizen in society, the conventional CSR theories hold that one has to actively participate in deeds that promote acts of compassion or goodwill and go beyond the baseline expectations (Carroll, 1991:42; 2008:35-36). However, there is a crusade to move from the conventional articulation of CSR to a transformative one that must contain the empirical strategies on how businesses should act and react to stakeholders (Erasmus *et al.*, 2016:160-165; Hopkins, 2007:33-35; Logsdon & Wood, 2002:155; Louw & Venter, 2010:85-88; Visser, 2014:16). This extension to the more conventional notions of CSR generally holds that business managers should incrementally adopt, adapt or substitute the organisation's vision with notions of social responsibility (Windsor, 2001:239). This changing thought pattern requires an equally new approach to organisational/business and CSR-related theories.

The consolidation of conventional CSR theories by Garriga and Melé (2004) provides for the contemporary relation and application of the notion of 'transformative' CSR. The rationale for its selection is that the consolidated PIE encapsulates the most prominent CSR theories. As introduced and articulated in Chapter 1, the term 'transformative' is commonly defined as the action that brings about a systemic, dramatic or tangible change in the system, form or character of the society that undergoes the change (Chouinard, 2010:265-267; Elg & Hultman, 2011:447; Visser, 2014:16). It intends to enact three developmental priorities, namely to bring about fundamental changes in the socio-economic environment by improving employment opportunities; improving the quality and levels of education, innovation and skills development; and improving the state's capability to play a developmental and transformative role (ANC, 2017:2; NPC, 2012:27; RSA, 2020:13). The shift towards a transformative CSR paradigm is discussed in further detail in section 2.5.

Despite some opposition, the increasing popularity of CSR among businesses indicates that being socially responsible is no longer a choice (Türker, 2015:569). Friedman, for example, penned his opposing views to conventional CSR, thinking about the social

responsibility of business, in his article “Capitalism and freedom” and in a later essay titled “The social responsibility of business is to increase its profits” (Carson, 1993:3). In the article, Friedman articulates that businesses’ only obligation is to maximise their profits while engaging in the free market without deception or fraud (Friedman, 1962). In the essay, Friedman expanded on his first diction in that businesses must follow shareholders’ wishes to maximise profits while obeying statutes and society's ‘ethical customs’ (Friedman, 1970:12). Friedman and Friedman (2002:vii) attribute the change in tone between the first and second articulations to the changing environment at the time and the shift in the climate of opinion attributed to the increasing role of government under the inducement of the welfare state and Keynesianism. Although there is support for the shareholder theory, it has not found traction in the mainstream application of CSR. Table 2.2 sets out the evolution of the CSR theories and what each focuses on.

Table 2.2: A summation of conventional CSR theories

Theory	Author(s)	Focus
Shareholder theory	(Friedman, 1962; 1970)	This theory holds that the responsibility of a business is towards its shareholders by increasing the business's profit margins and, by consequence, shareholder dividends.
Teleological moral theory	(Hobbes & Macpherson, 1968; Timothy, 1982)	The theory holds that a business would associate with any social arrangement provided that arrangement shares its ideology of maximising shareholder profits or maximising the happiness of those closest to a business: its employees.
Corporate citizen theory	(Davis, 1973)	The theory sees business as a citizen within society and, therefore, equal responsibility to defend human rights, be causative towards social welfare and society's general development.
Stakeholder theory	(Freeman, 1984; Jones, 1980)	The theory argues that a business must not underestimate stakeholders' expectations, emphasising societal and business interaction.
Social justice theory	(Capeheart & Milovanovic, 2007; Sabag & Schmitt, 2016; Van den Bos, 2003)	This theory is in general defined as the fair distribution of power, resources, and obligations in society to all people, regardless of race or ethnicity, age, gender, ability status, sexual orientation, and religious or spiritual background. The theory is commonly defined as the impartial dispersal of power, resources and compulsions to people within a society, regardless of demographics, characteristics, or religious or spiritual background.
Business ethics theory	Brigg (2004)	This theory set out CSR as a broader social obligation and moral duty grounded in changing social responsiveness, ethical values and corporate citizenship.
Instrumental theory	(Garriga & Melé, 2004)	The theory holds that a business mainly uses three strategic tools to create wealth: maximising profits for shareholders, achieving and maintaining competitive advantage and cause-related marketing.
Ethical theory	(Garriga & Melé, 2004)	It focuses on the ethical requirements that fortify the relations between business and society to achieve a good society. Special attention is given to universal rights, sustainable development and the common-good approach.
Integrative theory	(Garriga & Melé, 2004)	This theory holds that CSR is made up of a series of intentions that frame the conditions within which businesses are likely to behave.
Political theory	(Garriga & Melé, 2004)	The theory premise around the power base and inherited responsibility of business. It focuses on the corporate constitutionalism and corporate citizenship aspects.
Deontological moral theory	(Byrne, 2015; Waller, 2005)	This theory underscores that businesses have no moral obligation towards anyone other than their shareholders and closely related people such as employees.
Rights theory	(Campbell, 2006)	The rights theory holds that human beings have a natural right (life and liberty), civil right (freedom to speech and association) and welfare right (shelter and food).

Source: Created by the researcher (2020)

Following the explanation above of the consolidated theories or PIE theories (political, integrative and ethical theories), the following section explores and contextualises the said theories to articulate transformative CSR.

2.3.2.1 Political theories

John Rawls (1921-2002) probably had the most significant unhistorical influences on political theory in recent times. His book, titled *A theory of justice*, is commonly regarded as the resurrection of political theory in the philosophical space at the time (Rawls, 2009). Although ambitious, normative and systemic, the book captured how social, economic and political justice should look in modern democracies (Rawls, 2009:10-15). Since then (1971), political theory has evolved. Contemporary political theory denotes the social power relations between business and society and its power position concerning a business's compulsion in the current political space (Garriga & Melé, 2004:52). He implied that a business accepts its societal obligation and onus to participate in certain social partnerships regarding corporate accountability. Political theory draws from several different disciplines, including political science, history, philosophy and law. There are also a variety of avenues according to which authors frame, analyse and consider political theories. This study focused on corporate constitutionalism, integrative social contract theory and social justice theory to give effect to the analysis and considerations of transformative CSR.

2.3.2.1.1 Corporate constitutionalism

Corporate constitutionalism generally premises around the engagement and deliberation between a business and its stakeholders (Bottomley, 2007:51). Both stakeholder engagement and deliberations advance corporate constitutionalism to public discourse (Nalle, 2015:6; Roux, 2002:421). According to Bottomley (2007:113), public discourse is how the citizenry appraises their understanding of decision-making fora on the fairness of the procedures rather than on the particular consequences of their decisions. These engagement and deliberations are only some of the aspects of the corporate constitutional framework. Nalle (2015:9) believes that an appropriate separation of powers must also be between a business and its stakeholders.

To achieve the objective of corporate constitutionalism, Davis (1960) asked whether businesses can "afford to ignore social responsibility" or omit to follow the rules. In

response to the aforementioned question, Davis (1967) formulated two principles to assist businesses in managing their social power and remain legitimate. The first social power principle implies that social responsibility arises from businesses' esteem and position within society (Davis, 1967:48). When referring to the second principle, the iron law of responsibility, Davis and Blomstrom (1966:174) are of the view that “those who do not take responsibility for their power, ultimately shall lose it”. If a business is irresponsible with its power in an environment where society demands responsibility and accountability from businesses, it will lose its esteem, position and power. Garriga and Melé (2004:52) agree to an extent with Davis and Blomstrom’s observation; they believe that given the original position and the responsibility of businesses, consideration must be given to the social contract traditions.

2.3.2.1.2 Integrative social contract theory

Donaldson (1982) is of the view that some implied social contract exists between business and society. The theory of an implicit social contract has been a long-standing argument that has been penned by authors such as John Locke (1632-1704), Baron de Montesquieu (1689-1755) and Jean-Jacques Rousseau (1712-1778), among others. These authors argued that the esteem, position and power that the rulers of the day enjoyed was conditional based on their performance of the assumed responsibilities. According to Morris (1999:2-4), it was thought “that the state only exists to serve the will of the people and that the people were the source of all political power enjoyed by the state”. According to Sharma (2002:19-20), John Locke was of the view that governments only exist through the consent of ruled people who have certain natural rights to liberty, life and property. For Locke, this realism was the understanding of being human, and humans should have the freedom to pursue their reality that is reasonable and with respect for the rights of others.

While Locke focused on human freedom and reality, Baron de Montesquieu (1689-1755) focused some of his writings on the idea of checks and balances in a democratic governing system. Montesquieu believed that for democracy to prevail according to the will of the people, a delicate balance must be sustained between lawmakers, law enforcers and those who interpret the laws (De Dijn, 2014:25-41). A few years later, Jean-Jacques Rousseau (1712-1778) expanded on the writings of Montesquieu when he wrote *The social contract* in 1762. According to Morris (1999:ix), Rousseau argued that a

“government is based on the idea of popular sovereignty; the will of the people as a whole gives power and direction to the state. The people rule and become the sovereign, and the government is merely their agent”. What can be deducted from the above social contract summation is that it has been used since the 17th century to justify natural rights to liberty, life and property.

Since the 17th century, several other authors expanded on the social contract and it branched into a new theory termed the ‘integrative social contract theory’ (Donaldson & Dunfee, 1994:254; Fort, 2000:383). The integrative social contract theory primarily focuses on the socio-cultural context of the micro social contract (Garriga & Melé, 2004; Shocker & Sethi, 1973). According to Shocker and Sethi (1973:67), all businesses function in society via a social contract whereby their going concern depends on these expressed or implied contracts. Garriga and Melé (2004:55-57) state that micro social contracts are written, unwritten or implied agreements among citizens that are binding, irrespective of the community’s composition or system. These authors further state that a micro social contract generates authentic norms grounded in the behaviours and attitudes of an integrated norm-generating community.

2.3.2.1.3 Social justice theory

The earliest origin of social justice theory can be traced back to ancient theology – where the term was first used by Jesuit priests (Burke, 2010:97). Consequently, the concept, for the most part, underwent its conceptual foundation in the writings of religious settings. Recognition of the concept amplified during the late 1700s to mid-1800s due to textual work by philosophers such Thomas Paine and Antonio Rosmini, among others.

Thomas Paine (1737-1809) was a vocation contributor to the opinion discourse of the day and accordingly wrote several pamphlets, of which *Common sense* and *Rights of man* are among the most eulogised. *Common sense* was published in 1776 and was written in clear and persuasive text. In the prose, Paine argued for moral and political justice and invigorated the populace to fight for their liberation and a democratic government (Di Lorzenzo, 2008; Wood, 2002:55-56). In 1792 he penned the *Rights of man* in defence of the French Revolution. Throughout the pamphlets, he legitimises the political revolution as just if governments cannot safeguard the natural rights of their citizenry (Paine, 2001). Another great thinker was Rosmini (1797-1855), a Roman Catholic priest and philosopher regarded by many as a pioneer of the social justice concept. At the time, Rosmini was

convinced that constitutionalism based on theoretical principles was the world's political future (Rosmini, 2006:xvii).

Rosmini's (2006) predictions, to a degree, came to fruition. Modern-day social justice theory has broken its religious frontier and has become a broad and inclusive theory. According to Van den Bos (2003:482), the theory makes up an integral part of the fabric of our society, from law, politics and organisations to academia, primarily due to the impartiality of the theory. Social justice theory is concerned with what is just for the individual and concerns itself with what is just and legitimate for a community or society as a whole (Capeheart & Milovanovic, 2007:1).

2.3.2.1.4 Legitimacy theory

The application of legitimacy theory in business has evolved since it made an appearance as a concept in the book penned in 1966 by Hans Blumenberg, titled *The legitimacy of the modern age* (Baskin, 1985; Gordon, 2019). According to Baskin (1985:165-167) and Netelenbos (2016), before the 1960s, the concept and theory mainly focused on the religious and political interpretation of legitimacy. Applying the contemporary legitimacy theory to a degree is an extension of the social contract theory derived from organisational legitimacy. Dowling and Pfeffer (1975:122) define legitimacy theory as "a condition or status which exists when an entity's value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exist between the two value systems, there is a threat to the entity's legitimacy".

Legitimacy theory holds that businesses should, on an ongoing basis, monitor their activities to ensure that they function within the confines and norms of the respective societies in which they operate, considering that societal needs and expectations are not eternal, but slightly change from time to time. According to Deegan (2000:253), the fluidity of societies requires businesses to be receptive and adaptive to the environment in which they operate. Legitimacy theory also requires businesses to explain their socio-economic and ecological activities (Campbell *et al.*, 2003:559).

It can be deduced that the theoretical frame of political theory can be described as an abstract and, to an extent, a systemic account of the reasons why societies form and why they change. The main distinctions are how power could or is executed for the shared

ends and that political theory is normative, explanatory and empirical. As political power is inherently executed with one or other expectations in mind, it is irrational to ignore human or stakeholder expectations wholly.

Corporate constitutionalism provides stakeholders with a means to dialogue and reach common ground to public discourse while observing social contract traditions. The social contract tradition holds that the strength of political power enjoyed by the state comes from the people. Therefore, the state is at liberty to provide social justice and services (such as socio-economic development). Social justice dispenses rights and duties in the institutions of society to ensure a fair distribution of wealth generation resources and equal opportunities. Furthermore, businesses must monitor their activities and report on such to stakeholders to uphold their legitimacy status. This, in turn, empowers the populace to receive the essential benefits for their cooperation. Furthermore, it can be reasoned that political power is non-static and should evolve and be adapted to and integrated with societal changes.

2.3.2.2 Integrative theories

Integrative theories can be regarded as a meta-perspective group that looks at how a business infuses social demands into its operations. According to Garriga and Melé (2004:57), social demands are usually used by society to interact with business and give it a certain legitimacy and prestige, implying that the overall business management should consider social demands and fuse the said into business activities to operate in harmony with social values. Primarily, the philosophies making up the integrative theories focus mainly on the scanning, detecting and managing of social issues and the principle of public responsibility.

2.3.2.2.1 Issues theory

According to Heath and Palenchar (2009:5-7), issues management emanated from ancient business practices. Theory related to business management has received increased attention over the last decades and was formally termed in the 1970s. Heath and Palenchar (2009:8-9) define issues management as the “merger of business planning, issue monitoring, corporate responsibility best practice and the dialogic communication to adopt a supportive atmosphere between business and those people that can affect or are affected by a business’s operations”. An earlier observation in the

early 1970s was that issues management is crucial to identifying the gap between societal expectations and a business's actual performance. According to Ackerman (1973:92), the gaps or "zone of discretion" are those unclear messages a business receives from the environment to which a response or activity is chosen to close the gap. Businesses learned from their environment and pre-emptively formulating manoeuvres, tactics and strategies to lessen shocks and integrate social demands with business policy (Wood, 1991:395).

Management leads issues management to outline "the strategic common ground between a company and its key audiences" (Palese & Crane, 2002:284). These authors also believe that the concept is about possessing the capacity to respond rapidly to public issues to seize an opportunity or avoid menace before it potentially impacts business operations.

2.3.2.2.2 Public responsibility theory

The principles of public responsibility largely emerged based on a series of writings penned mainly by Lee Preston and James Post since 1975 and have contributed substantially towards the intersection between the public and business theory (Donaldson & Preston, 1995; Post & Preston, 2012; Preston, 1975; Preston & Post, 1975). The theory of public responsibility generally focuses on public participation and the management processes that businesses use to action social demands and present a system-based approach to corporate responsibility. According to Garriga and Melé (2004:59), "if business adhered to the standards of performance in law and the existing public policy process, then it would be judged acceptably responsive in terms of social expectations". Notwithstanding the above, determining the inclusions of the principle of public responsibility in practice is a multifaceted and challenging task that necessitates considerable management attention (Preston & Post, 1981:57).

Public responsibility theory extends the business's responsibility to its primary and secondary activities. According to Post and Preston (2012:xv), a business's primary activities are those things it chooses to do, and its secondary activities are those impacts that flow from its primary activities. These authors believe that managers can foresee that they and the business will be held accountable for the outcomes and repercussions of the pronouncements and activities in which they participate and, therefore, anticipate the public's legitimate expectations.

The deduction can be made that integrative theories are philosophies that combine concepts into a new single proposition. The most common form of theory integration encompasses social control and social learning concepts. Two such concepts are issues management and public responsibility. Issues management is crucial in measuring the gap between social expectations and businesses' actual social activities. The gap analysis would allow the executives to clarify their responsibilities and outline the shared strategic interests between the business and its publics. On the other hand, public responsibility implies public participation and the ethical management of social issues and their expectations.

2.3.2.3 Ethical theories

As with the above theories, the ethical theory premised on different philosophical schools of thought. According to Bachmann (2017:6), businesses are regularly under scrutiny. The author also joined the historical debate as to whether ethics, as with CSR, are imperceptible in law and whether its activities are just business publicity or monthly flash projects with no real value to society (Blowfield & Murray, 2014; Murphey, 1988). According to Melé (2012:6), business ethics should start where the law sojourns, filling in the normative vacuum. The vacuum should be filled using ideologies on business governance, ethical and responsible management and effective stakeholder management (Fontaine *et al.*, 2006:8-10; Hendry, 2001:163). Ethical theory emphasises that for effective policy making, CSR planning and ethical stakeholder management, a business must know its various stakeholders and their interests, expectations and needs (Bachmann, 2017:21). The last-mentioned is founded on the principle that businesses know the right thing to do when engaging with stakeholders to achieve societal well-being.

2.3.2.3.1 Normative stakeholder theory

The term 'normative stakeholder theory' originated from research done by the Stanford Research Institute in the 1960s (Fontaine *et al.*, 2006:8). The theory sprouted in the early 1980s and is rooted in the seemingly candid moral awareness that a business's responsibility is not only *towards* its shareholders, but should also *include* all its stakeholders (Freeman, 2001:128; Hendry, 2001:162). Richard Edward Freeman developed the wide-ranging stakeholder theory in 1984 (Freeman, 1984). Since then, Freeman joined forces with several authors to develop a more narrowly defined stakeholder philosophy termed 'normative stakeholder theory' (Evan & Freeman, 1993;

Freeman & Evan, 1990; Freeman & Harrison, 1999; Harrison, Freeman & Abreu, 2015). Several parallel contributions to the normative stakeholder theory followed by most notable authors such as Bowie (1998) and Donaldson and Preston (1995).

The theory argues and emphasises why stakeholder demands should be considered when making business decisions (Evan & Freeman, 1993:82; Wijnberg, 2000:329). According to Wijnberg (2000:330), normative stakeholder theory is perhaps the most general way to address demands that have to do with the overarching responsibility of a business. A business's overarching responsibility concerning its stakeholders is grounded on moral commitments (Fontaine *et al.*, 2006:15). These moral commitments formulated by individual businesses should outline essential moral principles, and management should utilise these principles as a blueprint for decision making and communication (Fontaine *et al.*, 2006:15; Harrison *et al.*, 2015:860). Despite of the latter, stakeholders have the right and are entitled to know about the social and ecological activities in their environment that might affect them (Deegan, 2013). According to Harrison *et al.* (2015:861), normative stakeholder theory has become a worldwide phenomenon. Harrison *et al.* (2015) attribute the worldwide phenomenon to the extent to which various countries support, institutionalise and in some instances compel businesses through various regulatory frameworks to formulate well-adjusted objectives that consider stakeholders and protect their rights.

2.3.2.3.2 Universal rights theory

The UN is probably the most influential body for universal rights. The body is made up of the heads of member states and came into being in 1946 in the aftermath of World War II and in response to the said war's atrocities (UN, n.d.). The assembly of heads of member states gave rise to an international agreement signed in 1948 dubbed the Universal Declaration of Human Rights (UDHR) (Blowfield & Murray, 2014:37; UN, n.d.). According to Blowfield and Murray (2014:38), following a slow uptake of the UDHR, the document flourished after the early 1970s due to the appearance of advocacy groups and civil rights organisations advocating women's rights.

Recently, more aggressive human rights-based approaches have been proposed. One of the lesser-known principles is the Global Sullivan Principles, developed by Reverent Leon Sullivan in 1977 and updated in 1999 (Garriga & Melé, 2004:61). The Global Sullivan Principles are merely mentioned here to provide context and perspective on the

alternative attempts to the UN Global Compact (UNGC) and will not be discussed accordingly. The UN proposed the UNGC, which premises around ten principles covering human rights, labour, the ecosystem and anti-corruption (Hopkins, 2007:206). The UNGC has been adopted by many businesses internationally (Garayar *et al.*, 2016:360; Voegtlin & Pless, 2014:179). Despite the uptake, authors such as Voegtlin and Pless (2014:178-180) critique the phenomenon as potential "bluewashing, meaning that membership of the UNGC is simply used to generate positive spill-over effects from the UN brand to corporate booster image and deviate attention from a less responsible corporate reality". The rationale of the critique leads to the question of the purpose and effectiveness of initiatives if their success and legitimacy cannot be assured. The literature writings suggest that the jury is still out on the rationale of the afore quotation. Scholars in the field of CSR and business ethics are still grabbling to find answers to the UNGC's purpose and effectiveness (Abbott & Snidal, 2010; Junaid, Leung & Buono, 2015; Mena & Palazzo, 2012; Rasche, 2012; Voegtlin & Pless, 2014).

Domestically, aspects of the South African Constitution can also be associated with the UNGC. The most closely linked aspect is Chapter 2 of the Constitution, which encompasses human rights aspects, known as the Bill of Rights (RSA, 1996). The Bill of Rights sets out to protect the political, socio-economic and civil rights of all persons who reside within the borders of the land. Section 8, as alluded to in Chapter 1, permits the South African government to enact B-BBEE programmes that seek to redress the dissimilarities of our historical past (RSA, 1996). Section 9 provides a close link to internationally recognised human rights law and can be perceived as an extension of the UDHR (RSA, 1996). Section 10 deals with the intrinsic self-respect and right of all people in South Africa to have their dignity respected and protected (RSA, 1996). Lastly, the UDHR recognises the right to education. Section 29 of the Constitution expands on respect to dignity with the recognition and inclusion of language diversity, the right to attend any government school of choice or to establish self-funded private schools (RSA, 1996).

Taken from the articulation in this subsection, and although the Global Sullivan Principles are immaterial to this study, what it has in common with the UNGC and the South African Constitution is that all are encouraging human sustainability and are rooted in the UDHR.

2.3.2.3.3 Sustainable development

To be sustainable, one has to succour the current resources to avoid depletion and future failure (Enders & Remig, 2014:2). 'Sustainability' is an encompassing term based on historical sustainability lessons learned, which require a great deal of present-day thoughtfulness and forward thinking (Botha & Cohen, 2016a:22). Botha and Cohen (2016a:23) describe development as the "means to grow, mature, progress, improve, advance, and change" conditions.

Sustainable development emerged as a concept in the 1980s (Botha & Cohen, 2016a:21; Brundtland Commission, 1987; Erasmus *et al.*, 2016:170-171; Youngblood, 2013). The term's popularity was elevated by a report released by the Brundtland Commission in 1987. The Brundtland Commission was a sub-forum of the UN WCED, which released a report titled *Our common future,* also commonly known as the Brundtland Report (WCED, 1987). The Brundtland report seeks to meet the needs of the extant generation without compromising the well-being of later generations. Sustainable development therefore pursues "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED, 1987:43). Sustainability development as a concept initially only focused on ecological aspects, but has since the early 2000s included more vividly the aspects of social and economic dimensions (Hopkins, 2007:20; Swanepoel & De Beer, 2011:53; WBCSD, 2000:2; WCED, 1987:8). The motivation for inclusion, according to the UN WBCSD, is that sustainable development "requires the integration of social, environmental and economic considerations to make a balanced judgement for the long term" (WBCSD, 2000:2). In the South African context, sustainable development aims to eradicate poverty, unemployment and inequality and deals with the manifestation of deprivation (Swanepoel & De Beer, 2011:55).

Sustainable development implies that whatever the resolutions are to safeguard an individual or the societal common good, the approach or decisions must be cognisant of the future consequences.

2.3.2.3.4 The common-good approach

The term 'common good' is an orthodox concept with its roots in the theological doctrine and Aristotelian tradition, which advocates for the well-being of the people to be the

supreme law (Diggs, 1973:283; Vogt, 2007:397). Dupré (1993:687) defines the common good as a good that is “attainable only by the community, yet individually shared by the members”. According to Simm (2011:558-560), Aristotle, the ancient Greek philosopher, valued the good life not as an individual good, but as a common or shared good that is not up for conversation and deliberation, but instead is a law of nature. In recent years, Catholic academics have found that the common-good approach effectively addresses a range of modern-day social problems, including the state of deprivation, globalisation and migration (Reimer-Barry, 2011:185). Despite the different philosophical bases, some scholars have found that the common-good approach is closely associated with the stakeholder approach, sustainable development and aspects of social contract theory (Argandoña, 1998:1098; Garriga & Melé, 2004:62; Kutay, 2016:55).

As with these associated theoretical approaches, the common good also requires business leaders to have local knowledge of the community if implementing an effective common-good method (Alexander & Buckingham, 2011:320). That said, a business, as a corporate citizen, as with any other citizen or individual in society, is therefore to an extent obligated to contribute towards the common good of the citizenry (Garriga & Melé, 2004:62). Garriga and Melé (2004) believe that businesses contribute in different ways to the common good, such as creating wealth, doing business efficiently and fairly, and respecting the dignity, the absolute and fundamental right, of the individual. However, it is accepted that the common good will vary from individual to individual and from one community to the next (Argandoña, 1998:1097).

In summary, the historic macro and micro conception roots of CSR were primarily shaped by the early literature and philosophical grant frameworks or paradigms of CSR. This study explored the chronological development from 8000 BC. This period was marked by a relative human existence until the advent of manufacturing in parts of Europe, the USA, India and Asia. As traced through the chronicle evolution, industrialisation had a varying impact on society and the ecosystem. It also revealed that the foundation of the contemporary CSR practice had been laid by several events and several direct and indirect philosophical contributions, spanning decades. Social responsibility in the early years was vaguely framed in grant and moral, social terms, followed by an onset of a sociological discourse in the early 1900s. During the 1930s, the term ‘business social responsibility’ became a generally accepted term among businesses and theorists to

describe the relations between industries and stakeholders. By 1940, businesses generally started to accept their social responsibilities to a degree. The perspective of CSR as a concept sprout between the 1940 and early 1950s as characterised by broad academic writings and rhetoric by business leaders. Since the theoretical focus of CSR, several authors put forward different macro theories supporting and opposing the concept.

The macro theories in relation to CSR interlink with and extend on the broad philosophical thought frameworks of CSR. Macro theory assists to a large extent in the comprehension of new knowledge and the values upon which such macro knowledge is built. These theories all-embracingly cover consumer choices, conservation, capitalism, legitimacy, social power and broad social phenomena.

Micro theories, on the other hand, are more focused and interweaved and expand on macro theories. The extensions hold that businesses should apply a new approach to adopt, adapt and substitute the organisation's vision with notions of social responsibility. Despite initial apprehension by businesses, being socially responsible is to a large extent no longer a choice. Contemporarily, businesses are increasingly expected to contribute positively to a systemic, dramatic or tangible change in the socio-economic realm.

The tabulated conventional CSR theory chronicles to an extent the protagonist presence of business ethics in CSR. Philosophical minds are mainly in agreement that just behaviour is based on the ability of the individual or business to reasonably foresee the consequences of an action or activity. Emphasis is placed on management's conduct and how they engage and interact with stakeholders. More so, the transformative CSR practice envisage the stakeholder relationship to be based on normative and moral commitments rather than a desire to maximise profits. Although the transformative CSR model should consider, based on theory, a business's shareholders, due consideration should be given to stakeholders, their universal and human rights, the sustainable use and development of current resources, and, lastly, the common good of the citizenry.

Building on the earlier definitions and chronicles of the emergence of CSR, the next section presents a global overview of CSR, followed by a synoptic overview of the domestic CSR interventions. The last-mentioned is followed by an analysis of the

operationalisation aspects of the concept and the section concludes with perspectives on social transformation.

2.4 THE GLOBAL EVOLUTION OF CSR

One of the early definitions that emerged and shaped the genesis of contemporary CSR literature was captured in 1953 by Howard Bowen. Bowen (1953:6) defines CSR as "the obligation of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society". Several other definitions have since emerged with a common purpose to define CSR, but with different measures of scope and inclusions and exclusions.

However, during this period, although the CSR concept was defined and the idea of CSR was accepted in principle, some business leaders were sceptical of the responsibility businesses had shown towards society to a certain extent (Heald, 1957). Authors such as Theodore Levitt warned of the concept's inroads into business practices (Levitt, 1958:46). Levitt (1958) was of the view that the welfare of society is government's responsibility, and not that of business. On the contrary, William Frederick (Frederick, 1960:60) advocated against the latter view and argued that businesses should avail their resources to better broader societal goals. As the CSR concept and theory evolved from 1953 onwards, academia could not agree on the association between business, citizenry and ancient business responsibilities (Blowfield & Murray, 2014:32-50). According to Aupperle *et al.* (1985:446), at the time, although several CSR definitions started to emerge, there were no appropriate performance criteria and/or standards for CSR. The non-existence of a measuring tool made it difficult at the time to assess or conduct social audits. According to Carroll (2008:25), the bout from the early 1950s to the late 1960s is also commonly known as the period in which society lobbied businesses to recognise greater responsibility and involvement in community affairs to some extent. The bout is also remembered as a period in which it was "proposed that corporate managers should act voluntarily and philanthropically as public trustees and social stewards" (Frederick, 2016:2). According to Frederick (2016), the period from 1960 to 1970 expanded CSR awareness and urged businesses to embrace legally required shared responses to many social demands.

As the 1970s dawned, CSR as a concept received increased attention through ongoing efforts from all with interest well-meant or otherwise (Lee, 2008:53). This was evident from the rhetorical locutions business leaders started to use, such as ‘service’ and ‘trustees’ (Heald, 1970). Heald further states that despite the CSR proposition being rejected, Arthur Hadley, the former president of Yale University, advised businesses to acknowledge that they are trustees of public interests and that business leaders should align their businesses responsibilities, services and ethics. The idea of managerial trusteeship was rejected by society, who were of the view that management could best contribute “those qualities they possess in greatest measure, strictly economic experience and insight” (Heald, 1970:281).

The historical evolution from this period onwards has been extensively documented by authors such as Carroll (1983; 1999; 2008), Heald (1970), Johnson (1971) and Lee (2008), among others. The historic contextualisation by these authors should the fore the proliferation of approaches, interpretations and terminologies to describe aspects related to businesses’ responsibility towards society. The proliferation of CSR resulted in the concept meaning different things to different people. According to Votaw (1972:25), CSR “means something, but not always the same thing to everybody. To some, it conveys the idea of legal responsibility… to others, it means socially responsible behaviour in the ethical sense… [while] many simply equate it with charitable contributions”. In the same year (1972), David Rockefeller of Chase Manhattan Bank predicted that due to the rising pressure for greater business responsibility, one day it would be expected of businesses to publish a social audit similarly to the annual financial statements, which must be similarly certified (Gray *et al.*, 1987:ix). While CSR gained momentum internationally, apartheid South Africa still lacked behind. According to Louw and Venter (2010:53), this prompted the Sullivan Foundation, an influential US faith-based organisation, in 1977 to obligate international businesses having operations in apartheid South Africa to commit to human rights with the prominence on non-discrimination in employment practices. Carroll (2008:25) refers to the realities of the 1970s as the era of ‘issues’. The author states that, during this period, business leaders focused on a range of issues, from racial discrimination and urban degeneration to pollution problems.

As a result, in part due to these global ecological problems, society demanded a greater sense of responsibility from businesses. According to Utting (2008:960), the pursuit of

greater responsibility to an extent sprouted as a consequence of the failure in the 1980s of the UN to draw up an internationally accepted code of business conduct. The code was proposed to strengthen grey areas in international law and is believed to would have prevented several global disasters leading up to the 1990s and the lack of enforcement of many national laws at the time. Since the 1990s, the UN has introduced the universally accepted Governance Framework, referred to as the UNGC (Hopkins, 2007:205-206; UNGC, 2010). The UNGC is based on the idea of cooperative governance between CSOs, businesses and governments to strengthen and support corporate moral accountability (Albareda, 2010:91; Zadek, 2007:246). On the other hand, CSOs are increasingly focusing on influencing governments to align corporate behaviour and accountability to international best practice, monitoring business adherence to appropriate regulations and standards and gauging businesses enactment of international corporate accountability resolutions (Blowfield & Murray, 2014:207). The assumed fundamental motivation for accountability regarding social transformation has been the social contract and the ideology that businesses owe their survival to society (Deegan, 2007:123; Gray *et al.*, 1996:46-48).

It was also during the early 1980s that the prediction made by Rockefeller appeared to some extent to have become a reality. According to Jensen (1976), as cited in Boynton (1978:571-572), despite businesses' focus on multiple social issues at the time, some businesses were still rummaging in the dark regarding what they needed to disclose in their social reports, how to disclose it and how to equate and appraise initiatives. Similarly, Frederick (1986:126-133) urged scholars of CSR in the mid-1980s to disclose the causal factors between businesses and the constant shifting societal expectations and the linkage between business ethics and CSR in social reports. This linkage led to a third branch: corporate social rectitude. According to Frederick (1986:134), corporate social rectitude infers that "embedded within humankind are moral meanings and conceptions of what felt to be ethical". This can be interpreted that corporate social rectitude envisages a business to make managerial decisions from a more ethical base.

Goodpaster *et al*. (2010) believe that this third branch led to the rapid trajectory of ethics as a study field between 1980 and 1990. According to Carroll (2008:35), this decade was known as the "go beyond" CSR period and was followed by the now renowned article titled "The pyramid of corporate social responsibility: toward the moral management of

organisational stakeholders", penned and published by Carroll in 1991. In the article, Carroll (1991) argues that it must be framed holistically for CSR to become institutionalised in business spheres. To achieve this, Carroll (1991:40) suggests different stakeholder groupings (see discussions in Chapter 2, sections 2.2.14 and 2.3.2.3.1; also see Chapter 3, section 3.4.4) and four responsibilities. The four responsibilities – economic, legal, ethical and philanthropic responsibilities – will not be individually deliberated here.[13] Since the release of the CSR pyramid, Carroll had a relook at the four responsibilities and reduced them to three, leading to the exclusion of the philanthropic responsibility. In this new approach, Swartz and Carroll (2003) argue that the condensed responsibilities could serve as an improved benchmark and potentially better assist government, citizenry and CSOs in better analysing CSR practices of businesses. The exclusion of the philanthropic responsibility by Carroll saw the emergence of a new initiative by Kotler and Lee (2005) to what is now known as Kotler and Lee's six types of corporate social initiatives, namely (a) cause promotion (increasing awareness and concern for social causes), (b) cause-related marketing (contributing to causes based on sales), (c) corporate social marketing (behaviour change initiatives), (d) corporate philanthropy (contributing to charitable causes), (e) community volunteering (employees donating time and talents to the community) and (f) socially responsible business practices (discretionary practices and investment to support causes). This period between 1980 and 1990 is also marked by the call "on businesses to develop ethical corporate cultures to support a wide range of stakeholders and communities through social contracts" (Frederick, 2016:2).

The early 1990s saw the publication and presentation of *Changing course* at the Rio Earth Summit in 1992. The book was welcomed as a revolutionary step by more than 50 multinational companies and supported by a collection of global case studies presenting prevailing best practices (William, 1992:202-203). The book put forward a preamble that the contributing nations pledged that "business will play a vital role in the future health of this planet … both within and between nations, foster innovation and efficiency and provide opportunities for all to improve their living conditions" (Schmidheiny & Timberlake,

[13] Although the four responsibilities are relevant to be mentioned, they will not be explored, but was highlighted to create context – an exploration would course a diversion of the thesis and such detour would not contribute to the scaffolding progression of the evolution of CSR.

1992:xii). These living conditions combine the objectives of ecological protection and economic growth.

Towards the end of the 20th century, the definition of Bowen for CSR has been generally accepted and CSR as a concept gradually evolved in application and extension. The importance and growth of CSR in Europe, for example, were gaining momentum in the 21st century through business-selected initiatives that were becoming a trend after the slow start in the 1970s (Moon, 2005; OECD, 2001). The report by the Organisation for Economic Co-operation and Development (OECD) also noted that the abundant examples of successful initiatives could be attributed to the efficiency of the "broader systems of private and public governance" (OECD, 2001:10). According to Moon (2005:56), the growth in Europe was entrenched in corporate systems applied through codes and standards, amplified social reporting and rising partnerships between businesses and CSOs. Moon (2005:60) also found that the conventionalisation of CSR practices in Europe is similar to the USA's corporate management and other developed countries. According to Hayek (2005:70), given how the CSR concept has evolved, in order "to build a better world, we must have the courage to make a new start. We must clear away the obstacles with which human folly has recently encumbered our path". Hayek (2005) further states it is the responsibility of leaders in all spheres to create favourable environments for business and society to progress.

According to Husted (2000:27-29), CSR matches the characteristics of societal concerns and the consequent strategies and structures that led to the conventionalisation and incorporation of elements such as corporate social responsiveness and stakeholder management (see Chapter 2, section 2.2.14). However, as with any system or concept, to ensure its sustainability, consistency or success, constant re-evaluation is needed to acclimatise to, adjust or allay any shortcomings. According to Visser (2006:31), academics need to concede, based on empirical evidence, that Carroll's pyramid is set in an American context and needs to be adapted and adopted to the African context. Frederick (2016:2) urges researchers, policymakers and people to find a common holistic solution to attain the 'policy to people' objective. It is only when adaptions have been made and solutions found, based on empirical evidence, that culture and historical backgrounds may have an important role to play or that transformative CSR practices can be achieved, expressly in the South African context (Frederick, 2016; Melé, 2008:75;

Visser, 2006; 2012b; Visser *et al.*, 2017:12-13). The following section gives an overview of the South African CSR perspectives with specific reference to the South African government's interventions and the contributions made by academia and CSOs.

2.4.1 A South African perspective of CSR interventions and contributions

In South Africa, the legacy of the past remains to some extent still firmly ingrained in the social challenges faced by some South Africans (Kloppers, 2012:101-140; Molewa, 2010:8). South African society is faced with different levels of deprivation brought about to some degree by apartheid and consequently poverty, unemployment and social injustice (Bhorat & Van der Westhuizen, 2012; Rooi, 2018; Van der Westhuizen & Swart, 2015). As alluded to in the introduction (Chapter 1), the South African standpoint on CSR has to date (2019) not clearly been articulated legislatively. However, there has been steady and tolerant CSR interventions by the South African government, academia and CSOs. The interventions of government, academia and CSOs are assessed below.

2.4.1.1 South African government's CSR interventions

It is common course that the Constitution of 1996 is a highly regarded statute internationally. The Constitution forms the foundation of democratic South Africa and government (ANC, 2017). In light of the failure of the purely voluntary uptake of CSR, the South Africa government has since 1994 took the approach to tolerantly and sporadically intervene legislatively to ensure a mutual public policy that encourages the entire business sector to effect standard socially responsible practices (Kloppers, 2013a:122). According to Boddenberg and Aletter (2010), the South African government has been employing different interventions ranging from supporting voluntary international and domestic CSR standards for business to introducing statutes. By showing government's continuous support to curb CSR failures, amendments were made to the Companies Act No. 61 of 1973, which became the Companies Act No. 71 of 2008 (IoDSA, N.d.). Amendments were also made to the B-BBEE Codes of Good Practice (dtic, 2015). Amendments in the B-BBEE codes were promulgated to include and/or emphasise skills development, enterprise and supplier development and socio-economic development (Boddenberg & Aletter, 2010:12).

On the other hand, according to the South African Institute of Charted Accountants (SAICA), the amendments to the Companies Act were made to strengthen the check and

balances within businesses, among other things (SAICA, 2018). Subsequently, additional amendments to the Companies Act were proposed. The Companies Amendment Bill 2018 was published and circulated in September of the same year for comments (dtic, 2018a). The potential effects and impact of the amendments are still unknown.

Over and above the amendments, there are ongoing demands for the South African government to levy more regulations and control businesses (Bachmann, 2017:5). Such calls are probably justified, as, despite the legislative interventions by the South African government, little evidence could be found that identify B-BBEE as a CSR priority or driver (Kloppers, 2013a:131). In addition, the South African government has hitherto formulated a formal CSR policy in which it officially stipulates the country's vision and framework for or of CSR (Kloppers, 2013a:131-132). Although businesses have made strides to be seen in the CSR space, as long as there are no clear legislative requirements in South Africa, the impact of such implementation might remain trifling (Aletter *et al.*, 2010; Ndlovu, 2011). Fredericksz (2015:21) and Johannes (2016:13) support this view and state that it must be obligatory for CSR issues to be interwoven into the governance structures and business decision-making processes. If not, some businesses might limit their CSR interventions to the bare minimum. Other businesses might wait for the response of government or the academia to expose their deficiencies before they behave in a socially responsible manner.

2.4.1.2 South African academia's CSR contributions

The academic fraternity generally contributed to the corpus of knowledge by assessing current practices and recommending new approaches through the continuous multidisciplinary research of CSR as a concept and practice and makes recommendations based on scientifically identified gaps, trends or practice improvements. Kloppers and Fourie (2014:3419) agree that CSR has received increased research attention since the early 1990s. One of the academic research delineations is the series of King reports on Corporate Governance, which some scholars view as a positive contribution towards the contemporary CSR legislative advances in South Africa, among other things (Louw & Venter, 2010:71; West, 2009:4-8; Young, 2016:136-137).

In addition to the King reports, scholars across different study fields continuously have contributed not only to the knowledge and growth of the concept, but also to the argument for the transformation of CSR practice (Arpie & Astghik, 2018; Hawken, 1994; Hollender

& Breen, 2010; Karnani, 2010; Kramer & Porter, 2011; Visser, 2012b; Visser, 2014). Continuing research is also conducted in mining, accounting and humanities sectors, among others. The last-mentioned research studies cover the contemporary CSR impact on communities and the reporting thereof, as well as the aftermath of redundant businesses. These aftermaths to an extent erode the advances and attempted pursuit by CSR of sustainable and resilient communities (Aanstoos, 2013; Blowfield & Murray, 2014; Carels *et al.*, 2013; BMF, 2009; Maroun, 2016; Solomon & Maroun, 2012). Similarly, some research is also emerging on the level of CSR responsibility by government business interests through its state-owned and municipal-owned entities (Linne Marie, 2011; Rodríguez Bolívar *et al.*, 2015; Rooi, 2018; Thakhathi, 2017; Thomas, 2012). Considering the above, academia, alongside some CSO, saw CSR grow in popularity and interest among policymakers and business leaders alike.

2.4.1.3 South African civil society organisations' contributions

Since the general acceptance of CSR as a concept by policymakers and adoption by many businesses, various CSOs have been trying to find their space in the CSR continuum or get CSR implemented as intended (Arenas *et al.*, 2009; Awis *et al.*, 2018). It is said that CSOs intervene within a community's specific historical context, the recognised relations of the CSO and its publics, the internal dynamics of the CSO and its project management capacity (Erasmus *et al.*, 2016:167-170; Louw & Venter, 2010:86; Padron, 1987:72-73; Utting, 2008:960).

In some instances, due to funding arrangements, CSO interventions are limited to soft approaches such as alerting government and/or the academia that a specific situation within a community is stable, spreading or truncating (De Beer & Swanepoel, 2011:21-23; Freund & Witt, 2010:174; Ibembe, 2007:2-5; Seidman, 2008:274). Taken by the current-day upsurge of poverty, unemployment and inequality, civil society interventions might have just scratched the surface. According to Sibanda and Mtapuri (2013:117), it is time for CSOs to shake off the 'handle with gloves' approach and adopt a transformative social change approach. For the above social intervention challenges, government and academia endeavour to explore a common operational trajectory to transform CSR interventions to the betterment of the citizenry (Erasmus *et al.*, 2016:146-162; Maroun & Atkins, 2015:10-12).

In summary, the CSR definition by Bowen is regarded as the foundation for the contemporary CSR literature. Since the articulation, several definitions emerged. Although the concept was defined, some business leaders were sceptical of the responsibility businesses should show towards society. The scepticism subsided as CSR received increased attention towards the 1970s. During the 1980s, it soared, and towards the end of the 1990s, the concept progressively evolved in terms of both the scope of application and as a corpus of knowledge. The early growth was especially significant in developed countries such as in Europe and the USA and spread to developing countries.

The South African stance regarding CSR to date is not clearly expressed legislatively. However, there has been sporadic interventions since 1994. These interventions range from supporting universal and domestic CSR standards to the introduction and amendment of statutes. Furthermore, South African academia contributed significantly to the knowledge pool through integrative research to enhance new and empirical contributions. Not only did the scholarly contributions across different fields contribute significantly to the knowledge and growth of the CSR concept, but it arguably also contributed significantly to the advocacy for the transformation of CSR practice. Research pursued to establish the impact of CSR on communities is continuously emerging. The general emergence of CSR set the foundation and reaffirmed its original intention to refocus the transformative CSR model.

In general, the interventions of CSOs to a degree have been primarily based on the South African historical context. This type of intervention has, to an extent, been attributed to the funding arrangements of CSOs and resulted in the adoption of a soft approach to sensitive issues affecting communities. However, this approach is on the decline, because of the upsurge in poverty, unemployment and inequality. Several CSOs are increasingly adopting an aggressive approach to issues affecting communities.

Considering the global evolution of CSR, conversely, the operationalisation of the concept in its current form has been identified to have several failures and limitations, to the detriment of society. These are outlined in the following section.

2.5 OPERATIONAL FAILURES AND LIMITATIONS OF CONVENTIONAL CSR TOWARDS A TRANSFORMATIVE PARADIGM

As the operational debate of CSR progresses, several scholars have found evidence that indicates increased failures and limitations of contemporary CSR practices across the functional areas of the ecosystem, society and profits. This section first gives a synopsis of the subheadings of the operational failures of CSR before highlighting its limitations. Several organisations and academics have tracked the impact and aspects to which CSR should pay attention. Visser (2014:21-27) provides a section of data text to indicate some of the failures and limitations in the ecosystem, climate change, poverty and business dishonesty.

2.5.1 Ecological failures

A research study conducted by the Global Footprint Network (GFN) in 2007 found that the ecological footprint of the global biocapacity[14] per person shows a total of 0.9 global hectares biocapacity deficit on the international average (Visser, 2014:21), meaning in the year under review (2007), there was a shortfall in the ecosystem to provide for the sum of people per global hectare. According to a study released by GFN (2018), the biocapacity per person on the planet reduced from 1.8 in 2007 to 1.7 global hectares in 2014. The GFN (2018) believes that any nation's ecological footprint hovering around 1.7 global hectares per person implies that the citizenry, including businesses, is demanding more resources than what the planet can (re)generate and more waste than the planet can absorb. Table 2.3 is a tabular depiction of purposefully selected developed and developing countries to provide an overview of the ecological footprint from 1961 to 2014.

[14] The area available to produce the resources needed for humans and that captures emissions and by-products.

Table 2.3: Ecological footprint of development

Country	Biocapacity per person	Ecological footprint per person	Biocapacity	
			Reserve (+)	Deficit (-)
USA	4.2	9.3		5.1
China	1.0	3.7		2.7
UK	1.1	6.9		5.8
Ghana	1.4	2.0		0.6
Nigeria	1.1	0.9	0.2	
South Africa	2.0	3.8		1.8

Source: GFN (2018) (data year 2014)

The above table shows that, except for Nigeria, all other countries, both developing and developed countries, are demanding more from the planet than what the planet can provide. A similar bleak picture is painted by David *et al.* (2018). They found that humanity's total ecological footprint has been steadily increasing over the last few decades. Levy and Lichtenstein (2012:602) note that some approaches do exist to circumvent these CSR operational failures, "which [suggests] that a limited degree of prediction and managerial intervention is not only possible but necessary to steer our environmental systems away from catastrophe".

2.5.2 Climate change

The biggest impending catastrophe humanity faces is the controversial evidence of climate-related disastrous occurrences brought about by the changing climate (Blowfield & Murray, 2014:61-64; Schellnhuber *et al.*, 2006). The Fourth Assessment Report of the Intergovernmental Panel on Climate Change (cited in Visser, 2014:22) states that due to human activities since 1750, the global atmospheric concentration of greenhouse gases have been on a noticeable increase. According to Schneider and Lane (2006:7), although aspects of climate change are controversial, there are increasing evidence of the extent to which human-induced contributions such as emissions of greenhouse gases contributed to climate change and the uncertainty in terms of what the future impact will be on social, ecological, economic and other systems. Despite the above, the academic arguments on climate change, renewable energy or the articulation of CSR investment opportunity failures can, for the most part, be very technical, quantitative and formulative (Blowfield & Murray, 2014:64; Edenhofer *et al.*, 2011; Jajal & Mishra, 2018:159).

However, the crux of these academic arguments is that the failure of CSR to invest in mitigatory climate changes aspects significantly, especially those mitigation measures that could provide sustainability to a business and society, in general, and a buffer or resilience to the most vulnerable and the poor, in particular.

2.5.3 Chronic poverty

According to Visser (2014:24), and Barne and Wadhwa (2018), global statistics indicate a slight decline in worldwide poverty. Despite this slight international reduction in poverty levels, poverty in Africa is slowly increasing, exacerbated by several prevalent socio-economic challenges (Barne & Wadhwa, 2018). Although too early to say with conviction, preliminary indications are that the early gains in poverty reduction could be lost due to increasing unemployment numbers brought on by the Covid-19 pandemic (Lupton & Willis, 2021; The World Bank, 2020). Prior to the Covid-19 pandemic, generally, unemployment among the youth and women remained high, several populations in developing countries still lack access to basic sanitation and hydration facilities, the number of slums or informal settlements is still of great concern, while the number of children dying of curable diseases and malnutrition is another apprehension (Erasmus *et al.*, 2016:129; Rooi, 2018:75-76; Visser, 2014:24-25). According to Blowfield and Murray (2014:85-86), failing to invest in stakeholders' needs potentially financially reduces businesses' long-term going concern prospects, the possibility of decreasing some societal inequalities and perceived dishonesty.

2.5.4 Business dishonesty (poor corporate governance)

Business dishonesty and corruption have been linked to several failures of CSR and are major contributing factors to the misappropriation and deprivation of CSR resources (Martin & Osberg, 2007:35; Mosselini, 2013:40). Several businesses have been misleading stakeholders and shareholders alike, whether intentionally or otherwise (Haffajee, 2019; Henderson, 2018:1; Kawadza, 2018:7; Visser, 2014:26-27). The Bench Marks Foundation warns that any business, through numerous minor and/or significant transgressions, accumulates antagonism and anger among society against such business, which at some point could reach a breaking point (BMF, 2013:41). The Foundation further states that there are no excuses for dishonesty and corruption, only

arrogance of power, culprits and victims – with societies suffering most of the consequences.

Dishonesty and corruption in all its forms weaken the potential going concern of a business and, to an extent, contributes to uncertainty, poverty, inequality and crime (Branco & Delgado, 2012:363). If a business's going concern is in question or uncertain, it could threaten the well-being and/or sustainability of a community, society or country (Radebe, 2017:17). Visser (2014:26) refers to dishonesty and corruption as the "socio-economic cancers that aid and abet the poverty and inequality" in society. Dishonesty and corruption are international phenomena. South Africa is regarded as the most corrupt country in southern Africa, and transgressions are becoming institutionalised (Gumede, 2017). The institutionalisation or intensification of dishonesty and corruption in businesses could limit the full potential impact of CSR on citizenry.

2.5.5 Other CSR limitations

Some of the significant limitations of CSR are the lack of accountability and assurance of CSR activities. Solomon and Maroun (2012:51) conducted a study on the new face of social, ethical and environmental reporting in South Africa. They found that partly due to the lack of CSR assurance, some businesses have reduced CSR activity reporting to giving intent or views on the practice instead of articulating social impact. Visser (2014:27) asks, for instance, "are companies more part of the problem or the solution?" taking that the empirical evidence suggests that there has been rhetoric and a written upsurge in CSR as a practice. However, the social problems seem to be on a similar upward trajectory.

Another limitation is the lack of oversight and assurance of the proposed 1% NPAT spending on socio-economic development. The compliance target is a requirement set in the B-BBEE Generic Scorecard. To give a perspective of the 1% in a South African context, in 2017, Forbes announced its annual Global 2000 highest profit earners list. Table 2.4 indicates, in US dollar, the top 10 most profitable companies in South Africa for the financial years from 2015 to 2017 based on Forbes' 2017 Global 2000 ranking (BusinessTech, 2015; 2016; 2017).

Table 2.4: The top 10 most profitable companies in South Africa 2015-2017

2017 ranking	Company	2015 (bn)	2016 (bn)	2017	1% 2017	Estimated 1% total investment over three years
421	Standard Bank	1.7	1.9	1.5 bn	1.5 m	5.1 m
423	First Rand	1.9	1.7	1.7 bn	1.7 m	5.3 m
539	SASOL	3.4	1.4	993 m	993 t	5.8 m
655	Naspers	1.1	1.1	994 m	994 t	3.2 m
838	Sanlam	0.8	0.7	655 m	655 t	2.2 m
1020	MTN Group	3.0	1.6	178 m	178 t	4.8 m
1454	Shoprite Holdings	0.4	0.3	344 m	344 t	1 m
1786	Remgro	0.7	0.6	494 m	494 t	1.8 m
1910	MMI Holdings	0.3	0.2	110 m	110 t	610 t

Source: BusinessTech (2015; 2016; 2017)

What is evident is that in the 2017/2018 financial year, Standard Bank alone should have spent $1.5 m or R18 m on an R12 dollar exchange rate calculation, or about R61 m over three years, based on the same dollar exchange rate of R12, on socio-economic development interventions. The same argument is valid for First Rand and others. First Rand, for example, should have spent $5.3 m (R63.6 m) and SASOL $5.8 m (R69.6 m) between the 2015 and 2017 financial years on socio-economic development activities. In combination, the estimated 1% total investment over three years of the top 10 businesses, as tabulated above, calculates to $29.81 m or R357.72 m (based on a R12/dollar exchange rate), which, if spent as envisaged, would have made a significant socio-economic developmental impact. However, due to limitations in accountability and CSR assurance reporting, it is challenging to find conclusive evidence that the projected 1% has been spent on socio-economic development as envisaged (Solomon & Maroun, 2012:51). Blowfield and Murray (2014:24) ascribe some limitations to the challenge of accounting firms providing corporate responsibility consultancy services. However, they are not necessarily specialists in CSR or vociferous on corporate taxation as a measurement of CSR and social transformation in most instances.

In summary, it can be reasoned that despite the evolutionary journey of the CSR concept to make inroads into the business realm, it was and is still not without hurdles and shortcomings. In terms of the different interventions over time, the operationalisation of

the concept is greatly plagued with failures, limitations and a lack of tangible social transformation. Furthermore, it can be deduced that if businesses are spending the required 1% NPAT as required by the Amended Codes of Good Practice, the Generic Scorecard, on significant interventions, they could significantly impact socio-economic development. Furthermore, the limitation in terms of how businesses report on their CSR interventions and accountability is a great concern to the social transformation agenda.

The combination of clear contextual text and endorsing the foundational CSR theories are aimed to strengthen the proposed transformative CSR model. These plagues and concerns contributed significantly to the school of thought that for the required social change in the South African setting to materialise, greater scrutiny must be given to social transformation. Therefore, the following sub-section explores social transformation or the lack of its progression in bringing about change.

2.6 IMPLICATIONS OF SOCIAL TRANSFORMATION ON CSR

The argument in this section is greatly influenced by the *Yenza: a blueprint of transformation* penned by Peter Human (2003). Human (2003:54) is of the view that in order for society to transform, we have to learn how to be pragmatic and open-minded and not cling to a status quo, even if we observe that it is not working. Thus, social transformation embraces the famous quote by Mahad Gandhi that “we must be the change we want to see happen” (Gass, 2010:10; Morton, 2011).

Social transformation is typically used to describe the quest for social change, generally from a critical stance against a failed idea of social development (UNESCO, N.d). According to Khondker and Schuerkens (2014:1-4), social transformation implies a fundamental, gradual or incremental change from one particular situation to a presumably better position. Another interpretation is that social transformation includes arguments that advocate for the “empowering of previously disadvantaged people and involving them in the formal economy” (Louw & Venter, 2010:6). Social transformation as a phenomenon has been studied for decades by academia under the umbrella of sociology (Drucker, 1994). The leading philosophical figures of sociology and its branches of social change and social dynamics are, among others, Saint-Simon (1760-1825), Herbert Spencer (1820-1903), Karl Marx (1818-1883), Emile Durkheim (1858-1917) and Max Weber (1864-1920).

Social transformation in the South African context is built on, as Human (2003:26) puts it, “the ghosts of the past often cast[ing] powerful shadows on the practices of the present” and the future. There is no doubt that since 1994, government, led by the African National Congress (ANC), has made some advancement in addressing the aftermath of apartheid and the historical triple socio-economic and developmental challenges of inequality, poverty and unemployment (ANC, 2017:1). The political achievements advanced by the ANC (2017:2) for its pursuit for equal rights and social transformation are the stringent and continuous development of policy, legislation and regulatory frameworks to realise the objective of “a better life for all”. That said, historically, the administration of rights and citizen well-being has been the responsibility of governments (Eccles & Cohen, 2016:6). On the other hand, conventionally, business legitimacy entails that business subsists with the consent of society and civilisation expectations (Siltaoja & Onkila, 2013:359), as delineated through public policy processes such as the NDP. Based on the above premise, businesses make calls to support and assist government in its social responsibilities and attainment of social transformation. Some authors believe business has been an inseparable part of society for decades, anecdotally backing and perpetually gaining from society (Schambers, 2018:2; Siltaoja & Onkila, 2013:358-360).

However, as far back as 2003, Human (2003:1) warned that social transformation is at a crossroads. He is of the view that we can either continue the rocky road of government reliance and self-reliance, which promises “a better life for all”, or we can continue on the path of “symbolic and superficial” change by business, with no tangible difference in the living conditions of many South Africans (Human, 2003:1-2). According to Human (2003:23), both options look bleak, and those advocating for society's material transformation face an uphill battle. He states that the revolutionisation of social transformation necessitates extraordinary effort and insight. However, there is light at the end of the tunnel if the regime produces legislation and strong institutions to frankly implement the promised dawn and a better life for all (ANC, 2017; Human, 2003:23; The Presidency, 2018). Transformation, therefore, holds that the process unfolds in the present and cannot be undone – it is a rigorous and politically neutral process that must take place gradually at all the diverse levels of society (Williams, 2010:15). On the other hand, while there is an exaltation of the achievements of yesteryear, change focuses on societal modernity and the potential for their posterity, which to an extent requires the material transformation of the present to prosper in the future (Gass, 2010:13).

In summary, it is evident, although social transformation has been studied for decades, that it is at a crossroads. It is suggested that unless radical and fundamental changes are made to the conventional CSR practice and the required effort and insight are applied, the new dawn and better life might not materialise for a long time. The section reinforces that without tangible socio-economic development, a tangible social transformation agenda would not be realised. Therefore, transformative CSR practices should be a driver of social change based on their foundational emergence and the failures of conventional CSR practices. Furthering the argument that CSR needs to transition from conventional practices to a transformative one to achieve social modernity and well-being, the next section analyses the transition from conventional CSR practices to transformative CSR practices.

2.7 THE TRANSITION FROM CONVENTIONAL CSR TO TRANSFORMATIVE CSR

Considering the limitations and lack of tangible social transformation of the conventional CSR practice, the amounting school of thought argues that the current CSR status quo is not sustainable. The recommendation of these arguments is, among others, that there is a need to move from the conventional CSR practice towards a transformative CSR practice in which there are greater responsibility and accountability of the board of directors and management towards stakeholder management, strategy development, policy development and oversight (Botha, 2016:122; Gunderson *et al.*, 2010:29; KPMG, 2016:8-9; Visser, 2012b:10-12). In his underscoring for the move from conventional CSR practices, Visser (2014) expanded on the writings of Human (2003) and others as articulated above by advocating for the radical implementation of transformative CSR practices for society to progress towards the promised dawn and a better life for all (The Presidency, 2018). Essentially, practice, simply put, is the act of repeating something until it becomes normal (Maina & Haines, 2010:31).

According to Maina and Haines (2010:26-31), a practice can be distinctive (e.g. soccer practice or swimming practice), or it can be indistinctive (e.g. practising a behaviour consciously or unconsciously). The authors argue that practice is transformative in nature because it exemplifies new ways of doing things or a new way of being human. The transformative CSR practice pursuit is best led by a transformational manager or leader who displays a pre-emptive leadership style, focusing on the material change and

betterment of society, organisational change, innovative ways of structuring a business and high moral values and higher ideals (Botha, 2016:122).

In an effort to move the conventional CSR practices from their current state to a transformative one, tertiary institutions such as the University of Washington Bothell in the USA introduced a transformative leader programme designed for business executives, titled "Accelerating Social Transformation". The programme aims to understand the core values of social transformation to expand and accelerate the effectiveness and impact of CSR activities (UWB, 2018). Another effort is the European Union (EU) research project titled "Transformative Social Innovation Theory", or TRANSIT for short. The project includes researchers from 27 countries who investigated the societal challenges and development insufficiencies and innovations that moulded the course of history in their respective countries (Avelino *et al.*, 2017:1). Avelino *et al.* (2017) provide a comprehensive tabular list[15] of empirical transformative social initiatives, ranging from free internet access in the State of Rio to innovations to electrify and deliver water to informal settlements in South Africa.

South African society has been struggling with social inequalities and injustice for years (ANC, 2017; Clark & Bassett, 2016:183-185; COSATU, 2000; Rooi, 2018:3). CSR practices are inherently designed to promote social justice and enhance human rights. Transformative CSR practices are proposed to accelerate social justice and enforce human rights (Visser, 2012b). According to Gass (2010:13), if society resolved to produce a business culture with greater stakeholder involvement and ownership, it must revolutionise the change it wants by initiating an inclusive process of change and legitimacy. Visser (2012b; 2014) proposes five principles (see below) for CSR and a DNA Model of Transformative CSR in order for society to succeed in its quest for a transformative CSR revolution. According to Visser (2012b), what is different in this approach is that the emphasis is not only on following or being part of the global agenda of change, but on change effected through stakeholder involvement. The involvement should be based not only on repetitive lexicon text, but also on the modelling of transformative stakeholder panels, instantaneous and transparent reporting, and developing a new breed of social entrepreneurs rooted in the following principles.

[15] The listed innovations are highlighted in more detail in Chapter 5 as part of best practices, trends and perspectives.

- *Creativity:* Tangible changes in CSR in this context are pronounced as a revolution. For the transformative approach to flourish, implementers need to be innovative and creative and find a new practising model with a 'creative destruction' determination (Gunderson *et al.*, 2010:29; Visser, 2012b:10).
- *Scalability:* Case studies show that few CSR projects focus on the scale, but rather anecdotal action for public relations plaudits, or evaporate as vapour pilot projects. If these projects are compared to the scale of social problems civilisations face, there is a massive gap between the societal problem scale and the current CSR practice scale (Visser, 2012b:10).
- *Responsiveness:* Businesses have become reliant on their reactive practice of CSR. Businesses have been observed internationally to be responsive to social problems, especially in times of disasters, with humanitarian assistance through acts of alm. The transformative CSR approach requires a business to be pre-emptive in its humanitarian approach (Visser, 2012b:10-11).
- *Glocality:* According to Visser (2012b), 'glocality' derives from the Japanese word *dochakuka* and refers to the adaptation of agricultural techniques to local conditions. Adapted to CSR, it implies "think global, act local, recognising that most CSR issues manifest as dilemmas, rather than easy choices" (Visser, 2012b:11).
- *Circularity:* This is based on the premise that businesses should continuously nourish and replenish their social and human capital through stakeholder well-being assessments (Visser, 2012b:12).

Visser (2012b) designates the above principles as an acid test for tangible CSR practices for the future. The changes would be twofold: First, on a meta-level, the paternalistic relationship between business and society, which is based mainly on acts of alm, will give way to a more equal-partner partnership (Visser, 2012b:12). Secondly, CSR practices as we know them today (2019) will be disappearing as performance and impact-based CSR practices are emerging through initiatives such as those driven by the UN, international standards, domestic regulations, statutes and theorists (Visser, 2012b:13). The emergence of the transformative CSR agenda led to the development of the DNA Model for the transformation path. The next section explores the DNA Model of Transformative CSR.

2.7.1 DNA Model of Transformative CSR

The DNA Model has its roots in the premise that the conventional CSR practices of businesses and the ethic systems have failed (Visser, 2012a). CSR has, for the most part, failed to address the issues it claims to be concerned about, such as ecology, climate change and poverty, while on the other hand there are revelations and exposés of unethical business conduct (Blowfield & Murray, 2014:61-64; Commission of Inquiry into State Capture, 2019; Erasmus *et al.*, 2016:129; Henderson, 2018:1; Mosselini, 2013:40). The DNA Model of Transformative CSR, or CSR 2.0, envisages that CSR practitioners will revolutionise and embrace the future under transformative CSR practices through value creation, good governance, societal contribution and environmental integrity (Visser, 2014:3). These DNA codes in Figure 2.1 must be linked to strategic goals or objectives and measured using key indicators to have effect and evolution.

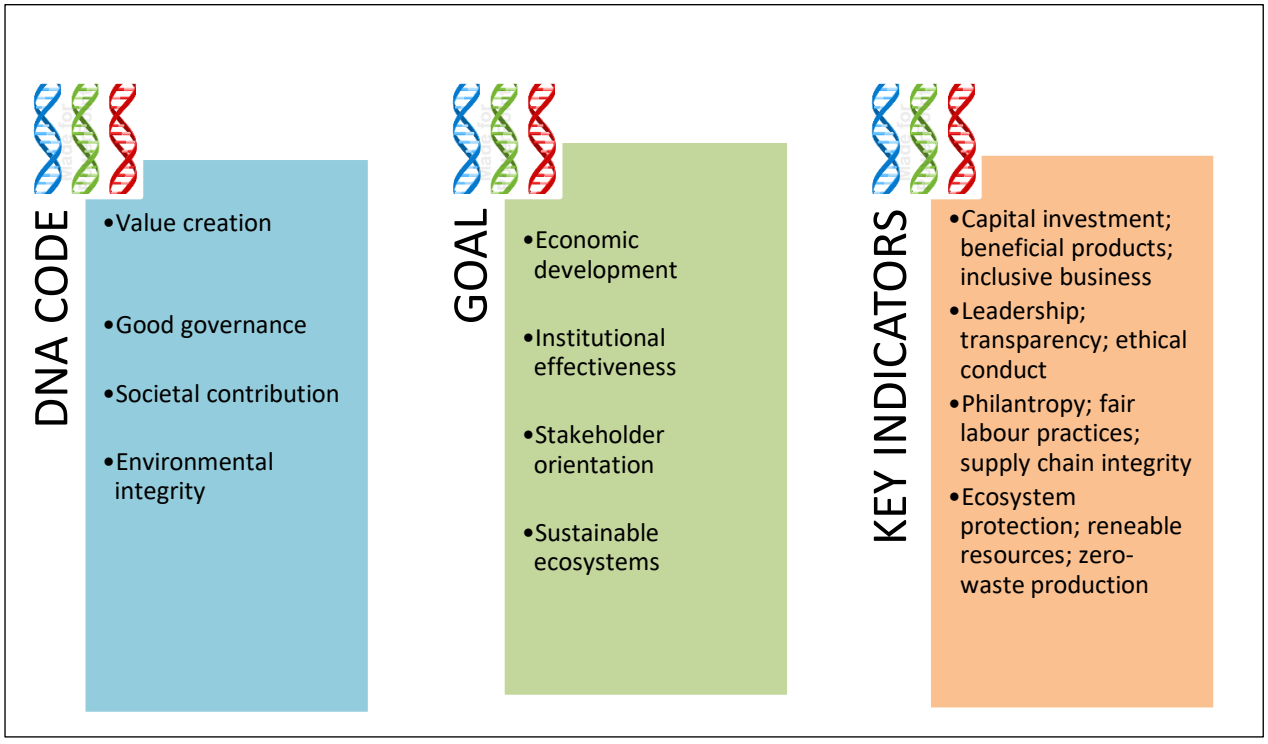


Figure 2.1: The DNA Model of Transformative CSR (CSR 2.0)

Source: Adapted from Visser (2012a)

Taken from the indicators of how value should be created, it is evident from Figure 2.1 that the intention is more than just financial profitability for shareholders. The objective is to contribute to economic development by providing and developing skills and creating

jobs. Depending on the kind of business, several indicators could contribute to achieving the goal. Visser (2014:4-6) highlights beneficial products and inclusive business. Visser (2014:4) ponders whether the products and services produced by businesses "really improve our quality of life, or do they cause harm or add to the low-quality junk" and questions, "and how are the economic benefits shared?" The lack of CSR impact manifests in the economic benefits not reaching all stakeholders and small and medium enterprises and poor communities.

These shared economic benefits can be achieved if there is a consistent appetite of boards of directors and executives to practise good governance with integrity and confidence (Kock *et al.*, 2012:492-493; Smit, 2019:4-5; Visser, 2014:4). These authors agree that if the business collapses due to poor leadership, is not transparent or does not maintain sound ethical conduct, its actions would go against the grain of what CSR stands for. Misleading reporting or advertising that elicits consumers to purchase a product or service for the business to accomplish its social obligations indicates poor governance (Carroll & Buchholtz, 2006:19-20, 31; Chan *et al.*, 2014:59-60).

Societal contributions through alms will remain a vicious cycle if businesses do not improve and exceed their in-house labour practices and the ever-presence of child labour exposes supply chain integrity (Castillo *et al.*, 2018:49; Visser, 2014:4). Lastly, Visser (2014) puts forward the environmental integrity code, which encourages businesses to protect the ecosystem, use renewable resources and produce zero-waste products. Visser (2014) suggests these environmental integrity codes as a proposal to transmute the conventional CSR practice, among other things.

2.7.2 Exertions towards transformative CSR practices

As alluded to in Chapter 1 (see the central theoretical statements), for businesses to move from the conventional CSR practices to practices that embrace the transformative principles, they need to be seen to put in an effort. Businesses should be seen making an effort and acting with agency to reassess, realign, redefine, redesign, and restructure how they are institutionalising transformative CSR practices. Below is a summation of the Five R Strategy proposed by Visser (2014:85).

2.7.2.1 Reassess

The assessment process involves considering all the relevant information from different sources about a situation or value and deciding based on the evidence. The CSR context is about assessing the lifecycle impact of businesses' socio-economic, ecological and ethical programmes in their endeavours to create a sustainable and responsible performance baseline.

2.7.2.2 Realign

The realignment processes are about rethinking what the businesses baseline from which it aligns its CSR practices is. In line with the Eighth Millennium Development Goal, Visser (2014) suggests that businesses essentially need to find government and civil society partners to balance their internal abilities while challenging the status quo.

2.7.2.3 Redefine

This is about bold, transformative leadership, setting a vision and strategic objectives for the business, ensuring that the vision and objectives are institutionalised, and inspiring and challenging all stakeholders to get involved and on board.

2.7.2.4 Redesign

This is about the innovation of the business's products and services in line with the objective of ecological protection, renewable resources, and zero-waste production. The strategy suggests that consideration needs to be given to the impact of the product or services on society and ecology during the design process.

2.7.2.5 Restructure

Restructuring is about altering the context of the business environment, starting with changing the policy setting and changing the policy environment to potentially change the rules of the game (Visser, 2014).

Taken from the above, the conventional CSR model has failed to achieve what it set out to accomplish. The DNA Model envisages revolutionising the future driven by strategic objectives and linked to transformative CSR practice exertions. The objectives of the transformative CSR practice are underscored by economic development, institutional effectiveness, stakeholder orientation and a sustainable ecosystem. The exertions enable

a business to align its objectives to international and domestic best practices and potentially change the CSR status quo.

It can be concluded that the main reason for the DNA Model of Transformative CSR is due to the failures of the conventional CSR concept to address issues such as values, good governance, socio-economic development and degradation of the ecosystem. The DNA Model put forward expected economic benefits if there is buy-in by boards of directors, more significant leadership, transparency and sound ethical conduct. The model also advocates for businesses to move from an alm relationship with communities to a relationship that embraces transformative principles.

These principles require a business to reassess, realign, redefine and redesign its vision and objectives to benefit the businesses, its stakeholders and the ecosystem. In sum, the principles will allow the executive to restructure, direct and transform the business towards an approach that effectively manages transformative CSR practices. Through the proposed management model for transformative CSR practice, effective business transformation can be achieved if the pursuit approach is aligned with the organisational key pillars – leadership, processes, structure and culture. It is common among visionary leaders and executives to identify the need and an opportune time to take an inclusive look at their organisations, address weaknesses, leverage strengths and manage the required changes timeously.

2.8 CONCLUSION

Chapter 2 provided a theoretical framework of transformative CSR spread over seven sections. The second section articulated the specific terms used in the realm of CSR. The articulation of the selected terms allows for a common and shared understanding and expressed intent of the key terms used in the study. The researcher then provided in the third section a brief chronological overview of the emergence of CSR. The chronological evolution revealed that the philosophical roots of modern-day CSR practice came about due to numerous events and several philosophical influences that extend over decades. The section summarised these events as they emerged from the agrarian age to the late 18th century. Humans, to an extent, roamed the earth unrestricted and carefree until the advent of trading. As trading intensified around 1750, objections started to emerge against the consequential industrialisation, which resulted in the onset of the formation of

advocacy groupings. The late 19th and early 20th centuries saw the rise of the initial advances of business responsibility towards society, which became a norm in variations and gained momentum in the North and some Asian, Western and European hemispheres. Throughout the 20th century, societal concerns received increased attention from various philosophical contributors, leading to the wide-ranging footprint of social responsibility. By 1940 towards the 1950s and beyond, businesses' social responsibility became common terminology among industries and academia.

Section three dealt with the emergence of theories in relation to CSR. The consolidated PIE theories encapsulated the related theories. The theories hold that the early emergence of CSR was considered mainly as acts of alm (compassion and goodwill). It then moved to the conventional articulation of CSR (businesses should act and react to stakeholder needs) and later transformative CSR (a changed approach to the CSR practice, where all actors are held accountable and responsible for the impact of CSR on society).

In section four, the global evolution underscores the datum that the attributed definition by Bowen in 1953 of CSR momentously influenced CSR literature as we know it today. Despite the clarification, it was received with scepticism, but soared towards the 1970s. The evolution of the concept by the 1980s dictated the need for greater disclosure in social reports that started to emerge. As the 1990s dawned, the reach of the CSR concept was intensified by including ethical elements and through the literary input by influential organisations such as the UN through its *Changing course* contribution at the Rio Summit in 1992. Locally, the South African government continuously, although not explicitly, supported various international and local standards and introduced several laws that were directly or indirectly advantageous to the CSR practice. Similarly, academia and CSOs continuously contribute to the literature and engage government, businesses and society through empirical-based evidence to improve societal conditions. The premise of these engagements is slowly shifting due to the overwhelming emergence of operational failures and limitations in conventional CSR practices.

In the fifth section, the chapter sketched how CSR is operationalised and what some authors found to be its limitations. The literature consulted agrees that CSR practices are universal, but argue that the crux of the African operational limitations and implications for South Africa is that CSR in the African context is made more challenging due to the

lack of academic investigations. The rationale put forward is that for businesses to successfully institutionalise and operationalise CSR, business leaders and practitioners should relate and understand the background of the accepted CSR model to frame and understand how businesses should respond to their stakeholders. These revelations led to the growing apprehension of the intangible implementation of some conventional CSR activities.

In the sixth section, the researcher explored aspects of social transformation or the lack thereof in the conventional CSR practice setting. Although social transformation as a concept has been around for years, its impact has reached a stalemate. Scholars suggest that unless fundamental and essential deviations are made to the conventional CSR status quo, the new dawn and better life for all might be far-fetched. The argument, to an extent, is leading to a louder chorus that CSR needs to shift its focus from a conventional practice to a transformative one.

Lastly, the chapter concludes with a rationale for transforming the conventional CSR practice into a transformative CSR practice. A DNA model is put forward to offset the failures of the conventional CSR concept to advance the discourse of issues such as values, good governance, socio-economic development and degradation of the ecosystem. The DNA Model puts forward mutual economic benefits and advocates for business leaders to transition and embrace transformative principles based on the failure of the conventional CSR model to achieve the required levels of social transformation. The DNA Model envisages revolutionising the future driven by strategic objectives and international and domestic best practices.

Generally, several (un)explored ideas and factors in this chapter restrain the CSR concept's spectrum (onset to impact). On reflection, one such limitation is the expanding nature of the CSR related terms and theories, broadening the spectrum instead of focusing it. However, the conceptualisation of related terminology and narrowing of theories are regarded as having an essential combined role to both focus and guide the transformative nucleus of the study. As a parting thought, based on the chapter interpretation, conventional CSR has, to a degree, served its purpose. To persevere and overcome societal deprivation, we should have the gallantry to change course or intensify our efforts to achieve our common transformative human objective of a better life for all.

In the next chapter, the study outlines the TOC concept and business change management process before articulating transformation as part of the change process. The chapter also unpacks business transformation before concluding with a tabulation of micro theories related to business readiness dimensions.

CHAPTER 3

TRANSFORMATIVE CORPORATE SOCIAL RESPONSIBILITY AND ORGANISATIONAL CHANGE: A THEORETICAL REVIEW

3.1 INTRODUCTION

In the previous chapter, the researcher articulated specific terms used in the realm of CSR and gave a summarised sequential outline of the emergence of the concept from 8000 BC, followed by an articulation of the theories concerning the said concept. The subsequent sections focus on the emergence of CSR through the global evolution of the concept from the early 1950s, its operationalisation and limitations and the transition from conventional CSR practices to transformative practices.

The shift towards acknowledging, accepting and adopting contemporary CSR realities is foreseeing and anticipating multidimensional transformation variants in businesses (Barnard, 1938; Carroll, 2008:35-36; Chams & García-Blandón, 2019:109). That said, any transition or transformational process requires some degree of change within an individual or at multiple, if not all, levels of the business hierarchy (French *et al.*, 2000:370-371; Hamlin, 2001:141-143). According to Borghesi *et al.* (2014:164-168), at one stage or another, it would be required from all hierarchal levels, from the board of directors, executives, human resources and managers to the employees, to act as leaders for specific stages or elements of the business change process. The degree of complexity of the business change process is dependent on the problem, concern, need or solution that the business seeks to address or implement (Chams & García-Blandón, 2019:109-111; Hamlin, 2001:144-179).

Having regard for the sundry of different business change management approaches, the researcher focuses on the theory of change (TOC) perspectives and the prevalent systemic change management models with transformational and/or management elements (Kwok, 2014; March, 1972; McGrath & Bates, 2015). This approach is in line with the enquiry objective of the study, of which the aim, in the main, is not to fundamentally overall the business model or business strategy of the of businesses within the South African retail sector, but instead, for a pursuit towards a fundamental socio-economic change acceleration management model for its CSR strategy and practice.

This chapter introduces the concept of the TOC, before schematically outlining the concept. The chapter then gives a synopsis of a typical business change management process before articulating some aspects of change management with specific reference to the board of directors, aspects of a change management strategy, leaders of the business management strategy and external stakeholders as actors in the change progression. In the next section, the researcher summarises transformation as part of the change process. Towards the latter part of the chapter, the researcher unpacks business transformation, focusing on business maturity and business readiness. Finally, as a subdiscussion, the researcher concludes by tabulating micro theories in relation to the business readiness dimensions identified as part of the business change management process.

3.2 THEORY OF CHANGE

The TOC was introduced in the late 1950s by Kirkpatrick as a concept to examine the learning abilities of students (Laing & Todd, 2015:3). Since then, the TOC has undergone significant metamorphoses, and today (2019) means different but similar things – depending on the context of its application. James (2011:ii) suggests that the TOC is "an ongoing process of reflection to explore change and how it happens – and what that means for the part organisations play in a particular context, sector and/or group of people". Stein and Valters (2012:2) are of the view that the TOC is an excellent theory of action and the "engine of change". Vogel (2012:3-4) regards it as a process that induces a progressive outcome. The authors agree that if the TOC is applied meticulously, it can be a valuable tool in the strategic planning process (Aragón & Giles Macedo, 2010:8; Laing & Todd, 2015; Stein & Valters, 2012; Vogel, 2012).

The crux of the theory is that it is an enduring process of reflection on how to explore change and how change should happen in its applied context (Laing & Todd, 2015:3). According to the United Nations Development Group, the key principles for developing any TOC model should be a consultative process that includes all relevant stakeholders, is informed and grounded in robust evidence, and support continuous learning (UNDG, 2017:5). The TOC allows for intervention parameters to be overlaid to the outcome pathway(s) to map and visually show actors what the stakeholder expectations are, what it might take to effect the change(s) and what the potential lifecycle of the intervention(s) could be (Rogers, 2014:2-3; Taplin *et al.*, 2013:2; UNDG, 2017:3).

As alluded to above, there are copious TOC approaches, and it could take an equal number of forms. Whatever the approach or form, the TOC should be plausible (will it lead to desired outcomes?), doable (will resources be available to carry out the initiatives effectively?), testable (can progress be tracked in a sound and useful way?), and it must be built around its description and explanation (Connell & Kubisch, 1998:3-4; Whetten, 1989:491-494). The description implies the context and form of the item or thing being theorised. This includes precursor causes of the problem, concern, need or solution the intervention seeks to address; the context in which the problem, concern, need or solution arises; a clear picture of the intervention proposed; who the recipients are; and what the expectations are (Ghate, 2018:4-5). To action the TOC approach, this study adapted the schematic TOC model and the real-world non-linear TOC model (see Figure 3.1) by the Colebrooke Centre for Evidence and Implementation, as presented in Ghate (2018), to set a common outcome pathway.

The reason for the model selection in the main is that the methodology of the schematic TOC model has a reasonably flexible framework, mainly designed to implement unadorned and complex business changes. The design of the model encourages assessment and segmentation of the current system used in a business. Furthermore, where necessity or quandary for change is identified in a business, the model encourages and provides stakeholder consultation to find and implement a suitable sustainable solution-driven intervention. The framework of the model combines best practice and theory that enable the reasonable smooth adoption of an intervention based on a blueprint. What is reassuring is that the prospects of transformation success when using this model is primarily based on the implementers of the model and not the model itself. The literature affirms that if the TOC pathways are implemented correctly, the model can significantly improve the probabilities that the intervention framework is fit for purpose and, consequently, more likely to achieve the desired transformative changes.

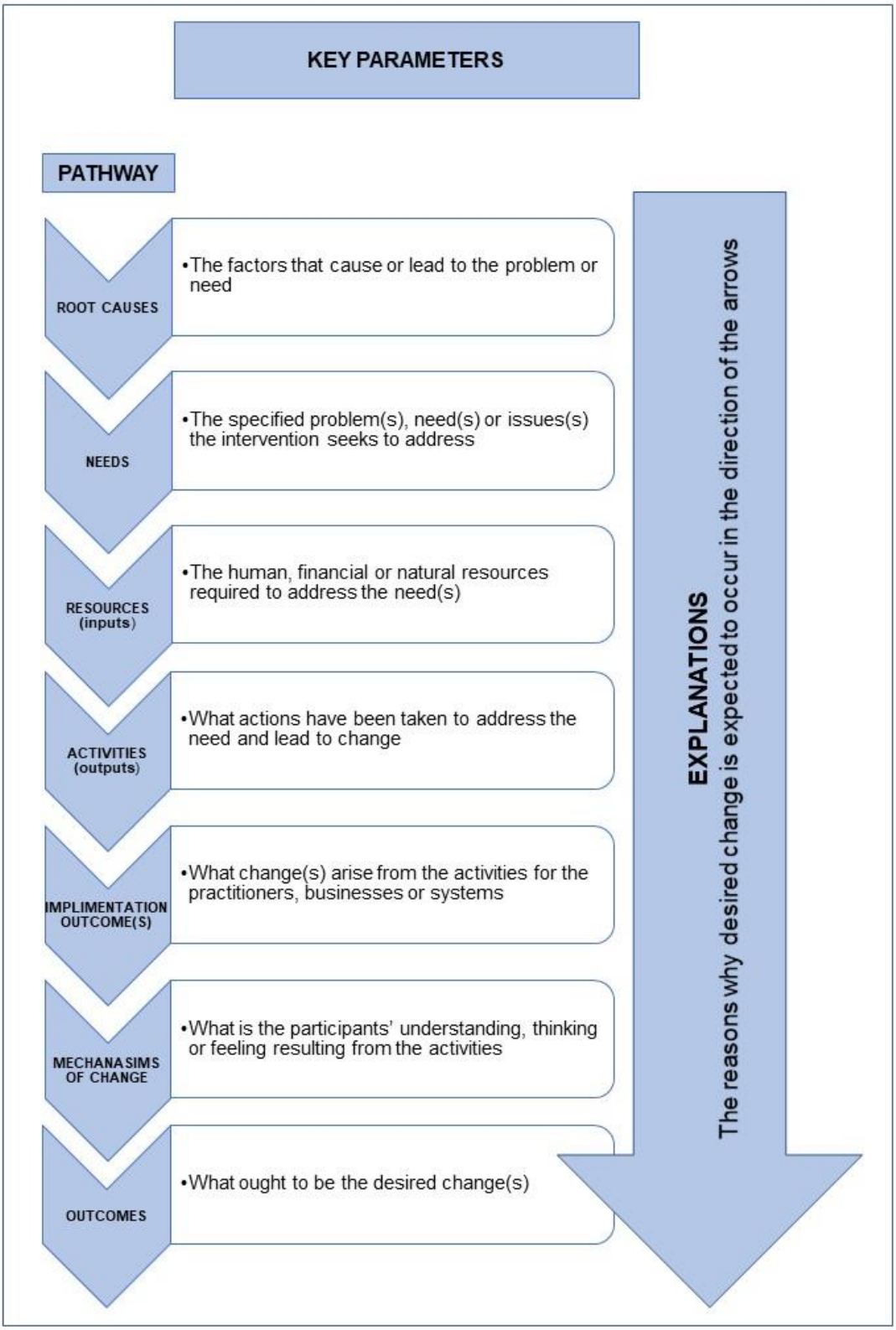


Figure 3.1: Schematic TOC model

Source: Adapted from Ghate (2018:5)

The schematic TOC model consists of seven key parameters that are characterised by the following pathways:

- *Root causes:* It is essential to establish the reasons that led to or caused the need or problem. To establish the reasons, a credible and comprehensive situation analysis should be conducted. To a large extent, the analysis results should indicate the need(s) the intervention should address (Ghate, 2018:5; Rogers, 2014:3-4).
- *Needs:* The needs identification is aimed to speak to the specific problem(s) or issue(s) the intervention seeks to address. The need identification will also allow making explicit the outcome(s) and impact(s) that the envisaged activities would seek to produce (Ghate, 2018:5; Rogers, 2014:3).
- *Resources:* The resource inputs would typically include the financial and human capacity required to effectively address the need(s) identified (Ghate, 2018:5).
- *Activities:* The activities are typically the actions taken to deliver the outputs that bring about the desired outcome of the intervention. These outputs are usually tangible and measurable deliverables and milestones (Ghate, 2018:5; Taplin *et al.*, 2013:19).
- *Implementation outcome:* These outcomes explicitly address the human aspects by focusing on the change or changes that occur for practitioners, the business or systems arising from the activities (Ghate, 2018:5).
- *Mechanisms of change:* The focus here is on identifying the participants' responses and the lessons learned from the activities (Ghate, 2018:5).
- *Outcomes:* The outcomes are the desired change(s) that should result from the intervention. The outcomes could include anything from immediate to intermediate relations, behaviour, attitude or practices changes (Ghate, 2018:5; Taplin *et al.*, 2013:20-21).

Schematic TOC model pathways, also referred to as linear pathways, have relative simplicity to an otherwise potential complex process. The Colebrooke Centre has described the schematic TOC pathways for the TOC (CTOC, N.d) and others as the most popular and plausible way to logically depict the key parameters of an intervention (Davis *et al.*, 2015:326-327; Mowles, 2014:164-167). Given the occasional non-linearity and non-equilibrium state of most problems, concerns, needs or solutions in a business and/or

the human and societal systems, it is suggested that at times it is best to use the spiderweb-like pathway depiction known as the non-linear TOC model (Braithwaite *et al.*, 2018:5-6; Fixsen *et al.*, 2005:94-99). Although differently represented, the non-linear TOC model consists of the same pathways as the schematic TOC model, characterised by identifying the inputs to ascertain activities that lead to particular outputs, outcomes and impacts. The significant difference between the two models is that the non-linear TOC model has a greater focus on and inclusion of environmental variables that could affect the inputs, outputs, outcome and impact of an intervention. Figure 3.2 illustrates a potential practical real-world, non-linear TOC model.

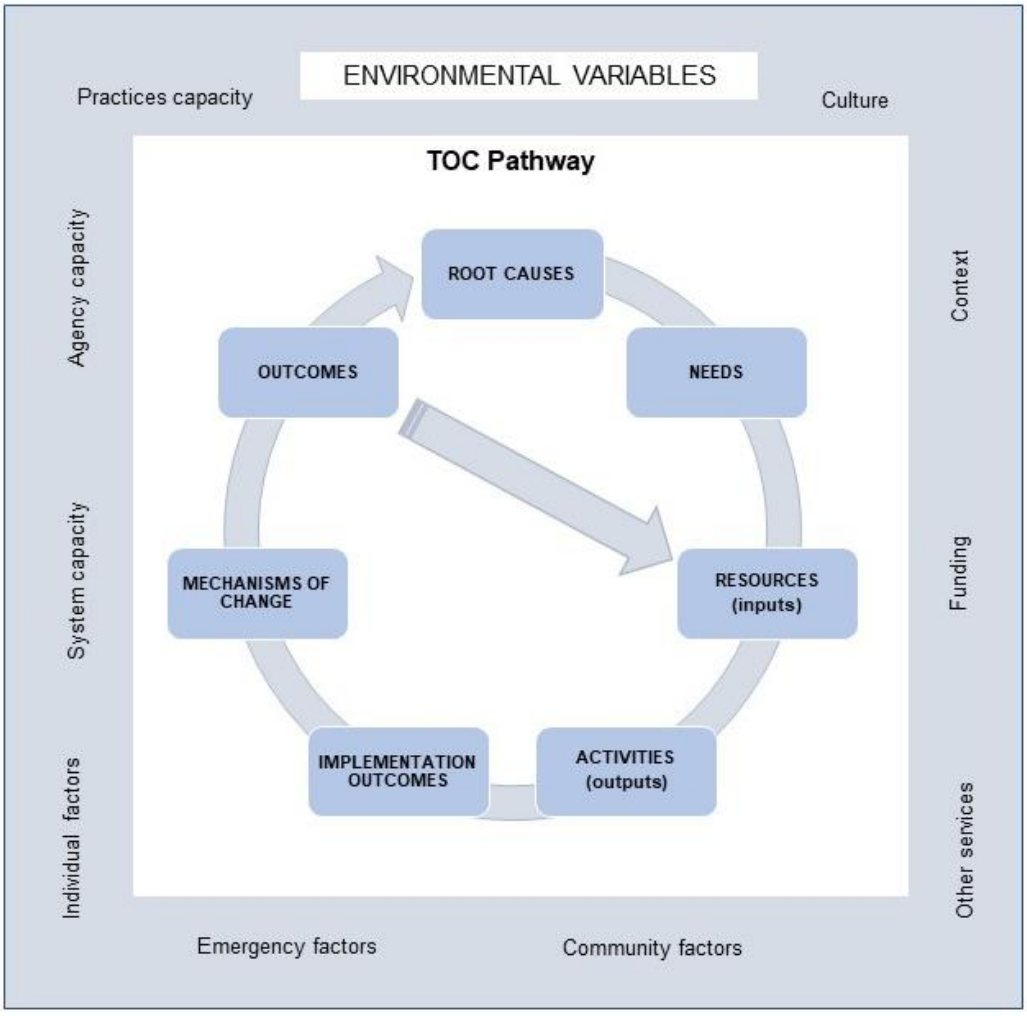


Figure 3.2: Real-world non-linear TOC model

Source: Adapted from Ghate (2018:6)

As with the schematic TOC model, a credible and plausible non-linear TOC process should include some if not all elements such as needs (can be framed as problems),

inputs (human, financial or natural resources), outputs (intended activities), outcomes (intended and desired change), implementation outcomes (each hierarchal level) and the mechanisms of change (Ghate, 2018:4). Furthermore, without a robust baseline schematic TOC application, the replicability of a non-linear TOC model could become complex if it is problematic to determine through historical data what pathways have worked, what is or is not going to work and why (Bradach, 2003:21).

Van Es *et al*. (2015:15) are of the view that through the consideration of external factors (making assumptions), the TOC gives businesses a degree of flexibility and room to address complexities that might arise through the result chains and pathways of change. Assumptions are a critical component of the theory. Other authors believe that to accumulate sufficient data and clear expectations from stakeholders, assumptions must be clearly articulated and tested in every TOC and during every stage of the TOC process (Connell & Kubisch, 1998:2; O'Flynn, 2012:2; Vogel, 2012:4). The advantages of the theory are its vigour, practicality to address complex social challenges, work efficiency and ability to enhance communication across teams (Taplin *et al.*, 2013:2-3; Van Es *et al.*, 2015:7).

Most advantages come with a level of disadvantages or degree of concern. Davies (2004:102) and Gariba and De Hoop (2012) state that one of the disadvantages of the TOC is that international businesses in some instances ignore the fact that different teams in different parts of the world do not share the same understanding of the TOC as per the country of intervention origin, and it is therefore essential to adapt the TOC to the needs of the receiving country. According to Ober (2012:2) and Rogers (2014:11-12), if the data collection, analysis and reporting are not robust, it disadvantages the TOC effort and it could become inadequate. Valters (2015:20) cautions against the theory becoming another “community pacifier”, implying that the theory was used to keep the community busy with endless false starts and no tangible progress or outcome.

The inference of the TOC holds that the planning, implementation, monitoring and evaluation of change should be based on available theoretical evidence. It can be deduced that the TOC is a continuous process of reflection to explore and effect change – how change happens and what that change means in a particular setting and for the intended people. Furthermore, regarding the advantages and disadvantages of the TOC, the concept generally could have excellent impact power if it is applied vigorously and if

aspects of the business change management process are managed effectively and are outcome-driven.

3.3 CHANGE MANAGEMENT

'Change management' and 'strategy' are regarded as synonymous. For example, one cannot separate the business strategy from business change or vice versa (Todnem By, 2005:369). Similarly, one cannot divorce management as an action from the business strategy and business change (Paton & McCalman, 2008:3). Simply put, in most instances, before undertaking a journey, one first addresses the purpose of the journey, the route and with whom; in many respects, that is what change management is about. Change management is generally about evaluation, planning and implementing the strategic, tactical and operational process (Kirkpatrick, 2001:18-19; Paton & McCalman, 2008:3-4).

3.3.1 Business change management process

Leaders of many businesses are faced with various pressures from several stakeholders, CSOs and governments to change, improve and/or adapt their social transformation efforts, especially their CSR practices (Fæste *et al.*, 2014:5-6; Ravanfar, 2015:7; Shiri *et al.*, 2014:230). This, to an extent, can largely be attributed, as introduced in Chapter 1 and discussed in chapters 2 and 4, to empirical studies, political rhetoric, slight shifts in statutes such as the B-BBEE and the Companies Act, and to a degree the introduction of the King IV guidelines and other contributions. These paradigm shifts would require businesses leaders to give particular attention to governance in general and special attention to CSR management aspects, activities and interventions to uphold their legitimacy and bring about individual, business and societal change.

Various change management approaches in the literature aim to guide businesses through the various elements of the business transformation process (McKenzie *et al.*, 2011:403; Wilkinson, 2014:19-23). What is significant is that businesses are generally heterogeneous; therefore, change implementation and the management thereof would differ from business to business and would primarily depend on the business case and a business's culture and appetite to change. According to Manning and Curtis (2012:362-363), what is primarily homogeneous when initiating a business change process, be it

complex or segmented, is that each business must give the reason(s) that gave rise to the change, customise the change, implement the change process considerately, appoint a credible ambassador to be the face of the process, be truthful, not pre-empt results and give recognition and rewards where they are due. Adopted and adapted change management models could significantly contribute to the South African endeavour of the radical transformation agenda. Change management models demand a radical shift towards further and improved knowledge/learning and development practices and thinking (Drucker, 1988:47; Valters, 2015:4). In change management models, the activities, processes and results are often categorised, with some variance in terminology, inputs, outputs, outcomes and impacts and, at times, depicted in boxes (Drucker, 1988:47; Mayne, 2015:121). According to Mayne (2015:137), change management models can at first appear complicated and overwhelming for many.

Change management models are generally adjusted depending on the variety of the intervention and the strengths and weaknesses of the model for intervention. This is echoed by various developers of the array of change management model perspectives (Mayne, 2015:137; Stein & Valters, 2012:5; Van de Ven & Poole, 1995:523-524). In condensation, these authors state that the purpose of the models varies, the models have different strengths and weaknesses, they are time-dependent, they should recognise non-linearities and qualms, they can be based on predictions rather than concrete results (ex-ante) or can at times be ex-post – meaning they can be based on actual results rather than predictions. The researcher adopted Kotter's eight-step change management model to manage this study's CSR change management process.

The rationale for selecting Kotter's eight-step model is that the architecture of the model allows for a step-by-step archetypal process. The model also provides an explicit description and guidance on the entire process of change steps. The dimensions of the model encompass the participation and acceptance of employees of the overall process. Furthermore, as indicated in section 3.4, the model emphasises building a climate, alliances and acceptability for the type of organisational change envisioned, instead of only focusing on the actual implementation of the change process. This is evident in the first steps in which an organisation should create urgency for change. In general, there can be little buy-in into a process or urgency without awareness, consultation and a vibrant vision. All of these are provided for in steps 1, 2 and 3. Kotter refers to a change

vision as an ample opportunity and a compelling, aspiring catalyst that aligns stakeholders and has the potential to prompt others to become involved (see section 3.4.4). Instead of presenting an idea, Kotter proposes creating a movement that involves all stakeholders that can reduce blockages (Step 5) and resulting in quick wins (Step 6). Some wins might be insignificant, but all wins are regarded as motivation to effect further change. In steps 7 and 8, Kotter regards sustainable change or change reinforcement as the main focus of the final steps, which he labels as the locking-in stages. When considering the architecture and dimensions of Kotter's model, it is congruent to what the researcher wanted to achieve in terms of the urgency and the involvement of all relevant stakeholders and the transformative longevity of interventions.

The step-by-step archetypal nature of Kotter's eight-step change management process is depicted and outlined in Figure 3.3.

3.3.1.1 Kotter's eight-step change management process

Kotter's eight-step model originates from his involvement with several business change processes. He converted his consultative involvement and lessons learned in the business change environment into eight key steps (Kotter, 1995:59; 2012:xi). The result, in his opinion, is a relatively flexible model that could aid leaders to transform their businesses and effect an envisioned change (Kotter, 1995:61). Cameron and Green (2015:116) agree that it is partly due to the flexibility of Kotter's change management model that they adopted, adapted and advocated using the model in an envisaged business change endeavour. Cameron and Green (2015) also believe that it is vital to emphasise the importance of the overall management's devotion in and through all the steps of the eight-step model. The adaptability and flexibility of businesses to implement requisite environmental changes have become, to an extent, vital facets to establish and maintain a competitive advantage (Zentner, 2015:1).

Kotter (1995) put forward that business leaders responsible for change management, who follow the eight steps depicted in Figure 3.1, would do eight things veraciously if they do them in the right sequence. In general, the steps are grouped into three phases. The first three steps endeavour to create a suitable climate for change, while steps 4 to 6 link and involve a change to the dimensions of the business, and steps 7 and 8 focus on the implementation, consolidation and institutionalisation of the change. The steps are depicted in Figure 3.3 and discussed underneath.

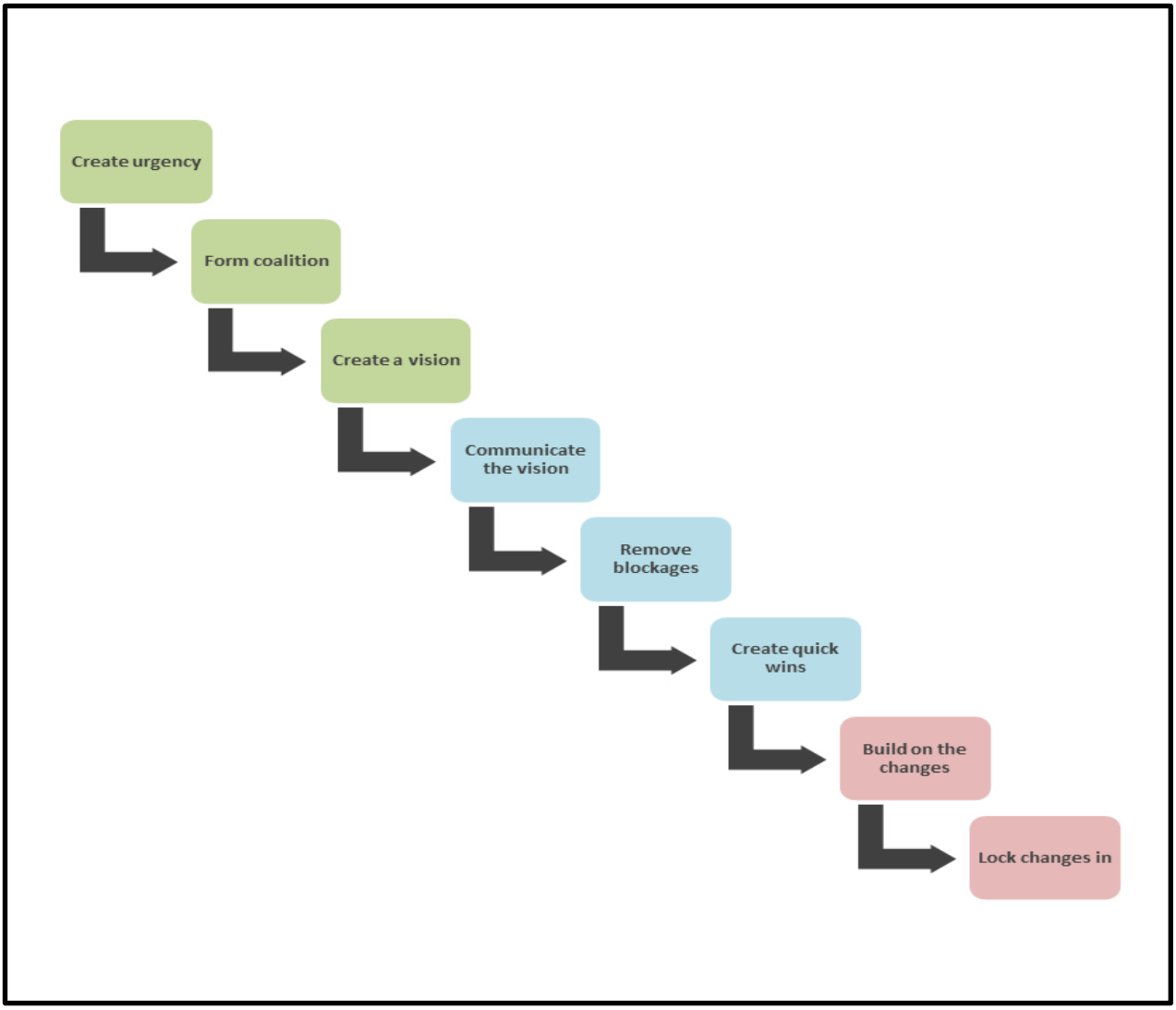


Figure 3.3: Kotter's eight-step change management model

Source: Adapted from Kotter (1995:61)

The crux of the eight-step change management model is set out in three phases. Phase 1 creates a climate for change. The following elements characterise this phase:

- *Create urgency*. While creating a sense of urgency, it is crucial that stakeholders explore competitive environmental realities, identifying and storming potential future scenarios such as potential crises or significant opportunities. Based on the brainstorming outcomes, the 'felt need' for change should be advocated (Brisson-Banks, 2010:248; Cameron & Green, 2015:115; Kotter, 1995:61; Kotter, 2012:37-50).
- *Form coalition*. Form a powerful guiding coalition. An assemblage of people with enough power who can work well together and lead the change effort should be

gathered. This step encourages stakeholders to build a climate of collegiality alliances to attain the set vision (Brisson-Banks, 2010:248; Cameron & Green, 2015:115; Kotter, 1995:61; Kotter, 2012:53-68).

- *Create a vision*. An innovative, forward-looking vision should be built to guide the change effort and to develop a plan to set out the roadmap to realise the set transformative objectives. The set vision must be more than an idea, but set as achievable, measurable and tangible outcomes (Brisson-Banks, 2010:248; Cameron & Green, 2015:115; Kotter, 1995:61; Kotter, 2012:69-86).
- *Communicate the vision* through all available platforms and vehicles. Empower others to act on the vision. There might be a need to frequently communicate particular messages to certain actors in order for it to anchor or lock in. The communication of the guiding coalitions is critical as the first to be role-modelled as new behaviours (Brisson-Banks, 2010:248; Cameron & Green, 2015:115; Kotter, 1995:61; Kotter, 2012:87-103).

In Phase 2, the initiative leader engages stakeholders and creates an enabling environment by performing the following functions:

- *Remove blockages*. Leaders should eliminate obstacles and blockages that could hamper the change process, such as unhelpful bureaucratic structures or systems (Brisson-Banks, 2010:248; Cameron & Green, 2015:115; Kotter, 1995:61; Kotter, 2012:105-120).
- *Create quick wins* by planning for and creating short-term successes. Short-term observable improvements should be planned, expressed and advertised. Those who implement and amplify the proposed changes should be recognised and the actors involved should be rewarded publicly for the improvements (Brisson-Banks, 2010:248; Cameron & Green, 2015:115; Kotter, 1995:61; Kotter, 2012:121-136).

Lastly, in Phase 3, the change management leader implements the mutually agreed change by the following:

- *Build on the changes* by consolidating improvements and produce ongoing change. Credibility for changing policy, structures and systems that do not fit the vision should be promoted and rewarded. All relevant stakeholders should be

engaged, and those actors who can best implement the set vision should be upskilled. Throughout the change process, the progression of change should be reinvigorated and energised with new themes, projects and change agents (Brisson-Banks, 2010:248; Cameron & Green, 2015:115; Kotter, 1995:61; Kotter, 2012:137-152).

- *Lock changes in* and institutionalise new approaches. The correlation between the acquired behaviour and business advantage should be clearly articulated. Common understanding of the new behaviours should be ensured, and changes should be locked in (Brisson-Banks, 2010:248; Cameron & Green, 2015:115; Kotter, 1995:61; Kotter, 2012:153-165).

Surprisingly, Kotter (1995) provides several reasons that affect the transformational outcomes of the eight-step model negatively. The negatives or shortcomings he put forward that could hamper a successful business transformation process are the lack of a real sense of urgency, weak guiding coalitions, lack of a smart vision, undercommunicating the vision to all actors, too many unremoved bureaucratic blockages in the path of the new vision, lack of systematically planning, declaring victory too early and lastly changes in the business culture not being securely locked in (Kotter, 1995:60-67). Another negative observed by Cameron and Green (2015:115) is that it appears as if the steps encourage “an early burst of energy, followed by delegation and distance”. This observation is mainly due to the silence of the model on explicitly accentuating the requirement for managers to follow and monitor each step of the process, implying that if managers of the transformation process are not committed, their efforts to change might be superficial and not sustained.

It can be deduced that change management involves key leaders and actors in the business hierarchy to enact its change management process effectively. Therefore, the board of directors should reinforce corporate governance, lead and involve themselves in a broader range of obligatory licit business affairs. In addition, part of a board’s fiduciary controlling duties ensures that businesses exercise their social, ethical and ecological responsibilities and remain legitimate and relevant.

Unlike the board of directors, leadership in the employee realm can be regarded as a floating responsibility. The role and function of employees as leaders of a change process

rotate in responsibility variants from the executive to the lowest employee in the hierarchy. Some employees are assigned incumbency titles such as champions and change agents to clarify their roles and responsibilities in the change process. Similarly, as with internal stakeholders (employees), external stakeholders also play a significant role in the business change process and should be engaged and managed accordingly. Consequently, it becomes vital to identify the stakeholders, engage them and prioritise them in terms of their power, legitimacy and urgency. The quality of the engagement businesses have with their stakeholders in no small intent determines the temperament of their relationship, intervention implementations and acceptance of stakeholder reports as mutually representative, reliable and relevant.

Considering the aspects of change management above, leaders of businesses must carefully consider and select the change management model's approach and process. Significant consideration needs to be given to the onset of the change process and what it should achieve. Kotter's eight-step change management model is one of the leading change models. Furthermore, transformative CSR practice requires the potential modification of some or changing the entire CSR internal business environment to successfully incorporate or embrace the tangible transformation and impact of the proposed management model for the transformative CSR practice. It is suggested that by adopting, adapting and following these eight steps, businesses can transform and significantly improve their chances of successfully implementing and institutionalising change.

3.4 BUSINESS LEADERSHIP AND ASPECTS OF THE CHANGE MANAGEMENT STRATEGY

Businesses are generally faced with constant variants of internal and external environmental changes. How these environmental changes are managed is crucial for a business's going concern or a business's fit-for-purpose status and its general legitimacy. More so, a board of directors and executive-led businesses are increasingly faced with legislative, unique and startling demands to which they need to find innovative solutions to the benefit of all actors (Jonker & De Witte, 2006:1; Rossouw, 2018:5-7).

The academia agrees, to an extent, that businesses need to find a way to assist a degrading society and a government in distress (Gumede, 2017; Human, 2003:10; Jonker

& De Witte, 2006:1-3; Mosselini, 2013:40; Visser, 2014:26-27). According to Zarenda (2013:7), in the South African context, business leadership has a significant role to play in the involvement and, to a degree, the outcomes of the NDP. Whatever business leaders decide their involvement should be, crucial to how businesses would manage the transition of CSR from conventional practice to a transformative one. Managing the transition is crucial in attaining the desired legislative social and economic obligations, societal expectations and reasonable sustainable development. Visser (2014:16) asserts that for CSR to move from the conventional "unsustainability and irresponsibility" to a state of transformative practices, all actors in CSR should have a relook at their management systems in general and, more specifically, their CSR management models.

As with the CSR conceptual theoretical perspectives (see Chapter 2), change management models also have proliferation and many different perspectives (Bodrožić & Adler, 2018:85-87; Erasmus *et al.*, 2016:192-196; McGrath & Bates, 2015:196). Bodrožić and Adler (2018:86) define a management model as "a distinct body of ideas that offers organisational managers precepts for how best to fulfil their technical and social tasks". Bodrožić and Adler (2018) believe that models are not only incoherent ideas, steps and literary text of a process, but have the potential for a widespread impact on how the business manages procedures and practices.

As alluded to in previous chapters, there is increased advocacy for and anecdotally against a fundamental change in the practice and management of CSR (Human, 2003; UNSDSN, 2013:4; Visser, 2014). More specifically, the advocacy for a board of directors and executives to accept the importance and awareness of their role in the hierarchal management of the business activities and the methodological execution of interventions throughout the hierarchy are essential (Jonker & De Witte, 2006; March, 1972; Rossouw, 2018; UNESCO, 2017). The board of directors are crucial actors in the change management process, especially because the change process and progression necessitate the participation of internal and external stakeholders to guarantee its success. Therefore, the following section briefly outlines the board of directors as leaders and actors in a change process. A detailed outline of the social and ethics board subcommittee as a branch of the board of directors is given in Chapter 4, section 4.3.3.1.

3.4.1 The board of directors as leaders and actors in the change process

No longer does a board of directors only give direction to business and act on behalf of shareholders. The constant pressure from some communities, governments and international and domestic CSOs increasingly prompt boards of directors to lead and become actors in a broader range of business affairs and give more considerable attention to others (Eesley *et al.*, 2016:2425-2427; Escudero *et al.*, 2010; Rossouw, 2018:9-11; Temminck *et al.*, 2015:402-404). According to Escudero *et al*. (2010:4-7), the board of directors generally acts to reinforce the leadership role of the executive in advancing issues such as corporate governance, support the implementation of voluntary international treaties such as the UNGC and consider government regulatory strategies such as the NDP, among others. Furthermore, as leaders, in terms of Section 7 (b)(iii) and (d) of the Companies Act (RSA, 2008) and King IV (IoDSA, 2016:24), the board of directors has a fiduciary oversight duty to ensure that a business exercise its social, ethical, ecological and governance responsibilities, among others.

As actors, the board of directors exists to be mainly accountable for oversight of corporate governance and the going concern of the business and to principally act as the voice of the shareholders (Eesley *et al.*, 2016:2525-2527). Furthermore, the board of directors plays a critical role in enhancing governance and ensuring that a business remains legitimate and fit for purpose (Capeheart & Milovanovic, 2007:1; Davis, 1967:48; Escudero *et al.*, 2010:8; Wilkinson, 2014:78). To remain legitimate and fit for purpose, the board of directors, among other things, needs to identify and gauge a constantly shifting end goal, ensure that the director and the executive team work together to create a vision for the future, and introduce and oversee the necessary change processes to achieve its objectives (Hendry & Kiel, 2004:502-505; Klarner *et al.*, 2016:10; Rossouw, 2019:3). According to Klarner *et al.* (2016:10-11), these changes could take place in multiple business elements (business strategy, structure, culture and/or technology), take various forms (gradual, incremental or continued) and are often interconnected.

The board of directors, as leaders, therefore, have a critical role in evaluating and advising executives on tabled proposals for new or looming change interventions that are socially, ethically and ecologically sound. These change interventions should not affect the business's legitimacy; however, they could potentially affect both internal and external stakeholders. Due to the relay nature of business change, employees as internal

stakeholders, leaders and actors play a critical role in implementing and accepting these changes.

3.4.2 Aspects of the change management strategy

The key change management aspects typically consist of setting up the change management structure, stakeholder management and engagement (see section 3.4.4), communication management and organisational alignment.

The habitual change management structure is intended to provide role clarity, momentum, capacity and reach. Each layer or extension should serve as a two-way communication tentacle approach to reach and interact with all employees within the business (Paton & McCalman, 2008:54-55). Figure 3.4 sets out the typical communication flow in a change management structure.

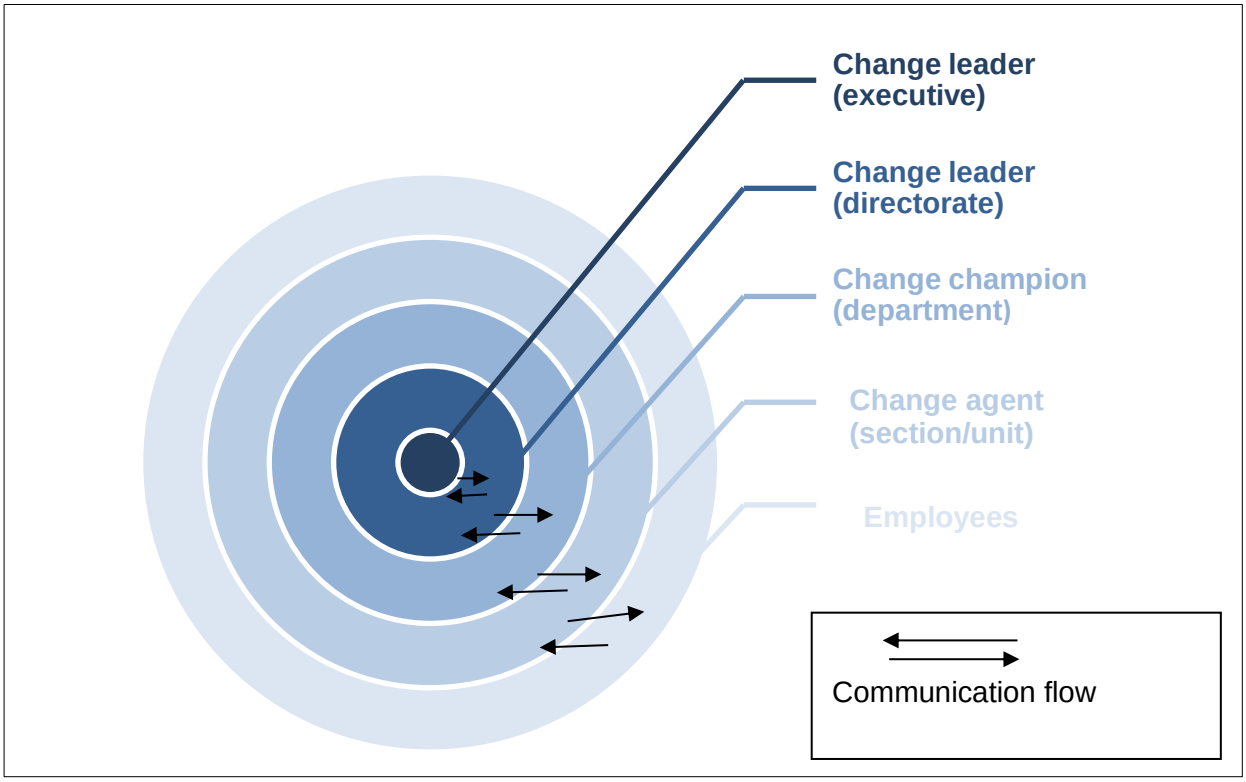


Figure 3.4: Typical change management structure

Source: Created by the researcher (2019)

The communication flow between the different layers should be synchronised. The feedback sessions that typically consist of pain point (concerns and problems)

discussions and millstones are scaffolded to allow for escalation, intervention or amplification (Kirkpatrick, 2001:58). The change management team is indispensable to the vitality of a change programme or project (Paton & McCalman, 2008:19-20). The design, however, will mainly be influenced by the change model employed or the degree of improvisation. Most, if not all, change management models share a common purpose: to effect change (Ceulemans *et al.*, 2015:8884; Paton & McCalman, 2008:3-4). In instances where there is a need to improvise, it is essential to clearly understand the team members' roles and responsibilities (Paton & McCalman, 2008:54-55). Before assigning team member roles, the change owner must set out the deliverables as responsibilities.

Communication management plays a vital role before, during and after the management implementation process (Kirkpatrick, 2001:47; Linke & Zerfass, 2011:344; Matos Marques Simoes & Esposito, 2014:325-326; Nordin *et al.*, 2012:108-110). According to Kirkpatrick (2001:49-51), during the initial stages, it is first important to segment the receivers of the different communication messages, what needs to be communicated to whom, when to communicate and how (communication vehicles). It is generally accepted that the initial communication in change management is considered imperative in building change readiness, lessening uncertainty and increasing the prospects of gaining buy-in and commitment (Matos Marques Simoes & Esposito, 2014:326-328; Nordin *et al*., 2012:108). It is critical to keep employees in the loop of the change progression during the changing process, the challenges and/or the milestones. Lastly, communication also plays a vital role during the institutionalisation of the change implementation process to memorialise the change(s) as part of the new business culture.

Organisational alignment in many instances is met with great resistance if employees do not understand that changing the method(s), activities and tools used to execute a job means making the tasks more challenging, engaging and rewarding (Kirkpatrick, 2001:117; Parisi, 2013:73 & 82). Kirkpatrick (2001:117-119) proposes five dimensions by which to measure jobs and to change them objectively. He grouped them into three groups, namely meaningfulness (skill variety, task identification, task significance), experience (autonomy) and being informed (feedback). These are now briefly discussed below.

According to Kirkpatrick (2001:117-118), the meaningfulness of a task relates to the skill set variety, which implies the gradation to which an activity requires the employee to

perform a job that challenges his or her abilities and skills. When more than a few skill sets are involved in executing a task, it would potentially be more appealing to all employees and would avoid monotonous repetition of the same activity. What is also significant is task identification. Task identification refers to the degree to which the activity requires an end-to-end completion, that is, doing an activity from beginning to end with a noticeable outcome. Similarly, task significance as part of meaningfulness implies the job has a perceivable and considerable impact on the lives of others, whether in the immediate business environment, the immediate community or the world at large. Autonomy is the fourth dimension to measure to what degree an employee has freedom and discretion in scheduling work and carrying out activities, and experiences responsibility. Employees who have reasonably high autonomous job activities know that they are to a degree personally responsible for the activity's failure or success (Kirkpatrick, 2001:118). Feedback as the fifth dimension is crucial, because it informs both the employer and the employee of the effectiveness of their activities (Kirkpatrick, 2001).

3.4.3 The leadership of the business change management strategy

Leadership in the business change process is a role and function several employees will occupy and execute during the lifecycle of an intervention (see Figure 3.4). At times, an executive or change leader would hold the leadership role and function of making pronouncements on overall change aspects. At times, it could be held by a senior manager or a change leader, whose role is to consult and involve middle management and create excitement about the looming change in a specific directorate (Brown, 2018:34-35; Kirkpatrick, 2001:11-12; Kotter, 2012:59-60; Mayhew, 2006:104,117-118). Sometimes, depending on the size of the business, the leadership role of the business change process is held by a middle manager or champion of a department who is passing knowledge about the change process to change agents (tentacles) and holds the responsibility to make change a reality (Clarke, 2001:198-201; French *et al.*, 2000:480).

Mayhew (2006:118) states that the champion is the guardian of the employee change plan and is responsible for the task allocation to change agents, to monitor and ensure that the change is systematic, to create short-term wins and administer rewards, and for all other tasks assigned and responsibilities associated with leadership. Employees appointed as change agents should support the champion and generally concentrate on

the processes and procedures of change within their department or unit (Bowers & Franklin, 2000:220-222; Mayhew, 2006). Change leadership is regarded as a process of mutual influence. Change leaders influence the people they lead and, in turn, can be influenced by the people they lead (French *et al.*, 2000:480-481).

In the successful execution of a business change process, internal leaders and actors are involved in the change management process. However, the contemporary process also demands consultation with society to address their varied interest and influence in a business's activities. Equally importantly, it forms part of the intense coordination of the business change management process. The following section considers the immediate social environment of the retail segments as stakeholders and actors in the change process.

3.4.4 External stakeholders as actors in the business change process

Stakeholder management is regarded as a management tool that could assist the board of directors and the executives in improving stakeholder-related decision making and is perhaps the most significant component for the successful delivery of the intervention in both public and private sectors (Fernandez & Rainey, 2017:7-9). The inference, therefore, is that for the stakeholder management process to yield the envisaged results, the board of directors must be the drivers and guardians of the process. Professor Smit, an associate professor in business in society at the University of Stellenbosch Business School, articulated at a 2019 Institute of Directors South Africa (IoDSA) Developing Board Leadership workshop the mainstream board's involvement in society. He believes that boards as non-isolated entities are or should be entrenched in a complex web of relationships with the broader society, its associated industry and its stakeholders with diverse and sometimes contending interests (Smit, 2019:3-4).

Kurucs *et al.* (2008:94) and Kloppers (2013a:131) share this view that it is the responsibility of the board of directors to ensure that the interests of society and that of the business align so that the financial value that is created yield not only dividends for shareholders but it also transforms the lives of stakeholders through its CSR agenda. To achieve and maintain stakeholder management success, specific phased processes should be performed in a continuum such as stakeholder identification and prioritising, stakeholder engagement, maintaining relationships, process monitoring and evaluation,

programme implementation and progress reporting to stakeholders. This continuum of phased processes is discussed in the following sections.

3.4.4.1 Stakeholder mapping

To effectively deal with the views, demands, interests and values or to protect the rights of stakeholders, the business must know who its stakeholders are (PwC, 2015:16) and how the identified stakeholders are affected by its initiatives (Chodokufa & Cronjé, 2016:200). The stakeholder identification process, to a degree, is fluid and an ongoing process. According to Chodokufa and Cronjé (2016:200), a business should, on predetermined intervals or as and when there has been a noteworthy change in its internal and/or external environments, review its stakeholders. Chodokufa and Cronjé (2016) are of the view that such a process holds several benefits for businesses. Stakeholder identification and prioritising firstly guide management as to whom or what they should pay attention to; secondly, assist in the analysis of the business's macro environment; and thirdly, aid in gauging whether the business standard operating procedures or key performance indicators are aligned with its internal and external environmental objectives.

Since the publication of *Strategic management: a stakeholder approach* by Edward R. Freeman in 1984, various approaches to prioritise stakeholders have been developed. Several contributors to the literature agree and are proposing that the prioritisation should be based on three elements, namely power, referring to the influence individuals or groupings have or could gain to enforce their will; legitimacy, denoting the individuals or groupings that are directly dependent on business initiatives or vice versa or those stakeholders to whom a business has a latent past, present or future ethical, commercial or legal obligation to; and urgency, referring to those stakeholder matters that require the urgent intervention or attention of business regarding potential reputational harm and monetary, social, economic or ecological issues (AccountAbility, 2015:17; Carroll, 1991:43; Chodokufa & Cronjé, 2016:201; Van Vuuren *et al.*, 2017:314). The outcome of the prioritising process should be to create value for all stakeholders. According to Kurucs *et al.* (2008:94), a business as a corporate citizen is an integral part of the social actors who must accept that stakeholders' political and economic well-being form part of the human construct. Louw and Venter (2010:23) agree that a business needs to be "flexible and innovative" regarding when and how they respond to stakeholder challenges and

opportunities, especially those challenges raised by external stakeholders. Visser (2014:4) is of the view that value creation is more than the going concern of a business. He argues that community empowerment is at the core of value creation through infrastructure investment, employment creation and skills development. Therefore, the prioritisation of stakeholders would have a significant influence on how a business arranges its engagements with external stakeholders.

3.4.4.2 Stakeholder engagement

The stakeholder engagement concept moves from the premise that stakeholders must inform and be included in a business's CSR policy or guidelines (AA 1000SES, 2015; ISO (International Organization for Standardization), 2010:6; Louw & Venter, 2010:174). The literature review reveals that for most businesses to realise the views, demands, interests and values of stakeholders, they should adopt or align their stakeholder engagement process to one or more of the following standards: the AccountAbility standards for stakeholder engagement practices, or AA 1000SES (2015), the GRI standards (GSSB, 2016b), ISO (2010) and the Impact Principles (UNHR, 2011). Due to the nature of each business, it might advance different reasons for *how* it engages its stakeholders, but numerous scholars agree on *why* stakeholders must be consulted (Chodokufa & Cronjé, 2016:203; Erasmus *et al.*, 2016; Hess, 2007:456; Kloppers, 2013a:131; Owen, Swift & Hunt, 2001:267).

The AA 1000SES standards (2015) argues that businesses should engage with stakeholders to understand their expectations, for transparency and develop sustainable and progressive responses to current and potential future stakeholder concerns. Erasmus *et al.* (2016:163) believe that businesses engage with stakeholders to align their business practices appropriately and better understand and timeously respond to societal expectations that could improve relations. Chodokufa and Cronjé (2016:203-205) share the latter view when they state that the reasons why businesses engage stakeholders are to build trust and to understand stakeholder expectations and interests through written and verbal dialogue. Desai (2018:222) believes that whatever the means, stakeholder engagement must endure even in instances where businesses "solicit external information while disclosing as little as possible" in their future initiatives or plans.

Considering the reasons advanced above as to why businesses engage their stakeholders, the process could leverage dividends in terms of future loyalty as an

intangible asset that could contribute positively towards the value of a business and the maintenance of excellent stakeholder relations.

3.4.4.3 Stakeholder relations

The relationship stakeholders have with a particular business could determine the type of interaction a business, in turn, has with the respective individuals, groupings or CSOs. These relations can be hostile and riddled with tension or could be smooth and interactive (AA 100SES, 2015:17; Louw & Venter, 2010:86). A mutually beneficial relationship with stakeholders could be an intangible asset to businesses (Garriga & Melé, 2004:77). It is generally known that assets can hold their value or depreciate or appreciate. Therefore, it is in the best interest of a business to maintain or improve its relationship value with its stakeholders. According to the AA 1000SES Standards (2015:17), the executive must treat stakeholders as a component to business decision making and engage stakeholders in open dialogue and not only as recipients of the information. Scholars believe that society is increasingly monitoring the implementation of business initiatives within their midst and evaluating businesses based on how certain members of society are perceived to be treated (Adams, 2004:749; Blowfield & Murray, 2014:68; Desai, 2018:222-223).

3.4.4.4 Implementation

Implementing an intervention means implementing the strategy stakeholders had agreed upon (Louw & Venter, 2010:21). For the intervention and its aspects to be effectively and efficiently implemented, the implementers must be motivated and committed to business policies and ideas. According to Bakic *et al.* (2015:53), the employees as stakeholders and the ambassadors of business policies and ideas need to be consulted and involved in defining and refining the strategy to allow for its straightforward implementation.

To ensure the smooth implementation of the agreed ‘contract’ between a business and its stakeholders, ongoing communication is vital between the actors (Benoliel & Hua, 2016; Burke, 2006:29). According to Benoliel and Hua (2016:424-425), ideally, and as discussed above, stakeholders or their representatives must be involved when decisions are made about them and for them and must receive regular report-back regarding the progress, internal processes of the intervention or its lifecycle.

3.4.4.5 Stakeholder reporting

The formal stakeholder communication method, commonly known as ‘sustainability reporting’, is a section within an integrated report. It is used to report back to individuals, groupings or CSOs interested in a business’s social initiatives. Stakeholder reporting has its roots in the 1970s in the German *socialbilanz* (Blowfield & Murray, 2014:190-191; Owen & O'Dwyer, 2008). According to Owen and O’Dwyer (2008:393), during this period, some value-based businesses adopted an extensive set of ethical and social objectives rather than a pure profit margin focus. Building on the value proposition, the WCED released the report *Our common future,* generally known as the Brundtland Report, in 1987. It penned that there is a link between inequality, poverty and ecological degradation. The WCED is of the view that human actions cannot be isolated from their environment, and equally a business cannot be separated from how it observes human rights and its response to community needs (NSG, 2019:16-17; WCED, 1987:xii).

Social and ethics board subcommittee reporting guidance and standards such as those issued by AccountAbility, the GRI standards, the IIRC and the King codes, among others, have conventionalised not only the process of monitoring corporate social and ethics performance, but also that of social reporting to stakeholders (Rossouw, 2018:9). Sustainability reports endeavour to articulate and give feedback to stakeholders on social, economic and ecological aspects within the boundaries of one consolidated annual report (Owen & O'Dwyer, 2008:394). The GRI standards greatly influence the contemporary sustainability report through its Global Sustainability Standards Board (GSSB). The GRI standards endeavour to put forward a channel of communication for businesses with stakeholdersto provide stakeholders an all-inclusive picture of its contribution towards the sustainable development of communities (Tsalis *et al.*, 2020:5).

The GSSB (2016b) released a series of interrelated universal standards coded GRI101, GRI102 and GRI103. GRI101 deals with the foundation aspects, setting out the basic reporting principles, explaining the reporting processes when applying the GRI standards and making claims about using the GRI standards. GRI102 deals with the public disclosure of a business and its sustainability reporting practices such as the “organisation’s profile, strategy, ethics and integrity, governance, stakeholder engagement practices and reporting process” (GSSB, 2016b:6).

Lastly, GRI103 deals with the approach a business adopts to manage the material needs topically. It must comply with the provisions set out for a business to claim that its sustainability report has been prepared following the GRI standards. In addition to the universal standards, there are three topic-specific standards, coded GRI200 (dealing with economic topics), GRI300 (dealing with ecological topics) and GRI400 (dealing with social topics).

The GRI standard topics cannot be used in isolation and must be used with the universal standards codes. These strict guidelines are set in part to prevent the GRI standards from being used as 'cheap' publicity (Bakic *et al.*, 2015:54; GSSB, 2016b). Blowfield and Murray (2014:193) and Bakic *et al*. (2015:54) believe that stakeholder reporting is concerned with how business initiatives link into social structures and put forward an alternative ontological approach to how a business behaves as a corporate citizen and its accountability to its stakeholders. The process and truthful reporting of CSR initiatives could potentially not only serve as an information-sharing tool, but could also assist in peer review, external monitoring and evaluation of interventions and potentially encourage other businesses to intensify their CSR efforts.

3.4.4.6 Process monitoring and evaluation

Process monitoring and evaluation can be regarded as the routine, scientific and systemic collection of information from interventions to measure the progress of the specific activity (Swanepoel & De Beer, 2011). According to Swanepoel and De Beer (2011:79), it is not adequate to have a strategy and policy in place or to publicise an intervention without monitoring, evaluating and communicating the progress to ensure that the execution is carried out according to stakeholder expectations and intended plans. The periodic monitoring allows the intervention leader to supervise and record the progress of the intervention initiatives from their onset to ensure that they are on course, within budget and on time (Lamhauge *et al.*, 2011:18). The monitoring process results are used to evaluate the interventions (Bourne & Bourne, 2016). Monitoring is, therefore a periodic methodological occurrence that begins at the planning stage of intervention and continues until the handover of the initiative (Rossouw, 2018:37-38).

Evaluation implies that the process under review must be assessed against the set objectives, the scope of work or terms of reference, and appraised and expressed either qualitatively or quantitatively (Bourne & Bourne, 2016:213; Reader's Digest Illustrative

Oxford Dictionary, 1998:274). According to Garriga and Melé (2004:77), the evaluation process is an essential aspect of the lifecycle of any project. The authors are of the view that it is essential to pause and verify the progress of a project to ascertain whether the proposed activity(ies) is(are) aligned with the expectation(s) of the intervention, stakeholders and the business and whether there is a potential to improve on the execution of the initiative(s) or a need to consult stakeholders on any deviation(s). The evaluation of the scope of work is a vital aspect of ensuring that the intervention(s) businesses implement are verified and accepted by the stakeholders before they are handed over to them (Burke, 2006:105; Rossouw, 2018:37).

Numerous international development agencies use the Result-based or Evidence-based Management (RBM/EBM) tool for monitoring and evaluation (Lamhauge *et al.*, 2011:14-16). The OECD defines EBM as a tool used by management to concentrate on the execution and attainment of the intervention outputs (demonstrate the change associated with the initiatives undertaken), the outcomes (associated with the change that is demonstrated as a result of the intervention in the medium to long term) and measurement of the long-term effect and sustainability of the intervention or impact (Lamhauge *et al.*, 2011:18; Rousseau, 2006). The EBM tool utilises empirical evidence as a means to interpret business principles into business practices (Rousseau, 2006:256), which means that business executives make decisions regarding social issues based on current, reliable scientific information. The Logical Framework Approach, or Logframe for short, is another management tool used by international development organisations to monitor and evaluate programmes and projects (Bakewell & Garbutt, 2005:3; Jensen, 2010; Landoni & Corti, 2011:46-47; Swanepoel & De Beer, 2011:197-198). Logframe was developed at the US Agency for International Development on request in 1969 as a technical tool to assess its projects (Landoni & Corti, 2011:46). According to Jensen (2010:2), in addition to its ability to provide structure and logic to the elements of outputs, outcomes and impact, Logframe allows the reader to have a summarised panorama of the major elements of a programme or project. Jensen (2010) further states that during implementation, Logframe encourages innovation, allows for elasticity and deviation, and endorses participatory engagement between all actors throughout the lifecycle of the intervention.

In summary, the aspects of change management are crucial to a business's profitability and legitimacy. The response of a board of directors and executives to environmental changes should benefit all stakeholders. The board's role in leading a business is changing considerably. In the transformative CSR practice, boards are no longer only giving direction or acting on behalf of shareholders but are increasingly required to be more acquainted with various business affairs and pay more diligence to other duties such as tangible socio-economic development. Furthermore, over and above the board's fiduciary duties, it is required to evaluate and advise executives and assure that interventions are socially, ethically and ecologically acceptable to both employees and society as stakeholders.

Employees' role in the change management facets is described as staggered. During the change management progression, the leadership baton is held by either the change manager or the champion, who passes it over to the change agent. Although the leadership role shifts, all participants remain actors in the change management progression. Likewise, society as external stakeholders play an equally important role in change management progression. Society is, in most instances, the end users or recipients of the business's intervention. Stakeholders can, at times, have competing interests, and these interests should be managed prudently. To achieve success, stakeholders should be identified and prioritised according to their degree of power, legitimacy and urgency. Methodologically engaging these stakeholders is crucial to maintain satisfactory sustainable relations. Stakeholder relations are fragile and can, at times, be unreceptive or collaborative. The relationship business has with its stakeholders largely influences the implementation and acceptance of an intervention. However, the business must maintain dialogue and continued reporting. Reporting regularly and candidly to stakeholders could significantly improve the business's value base and welcomed external monitoring and evaluation.

The results from both internal and external monitoring and evaluation processes could ensure that the intervention stays on course. Furthermore, it could also ensure that the intervention is carried out in accordance with stakeholder expectations. It could allow the detection of any deviations and the implementation of mitigation measures and timeous change management.

3.5 TRANSFORMATION AND CHANGE

In general, the world, business and society are in and part of an ever-changing environment of transformation, regulation and modernisation. Kotter and Rathgeber (2006:3-12) believe that nothing in our world is stable and everlasting. Every business, individual or society will face a need to change at some stage, and it is better to transform somewhat earlier than later when the signs are there (Isern & Pung, 2007:1; Kotter & Rathgeber, 2006:3-6). According to Isern and Pung (2007:2-6), the dynamic nature of transformation as part of change requires a suitable and optimistic aspiration and vision for change and transformation of the reality for all actors. In order for the transformation engine to come and stay alive in an ever-shifting business and social environment, change should be viewed as an ongoing adaptive process (Fæste *et al.*, 2014:6; Fromberg, 2017:18 & 55). Those who sit in a corner office making most or all the decisions are increasingly met with resistance as the world changes and becomes an agile, complex and demanding place (Stroh, 2014:13). According to Stroh (2014:13-14), leaders who lead in isolation will fall by the wayside while adaptive and transformational leaders thrive.

Adaptive leaders most often constantly assess and diagnose the systems and subsystems of the organisation. This leadership style is defined as actions that involve changing stakeholder behaviour in line with the changing situation, which often includes finding innovative ways to deal with existing or new problems and opportunities (Yukl & Mahsud, 2010:81-83). In addition, adaptive leaders are inclined to empower people in order for them to address challenges and build their own capacity to thrive (Tumblin, 2010:117-118).

On the other hand, transformational leaders are defined as actions that would more likely reflect and promote social values and influence and develop subordinates to believe in themselves and the mission of the organisation (Bass *et al.*, 2003:209; Charbonnier-Voirin *et al.*, 2010:700-701). Fæste *et al.* (2014) think that transformational leaders in any business, be it privately or state-owned, should be motivated by an underlying drive to create tangible and sustainable value for the business and its stakeholders. The value creation lens needs to aid transformational leaders to focus their efforts on stakeholder relations and the levers that can have the most significant impact for all actors (Fæste *et al.*, 2014:8; Fromberg, 2017:45-55). Garcia-Castro and Aguilera (2015:138) and Tantalo

and Priem (2016:314-315) state that value creation should form part of the core concepts that drive stakeholder relations and strategy management, and the value output should benefit all stakeholders of the business.

What can be subtracted from the above is that a business has to establish sound stakeholder relations and constantly fuel its transformation engine to be legitimate. Furthermore, instead of waiting for environmental pressures or disruptions to spark or fuel business, individual or social change, it is prudent to do introspection and undergo a controlled proactive transformation process. Accordingly, a calculated pre-emptive transformation process could result in a high transformative impact and allow a business to establish a competitive advantage, a leading edge and efficient time to manage the business transformation.

3.6 BUSINESS TRANSFORMATION

Business transformation implies a change from a current business position to a new, improved one (Stiles & Uhl, 2016:23-24). According to Morgan (2012:277-278), the concept has been in our midst for decades. Its onset could be anything from repositioning its competitive advantage, innovation, civil society pressure, international best practice and trends to introducing government regulation or increased government regulation (Fæste *et al.*, 2014:5-6; Stiles & Uhl, 2016:24). To succeed, it needs to collaborate with other actors in or outside its realm, be aware of its business environment and continuously adapt or perish (Stroh, 2014:13).

Government regulations and increased advocacy from CSOs have been a steady shift for improved inclusive planning, implementation, execution and enhanced management of CSR interventions. With these shifts came a degree of contemporary obligations for businesses operating in South Africa. According to Uhl and Gollenia (2016:1), these essential or sometimes complex changes, depending on the current CSR position of a business, could fundamentally alter the relationship between a business and its broader commercial and social environment. Therefore, a business should have a strategic approach or look at the different components that need to be transformed step by step to identify a starting point (Daniell, 2004:15). According to Zeid (2014:113-114), the meta-routine nature of business transformation requires a business to know where to start in developing a strategy and roadmap to guide the business transformation process. Uhl

and Gollenia (2016:5) agree when saying that business transformation as a meta-routine and a multilevel phenomenon requires a great deal of coordination between the board of directors, executives, management, departments and employees. It is therefore crucial for a business to continually gauge the contemporary obligations such as aspects deriving from increased civil society pressure, international best practice and trends and the review or introduction of government statutes and regulations to timeously establish its business's readiness for change. When one looks at business readiness, business maturity becomes critical in the business transformation continuum.

3.6.1 Business maturity

Cayne (1988:617) gives the common explanation of 'mature' as having "grown into a state of full natural maturity, maximum development or being ripe". Scholars are of the view that reaching a certain degree of maturity is more realistic, as no business has and will ever reach a maximum developmental state or be fully matured, but rather improves gradually (Abdullah *et al.*, 2015:405; Andersen & Jessen, 2003; Cayne, 1988; McKenzie *et al.*, 2011:403; Wilkinson & Coetzee, 2015:190).

Taken from the latter scholarly view, if maturity is then applied to the business milieu, it might best refer to a state where the maturity of a business is defined by the level or condition in which it finds itself to realise its objectives (Andersen & Jessen, 2003:457). Understanding the business maturity position affords business leaders with an opportunity to assess the business's strengths and needs better to reach the desired maturity level, while staying fit for purpose (IoSDA, Hass & Lindbergh, 2007:6-7; 2009:6-48; Wilkinson, 2014:78). In most instances, without knowing the business's level of maturity, the business cannot perform or execute its processes, procedures, functions or decisions with the necessary vigour and oversight.

Business maturity can be regarded as a critical measure of a business's readiness and competence articulated through dimensions such as its vision, people, strategy, culture and the continuous measurement of practices that are in place, among other things (Licht, 2014:1-4; Wilkinson, 2014:19). Progress across the maturity levels occurs as a scaffolding process (Kotter, 2012; Mingay, 2002:1-4; Sabherwal *et al.*, 2003:331), meaning a lower-level process must be in place and completed before another process can be locked in or attained. Furthermore, within each level of maturity there are activities,

procedures and processes that must be completed before progressing to the next maturity level. Andersen and Jessen (2003:459) agree with this view by stating that the concept in the business change context indicates a conceivable development over time from the macro element stage to the micro dimensional capability stage or step. Zeid (2014:23-24) supports this view in axiom that business maturity levels in the business change context of the organisation are best measured in the business readiness dimensions. Taken from the above, it can be implied that the attainment of each business maturity level is mainly dependent on the preparedness, momentum, readiness and ability of a business to absorb environmental and economic shocks.

3.6.2 Business readiness

According to Weiner (2009:2-3), business readiness for change is a multifaceted and multilevel construct. Business readiness broadly indicates the relationship between strategy, structure, people, skills and systems, among others. The process of assessing business readiness requires excellent coordination and synchronisation, without which few change implementations would be successful (Armenakis *et al.*, 1993:681; Foster-Fishman *et al.*, 2007:94; Holt *et al.*, 2007:234). The business should have people in place to manage and communicate the processes, efforts and changes. Change is a constant process of learning and adaptation. Therefore, the business (people and management) should be ready to accept and embrace change (Weiner, 2009:69). Change as a process aims to transform a business, change people's mindsets, and adopt and adapt to a new business culture, which would result in new practices. Business readiness is a critical criterion to improve business effectiveness and put change management mechanisms in place to easily modify future practices and behaviours to attain business objectives (Holt *et al.*, 2007:251-252; Weiner, 2009:4).

Business readiness as a construct can be evaluated at an individual, team, departmental or business level. On an individual level, the construct is, in most instances, articulated in a psychological context (Shea *et al.*, 2014; Weiner, 2009). The current study, in line with those of Peters and Waterman (1982:9-12), Bloom *et al.* (2000:438-439), Snyder-Halpern (2001:180), Grant (2008:194) and others, articulates the construct in a more structural context by, among other things, underscoring the concept as a continuum of the business's strategic, visionary, structural, human capital, material, financial and cultural

state of readiness. These underscored readiness factors are encapsulated in the McKinsey 7-S model.

3.6.2.1 McKinsey 7-S model

The McKinsey 7-S model originated from the consulting firm McKinsey & Company, for which the model developers worked (Peters & Waterman, 1982). Although named McKinsey, Robert Waterman and Tom Peters are credited as the leading developers of the 7-S model with the assistance of colleagues (Peters & Waterman, 1982:9-12). The model was developed in the early 1980s to assist businesses in identifying any misalignments of departments, allow the business to achieve its set objectives and investigate the different variables that contributed to transformational change (Grant, 2008:194; Ravanfar, 2015:7). According to Grant (2008:194), the model also allows for evaluation between the existing and envsioned state and allows business leaders to recognise which areas in the business need to transform and find a smooth transitional solution. The identifiable phrase of 7-S's was intended in order for businesses leaders to identify the different elements quickly, all starting with the letter "S" (Bhatti, 2011:56). The seven interconnected elements depicted in Figure 3.5, also termed 'levers', are all interdependent. The levers are grouped into hard (strategy, structure and system) and soft (style, staff, skills and shared values) elements (Alshaher, 2013:1952). Below is a figure of the McKinsey 7-S model adapted from Grant (2008:194) to elucidate each of the seven elements.

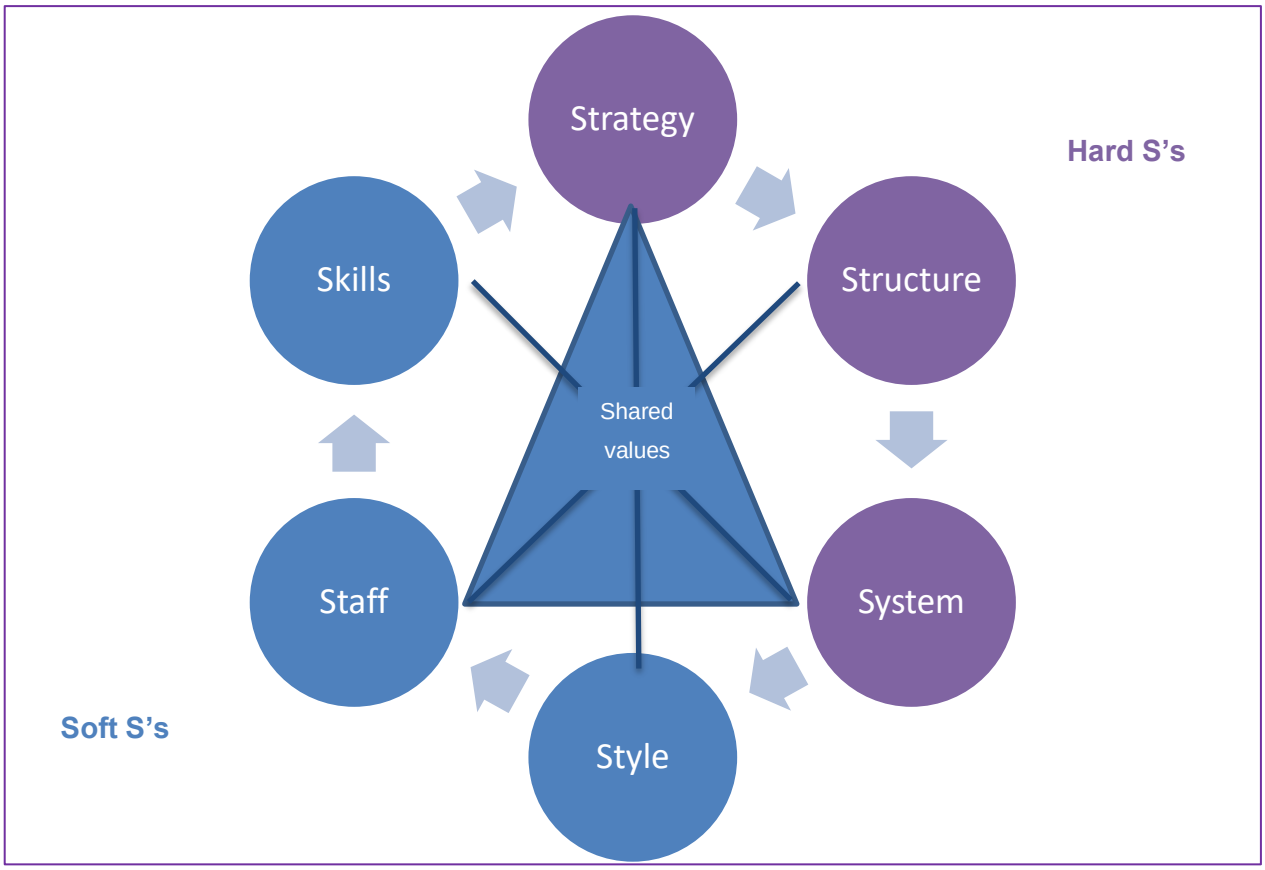


Figure 3.5: McKinsey 7-S model

Source: Adapted from Grant (2008:194)

The supporting text of the hard and soft levers in Figure 3.5 is summarised below from the rationale of leading thinkers and described in the sequence as per the figure above. The hard levers, the strategy, structure and system, are in direct control of the board of directors and executive leadership.

- *Strategy:* This is a document developed by a business to set out its vision, mission and goals/objectives and to plan how to get there over and above articulating how the business would maintain or improve its competitive advantage. It is difficult to ascertain whether the strategy is in sync with other business levers if analysed in isolation. In general, a strategy is a planned series of activities executed over a long term to achieve an advantage in a changing business environment through (re)organising capitals to meet internal and external expectations (Alshaher, 2013:1952; Erasmus *et al.*, 2016:196; Ravanfar, 2015:8; Stroh, 2014:12 & 144).
- *Structure:* This refers to the division of activities, including accountability and authority over the people executing the activities. The structure is known to be the easiest to change or adapt. Different businesses adopt different hierarchal structures depending on the nature of their business and the host society in which

they operate. A clear definition of responsibilities, roles and relationships of functions of specific positions before or soon after the new structure decreases resistance, anxiety and confusion, which is crucial for effective implementation (Alshaher, 2013:1952; Ravanfar, 2015:8; Salaman, 1978:519; Stroh, 2014:143).

- *System:* This is the formal and informal processes and procedures of the business that support the execution of the strategy and harmonise the structure (Alshaher, 2013:1953; Ravanfar, 2015:8; Stroh, 2014:143-144).

The hard levers can be further divided into strategic, tactical and operational factors, i.e. planning and management (Misni & Lee, 2017; Nazemi & Naderi, 2012; Schmidt & Wilhelm, 2000). According to Schmidt and Wilhelm (2000:1504-1505) and Misni and Lee (2017:90-98), the strategic factors are part of the process the business uses to define its direction and decisions to allocate its resources effectively to pursue the strategy. In the main, a strategy at this level deals with the whole business's invariants, rather than just an isolated department or unit, asking at least one of three sub-questions: What do we do?, For whom do we do it? and How are we going to do it? Schmidt and Wilhelm (2000) and Misni and Lee (2017) are of the view that tactical factors are short-range (one to five years) planning and management tactics that accentuate the existing operations of various parts of the business. Managers use tactical planning to frame what the various units of the business should do to enact and execute the set strategy. Tactical plans are usually developed to support the budget allocation, human capital motivation, timelines, change management composition, education, performance and supervisory requirements. Lastly, according to the above authors, the operational factors are involved in the process of linking strategic objectives and goals to the tactical objectives and goals. In essence, the linkage assesses the current business position, sets one or several milestones, determines how the business will get there and how progress would be measured. The operational factors would consider, among others, the data accuracy, inter-team collaboration, the capacity of internal and external experts, trends and best practices.

The soft levers are those elements that are viewed as having reduced perceptibility and are governed mainly by the business's culture, operations and practices. The soft levers provide useful checklist items, laying out which parts of the organisational system need

to change or adapt and what resources would be needed to affect the identified change(s) (Cameron & Green, 2015:122).

- *Style* includes the traits that distinguish a person in terms of what makes him or her a likeable leader/manager and what makes a leader/manager effective (Alshaher, 2013:1954; Botha, 2016:118; Ravanfar, 2015:8; Stroh, 2014:143).
- *Staff* is the business's human capital and consists of individuals' physical and mental skills and talents to execute the structure, implement the systems and create the envisaged product and services. When analysing staffing, it is crucial to determine the type and amount of staff the business would need and how they will be attracted, recruited, skilled, motivated and remunerated (Alshaher, 2013:1954; Erasmus *et al.*, 2016:13; Ravanfar, 2015:8; Stroh, 2014:143).
- *Skills* are the distinctive abilities, capabilities and competencies of all staff members at all levels of the hierarchy. Different individuals at different levels and capacities should have the required skills to execute the work functions. It is imperative to identify what skills the business needs to reinforce to effect the new strategy and structure (Alshaher, 2013:1955; Ravanfar, 2015:8; Stroh, 2014:143).
- *Shared values* represents the norms and standards that guide staff behaviour in realising not only economic success for the business, but also creating value for the host society by addressing its needs and challenges (Alshaher, 2013:1955; Chodokufa & Cronjé, 2016:208; Ravanfar, 2015:9; Stroh, 2014:144).

Bhatti (2011:56) states that the most significant contribution of the McKinsey 7-S model is that the elements are interlinked and designed to be implemented independently, parallel or staggered, but to work in unison. Furthermore, the core and efficiency potential of the McKinsey 7-S model is centred around transparency, communications and its epitomic approach to understanding how the business elements fit into each other (Burke & Litwin, 1992:524; Ravanfar, 2015:8; Singh, 2013:39-41). Therefore, according to Zentner (2015), to implement the strategy efficaciously and effectively, leaders should have an open dialogue with stakeholders and assess the factors of the elements. This would allow leaders to identify and define the potential gaps, opportunities and probable weaknesses that could be reinforced to strengthen other factors of the model (Zentner, 2015:1-2).

As alluded to above, each of the hard and soft elements comprises different but similar dimensions. These business readiness dimensions as sub-criteria of the elements become an integral component of the overall business transformation process. The following subsection presents the micromodel dimensions in relation to the readiness elements.

3.6.2.2 Micro model dimensions in relation to the readiness dimensions

A micro model can be regarded as a structural component discretised into significant elements (Goudie & Meeks, 1991:444-445; Snijders & Steglich, 2015:224-234). The researcher addresses the micro elements employing tabular expressions with the purpose to identify appropriate dimensions and elements for inclusion in the design of a management model for transformative CSR as the main contribution of this study. Each of the soft and hard levers outlined in the previous section was tabulated. The dimensions of each lever in the tables below were then summarised under a common topic and extracted to be incorporated into the elements in the envisaged management model for transformative CSR practices in Chapter 7. The dimensions were considered based on the contributory theoretical relevance. The tables set out the readiness dimensions related to strategy (Table 3.1), structure (Table 3.2), system (Table 3.3), style (Table 3.4) and staff and skills (Table 3.5), and Table 3.6 gives a synoptic tabular view of the combined tables. The articulation of the tables relative to the dimension's reiteration/weight frequency is set out below the synoptic tabular outline.

Table 3.1: Readiness dimensions related to strategy

Strategy							
Author	**Dimensions**						
	Implementation (assessments, planning)	Facilitation (transformation/change management team)	Strategic review onset/trigger	Vision (goal, objectives, forecasting)	Mission (aim, target, aspirations)	Stakeholder engagements	Oversight (control, governance, leadership)
Louw and Venter (2010)	x	x		X	x	x	x
David (2013)	x		x	X	x		x
Stroh (2014)	x	x	x	X	x	x	x
Tracy (2015)			x	X	x	x	x
Erasmus *et al*. (2016)	x			X	x	x	x
Lindsay *et al.* (2018)	x			X	x		

Source: Created by the researcher (2019)

Table 3.2: Readiness dimensions related to structure

Structure			
Author	**Dimensions**		
	Design (scope, flexibility, type)	Efficiency (cost, effectiveness, speed)	Division (complexity, dependability, coordination)
Weber (1948)	x		x
Mohr (1982)	x	x	x
Taylor (2004)		x	x
Robbins and Judge (2012)	x		x
Luthans and Doh (2012)	x		x
Lunenburg (2012)			x
Becker *et al.* (2013)	x	x	x
Vassiliou *et al*. (2014)	x		
Erasmus *et al.* (2016)	x		x

Source: Created by the researcher (2019)

Table 3.3: Readiness dimensions related to system

System

Author	Dimensions			
	Adaptability (flexibility)	Interrelatedness (departments, units, processes)	Cohesiveness (behaviour, expectations, relations, people)	Inclusivity (engagement, technology, communication)
Behrmann (1984)			x	x
Vallacher and Nowak (2007)	x		x	x
Dillon (2010)	x		x	x
Becker *et al.* (2013)	x	x	x	
Erasmus *et al.* (2016)		x	x	
Furgoch (2017)	x	x		
Rothwell *et al*. (2017)		x	x	

Source: Created by the researcher (2019)

Table 3.4: Readiness dimensions related to style

Style				
Author	**Dimensions**			
	Character (traits)	Engaging (democratic, autocratic, participatory)	Involved	Goal-oriented (drive, ambition)
Fiedler (1964)			x	x
Kirkpatick and Locke (1991)	x		x	x
Turner (1997)	x	x	x	x
Goffee and Jones (2004)			x	x
Wheatley (2002)		x	x	x
Iqbal *et al.* (2015)		x		
Higgs and Dulewicz (2016)		x	x	x

Source: Created by the researcher (2019)

Table 3.5: Readiness dimensions related to staff and skills

Staff and skills				
Author	**Dimensions**			
	Capacity (ability)	Knowledge	Innovatory thinking	Culture (practices, values, beliefs)
Becker (2002)		x	x	x
Powell (2005)		x		x
Daft (2008)	x	x		
Crook (2010)	x			x
Bos and Brown (2014)	x			x
Erasmus *et al.* (2016)	x	x	x	
Cox *et al.* (2018)	x	x	x	x

Source: Created by the researcher (2019)

Table 3.6 serves as a synopsis of the readiness dimensions. It highlights the readiness dimensions of the elements for the design of a new management model for transformative CSR practices, which is presented in Chapter 7.

Table 3.6: Synoptic view

Elements	Readiness dimensions
Strategy	Oversight
	Transformation and change management team
	Vision and mission
	Stakeholder engagement
Structure	Design
	Efficiency
System	Cohesiveness
	Inclusiveness
Style	Involvement
	Goal-oriented
Staff and skills	Knowledge
	Culture

Source: Created by the researcher (2019)

The concluding observations are that business transformation infers a change from a present business state to a novel and enhanced state. Business transformation as a concept has been with humanity for decades. It is utilised for an array of transitional business initiatives, from introducing innovation to introducing and actioning government statutes and regulations.

The successful execution of a business transformation initiative and following a systematic approach could aid a business to reach business maturity. It can be deduced from the literature that business maturity is a dynamic and resilient capability to accomplish the business's strategic goals reliably, consistently, efficiently and predictably. Business maturity is an essential measure of a business's readiness for transformation. Business readiness requires an immense sense of harmonisation throughout the business hierarchy, from the board of directors to the lowest-level employee.

This study adopted the McKinsey 7-S model to give effect to the business transformation process. The model is intended to include all business levels, departments, units and teams by addressing the business's strategy, structure, system, staff, style, skills and

shared values. The model also supports the theory that for a business to transform, the seven elements need to be aligned and its dimensions must be mutually reinforced.

The readiness dimensions form the foundation of the elements. The readiness dimensions also differ from business to business. Due to the different applications and variations in context, the dimensions are expressed tabularly under each element to be contextualised in Chapter 7.

3.7 CONCLUSION

This chapter explored transformative CSR with a particular focus on organisational change. In its focus, the chapter firstly introduced the concept of the TOC. It is accepted that the TOC can be a valuable tool for introducing and managing business change if applied meticulously and with vigour. The TOC also allows parameters to be set qualitatively and presented in terms of an outcome pathway or outcome map. Whichever option is chosen, the TOC holds that the initiation of change should be based on empirical evidence and managed methodically.

Section three presented aspects of change management with specific reference to the board of directors, employees (internal stakeholders) and external stakeholders as leaders and actors in the change progression. The board of directors has, over and above their fiduciary duty, an oversight duty to reinforce leadership, advance corporate governance, observe business trends, consider government policies and ensure socially, ethically and ecologically sound business activities that should enhance transformation. The duties and responsibilities in the change management context for employees are transferable from one employee to another. Different leaders are appointed and assigned at different stages of the change process and selected from different levels in the business hierarchy. Crucial in the process is the engagement of the external stakeholders who might be affected by the change process. The substance and quality of the stakeholder engagement would determine, to a large extent, the acceptance of the business intervention(s) or the temperament of the relations.

Section four built on section three to acknowledge that change management is a process that needs to be managed accordingly. To achieve success, Kotter proposed an eight-step change management approach. These steps aim to create the right climate for

change (steps 1 to 3), engage and involve the identified stakeholders (steps 4 to 6), and implement, institutionalise and anchor the changes (steps 7 and 8).

Section five explored transformation as part of change in a constantly shifting business environment. Considering the variables of the dynamics of transformation as part of the change, an appropriate and attainable vision should be set to create stakeholder value and impact.

Towards the latter part of the chapter, the researcher unpacked business transformation with specific reference to business maturity and business readiness in section six. The business's maturity directly narrates to the capability and capacity of the business to execute the transformative strategy. It is therefore crucial to assess and understand the business maturity position to gauge the gaps and what it would take to reach the desired maturity level. Furthermore, to progress through the phases to the desired maturity level, every step in the phases must be completed and anchored before the process moves to the next level. A business's maturity level is mainly reliant on its degree of readiness to accommodate and absorb environmental and market shocks. Business maturity is a grant construct, while business readiness is a multi-faceted and multi-level construct focusing on specific elements of the business. The multiple facets and multi-level nature of business readiness require a great deal of coordination and synchronisation in assessing the relationship between the business strategy, structure, system, style, staff and skills, while maintaining shared value. As a subdiscussion to the business readiness component, the researcher concluded the section by tabulating micro theories in relation to the business readiness dimensions identified as part of the business change management process.

On reflection, although the identified theories had some variant strengths and weaknesses, these were relatively balanced by the combination. For example, whereas the TOC model has a more significant stakeholder focus, Kotter's eight-step change management model provides great foundational strength to develop change planning and management. However, due to its adaptability, the eight-step change management model's identified weakness was largely subjective and can only be determined or assessed after implementation.

Concerning business readiness, the strength of the Mckinsey – 7S Model is that it has a significant focus on governance and interdependency of organisational systems. However, its contextual weakness is that it does not focus on its environment, especially its external stakeholders.

The next chapter presents an analysis of the statutory and regulatory framework to gauge the accepted standards and regulatory and statutory requirements of CSR in South Africa, and specifically how these standards, regulations and statutes could influence or enhance the CSR transition from a conventional to a transformative practice.

CHAPTER 4

STATUTORY AND REGULATORY FRAMEWORK GOVERNING CORPORATE SOCIAL RESPONSIBILITY IN SOUTH AFRICA

4.1 INTRODUCTION

The previous chapter gave a theoretical overview of transformative CSR and organisational change. In the outline, attention was given to the TOC and business leadership and change management aspects. The focus was then on the roles and responsibilities of the board of directors, employees and external stakeholders as actors in business change, followed by Kotter's eight-step change management model to guide the change progression to maturity. The concluding section introduced and articulated the McKinsey 7-S model as a tool to ascertain the business's readiness to introduce, implement and lock in change.

Building on the previous chapter, assessing a business's maturity and readiness as inputs *en route* to realistic transformative CSR levels should include, at the bare minimum, a gauge of the statutory and regulatory requirements. The statutory and regulatory requirements serve as source and as the third leg for purposes of data triangulation in the eventual design of a model for transformative CSR practices. This leg should warrant that the proposed management model for transformative CSR practices complies with contemporary legislative requirements. This chapter outlines the criteria to assess the extent to which existing CSR practices comply with statutory and regulatory prescripts in South Africa. Particular focus is placed on how these statutes and regulations could influence or enhance the CSR practice transition in the short and long term. Additional attention is given to contemporary legal and regulatory realities and obligations that could give a particular business or sector a comparative advantage.

This chapter first outlines a contextual statutory synopsis from the start of the 20th century to the advent of democracy in section three. In the same section, this is followed by an exposition of the democratisation of South Africa's legal environment by analysing the Bill of Rights, legal aspects of the B-BBEE Act 53 of 2003 and the Companies Act 71 of 2008. The last part of the third section assesses the regulatory framework by recapitulating key CSR contributory regulations such as aspects of the rural, urban and human

developmental programmes. Section four ascertains the regulatory framework and specific supporting policies, focusing on the NDP as a potential driving policy for transformation and the series of King reports.

4.2 LEGAL OVERVIEW OF THE SOUTH AFRICAN POLITICAL SYSTEM

For most of the 20th century, the South African political and legal system was based mainly on separate racial development to the detriment of the black majority[16]. The political dispensation between 1910 and 1994 marginalised the social needs and rights of the non-white majority (Baldwin, 1975; Scher, 2014). The period before 1994 was categorised by different gradations of international political and civil society pressure. Internationally, the pressure from civil society groupings before 1994 and economic sanctions, among other factors, distressed the apartheid government into initiating gradual negotiations towards a democratic South Africa, starting, among others, with relaxing restrictions on liberation movements (Currie & De Waal, 2013:4; Risse-Kappen *et al.*, 1999:24-25). Locally, among several crusades, a defiance campaign against the political philosophy of the day led to gathering an assemblage of black people, including coloureds and Indians, in Kliptown Soweto 1955 for the conscription and adoption of the Freedom Charter (Christiansen, 2007:331). The crux of the Freedom Charter advocates for a free, just and democratic South Africa for all who reside in it (Christiansen, 2007:331-333; Hudson, 1986:6-10).

These relaxed restrictions and the articulated Freedom Charter, among others, served as a baseline and set the table for open negotiations to delve into a new direction for an all-ethnic inclusive South Africa. The outcome of the Convention for a Democratic South Africa (CODESA) process brought about vital transformational ambitions, leading to an interim constitution and, ultimately, the somewhat praised liberal Constitution (Brits, 2014:493; RSA, 1996). The new political dispensation after 1994, led by Nelson Mandela on behalf of the ANC, reviewed and passed several statutes aligned with the transitional and transformative vision of South Africa and to an extent in line with the primary objective of the Freedom Charter. To enact the latter, government endeavoured to develop policies and legislation that shift legislative power to the people and transform the social and

[16] In the post 1994 South Africa the term black encompasses African (a person from black African decent), Coloured (people with various ancestry decent), Indian (persons from North, Central and South American Indian descent) and Asian (a native of Asia) racial categories.

economic development of the people to the benefit of all (Brits, 2014:494-495; Christiansen, 2007:330).

Governments institute legislation as guidelines or rules that frame the minimum standards for responsible business and human behaviour (Van Wyk, 2016:90). Within these frameworks, governments stipulate basic guidelines, rules and boundaries for human and business freedoms, rights and behaviours. The purpose in the main for business statutes is to set minimum standards for sound and responsible business and individual conduct, maintain order, influence human and business conduct, protect the rights of citizens, promote equality and manage or mediate in matters and relations between government, business and society (Barkan, 2005:12-20; Van Wyk, 2016:90-91).

Taken from the above literary writings, it became apparent that for most of the 1900s, the black majority was marginalised and socio-economically disadvantaged. With the aid of numerous international and local crusades against the government of the day, several oppressive restrictions aimed at blacks, including coloureds and Indians, were relaxed over time. The relaxed laws paved the way to set an all-inclusive citizenry transformation and growth pathway for South Africa. The new growth path vision for South Africa was supported by several legislative and supporting policy interventions to bring alive the newfound democracy.

With the above contextual legal overview of the South African political system in mind, the remainder of the chapter contains a summary of the statutory events that led to the apropos transformation in South Africa. The next section assesses the statutory framework of South Africa with specific reference to the national legislation that has relevance to CSR aspects, followed by an exploration of the regulatory framework that is intended to enhance and enact the statutory provisions.

4.3 THE STATUTORY FRAMEWORK AS DRIVER FOR TRANSFORMATION IN SOUTH AFRICA

Government and the legislation it set are regarded as one of several key driving forces in pursuit of a transformative CSR agenda in South Africa. The Constitution of the Republic of South Africa, 1996, as the highest statutory authority in South Africa, is explored first, followed by a background on what gave rise to B-BBEE, as amended, an outline of the

B-BBEE Codes of Good Practice and how the Act is used as a driver for CSR (see Figure 4.1). The discussion of B-BBEE is followed by one of the Companies Act to explore how the latter Act gives prominence to CSR through specific stipulations and enactments. The Companies Act also provides for the establishment of a board of directors. The role of the social and ethics board subcommittee, a branch of the board of directors, as a driver of CSR is assessed in the following section.

As part of the transformation contributory statutes, the latter part of section 4.3 briefly outlines some CSR supporting legislation, such as the Labour Relations Act 66 of 1995 (intended to enhance employee and employer relations), the Basic Conditions of Employment Act 75 of 1997 (to outline fundamental rights for employees as internal stakeholders), the Employment Equity Act 55 of 1998 (advancement of equal employment to the benefit of the previously deprived), the Competition Act 89 of 1998 (to create a fair, competitive business environment) and the Consumer Protection Act 68 of 2008 (to protect the consumer as one of the business's external stakeholders from scrupulous business practices).

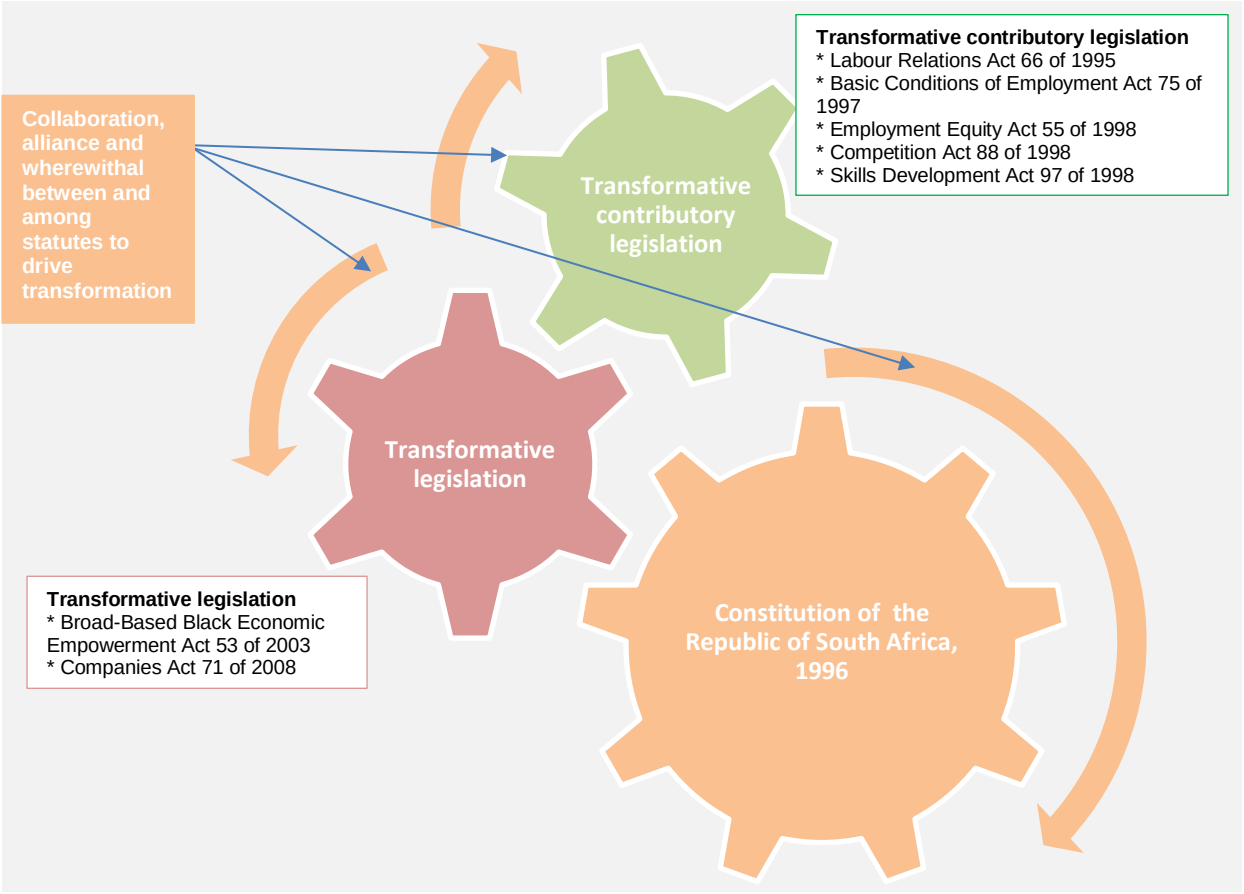


Figure 4.1: Statutory framework driving transformation in South Africa

Source: Created by the researcher (2019)

4.3.1 The Constitution of the Republic of South Africa, 1996

The liberal Constitution that South Africans enjoy today (2019) culminated from three tyrannical constitutions' different experiences and applications between 1910 and 1994 (Black, 1999:78; Metz, 2011:547-548). Most of the pre-1994 constitutions, to an extent, denied the majority of the country's inhabitants a claim to its wealth and resources (Black, 1999:78; NPC, 2012:35). The first Constitution for the Union of South Africa came about after Britain withdrew from the government of South Africa in 1910 and handed the administration of the state over to the white British settlers and Boers. This marked the onset of Afrikaner nationalism, land dispossession, labour exploitation and gradual withdrawal of the natural rights of all citizens not classified as white (Baldwin, 1975:218; Giliomee, 2014a:286-288; Hart & Padayachee, 2013:62-64; Metz, 2011:544). The Afrikaner nationalism period continued with a referendum in 1960 to determine whether South Africa should become a republic (Scher, 2014:341). The outcome of the referendum led to the adoption of the second Constitution on 31 May 1961, to declare South Africa a republic, further suppressing the rights of non-white people and re-enforcing separate socio-economic development based on race (Horrell, 1952:26; Scher, 2014:331). The early 1980s saw the introduction of a third Constitution, announcing a tricameral system of Parliament (Grobler, 2014:391). This Constitution was significant in that a separate assembly represented the Tricameral Parliament for white, coloured and Indian groupings, with the banishment of black people to homelands (Scher, 2014:336). In terms of the third Constitution, black people had no rights outside of their specified homelands (Baldwin, 1975:218).

Towards the mid-1980s, turmoil slowly escalated in South Africa. The uprising and unrest, among other variables, made the country ungovernable and forced the Afrikaner nationalist government to declare a state of emergency (Giliomee, 2014b:412-414). This declaration opened a door for more significant negotiations through the CODESA process, also described as a battle period for the South African Constitution (Gloppen, 2019). The CODESA process led to, among other things, the introduction of an interim

Constitution, adopted in 1993 by the Tricameral Parliament and enacted and actioned by an interim government (Currie & De Waal, 2013:4).

The fourth Constitution or confirmation of the interim version was signed into law by the first democratically elected head of state, President Nelson Mandela, in December 1996 (Brits, 2014:493; Currie & De Waal, 2013:7). The advent of South Africa's constitutional democracy set out to create a progressive and striving dispensation. With the democratic constitutional introduction, sovereignty shifted from Parliament, as was practised before 1994, to the Constitution, with the Constitutional Court as an ultimate defender of democracy in South Africa (Currie & De Waal, 2013:2; Nel *et al.*, 2009:75-76).

The Constitution (1996) can be condensed as an abridged acknowledgement of the past injustices and recognition for those who fought for righteousness and liberty. It further explicitly states that South Africa belongs to all those who reside within its borders (RSA, 1996:3). The principal objective of the Constitution is to uphold the democratic rule of law and hold the state accountable to its people. In addition, it lay the foundation for a society in which government is based on the will of the people and set an obligation for continued improvement of the quality of life of its citizenry. The Constitution also endeavours to redress the prejudices and injustices of the past by establishing a society based on democratic values and a foundation of equal human rights (RSA, 1996). To underscore the historical prejudices and injustices in South Africa, the Constitution devotes Chapter 2 to the Bill of Rights. The Bill of Rights prescribes fundamental rights that should be protected by the state, business, civil society and individuals. The following subsection explores the Bill of Rights.

4.3.1.1 The Bill of Rights

The Constitution, as the supreme law of the Republic of South Africa, set out in Chapter 2 chartered prescriptions for fundamental human rights and privileges that are protected against the powers and potential violations by the South African government, businesses CSOs or individuals or a group of individuals (RSA,1996:5; Scott & Gallanger, 2006:xvi). In Chapter 9, the Constitution (1996:92-98) institutes protection mechanisms for these human rights in the form of different commissions and institutions, including the South African Human Rights Commission. Human rights in South Africa can generally be divided into three distinct classifications: natural rights, constitutional rights and statutory rights. These are elaborated on below.

Natural rights are inherited rights every citizen possessed by birth – a right to life (RSA,1996:6). These rights are conferred upon citizens by God as human beings and include, but are not limited to, the right to human dignity, equality and freedom. According to Metz (2011:544), all human beings "have a dignity insofar as they have communal nature … [and] the inherent capacity to exhibit identity and solidarity with others …[making] a human being worth more than other beings on the planet".

Constitutional rights are those rights that are conferred and protected by the South African Constitution. These rights form part of the country's fundamental fabric; the laws cannot be altered or suspended by the state without the required legal prescriptions set out in its Constitution. These rights include political, civil, human and social and economic rights.

- *Political rights* overarch the rights of procedural fairness in law such as the right to a fair trial, the right to seek legal redress or remedy, the right to directly or indirectly partake in the establishment or administration of government and the right to participate or associate freely in societal matters or political matters (RSA, 1996:8, 13-15).
- *Civil rights* are those rights that are mainly protected and enforced by provincial legislature and municipal by-laws to secure the enjoyment of well-being and happiness. These civil rights include, but are not limited to, the right to privacy, property and housing, healthcare, food, water, social security, education and to practise one's culture, religion and language (RSA, 1996:7, 10-13; Rosmini, 2006:xix).
- *Human rights* are those rights and civil liberties that are inherent in our nature to which all human beings are entitled. Under some aspects of the Bill of Rights, this right is bestowed upon both citizens and non-South African citizens equally in the South African context. In terms of the UN UDHR, all humans are entitled to this right irrespective of their birthland. Concerning the latter, South Africa is a signatory to the UN UDHR and therefore obligated to its requirements (RSA, 1996:20; Murphy, 2018:6-7).
- *Social and economic rights* allow people to access resources to satisfy their basic needs and lead dignified lives. Government and, in certain conditions, private organisations and individuals can be held accountable if they do not protect, promote or fulfil these rights (Khoza, 2007:20). According to Christiansen (2007)

and Khoza (2007:30-31), socio-economic rights emerged from comments and recommendations made by international bodies, academic empirical writings, findings by the Human Rights Commission and advocacy work by CSOs on the condition in which society finds itself. These findings are about the right to self-determination and social, cultural and economic development (Christiansen, 2007:330). Section 184 (3) of the Constitution gives, among other things, explicit authority to the South African Human Rights Commission to monitor and report regularly on the realisation of socio-economic rights in South Africa (RSA, 1996:93). These emerging social and economic rights are interpreted and made more explicit by court judgements (Christiansen, 2007:343-381; Ferreira, 2012:275-276).

Statutory rights are drafted and promulgated through Parliament, provincial ordinances or legislation and municipal by-laws. These statutes promulgated by the said law-making bodies can be altered, suspended or abolished by the same government sphere or a court of law.

The unambiguous articulation of the above-clustered rights alludes to government's intention to remove traces of the discriminatory existence of the pre-1994 era. As Kadar Asmal put it during an open debate in the Constitutional Assembly in 1996, "our people did not give their lives in exchange for the mere freedom to walk the streets ... nor to suffer continued deprivation" (Christiansen, 2007:328-330). Despite this petition 23 years ago, to date (2019), many societies are still grappling with an assortment of deprivation variations (Nicolson, 2015; Rooi, 2018:74-79; StatsSA, 2017; Swanepoel & De Beer, 2011:5-11). The deprivation variations present themselves in some societies as a single variable and in other communities as a multi-layered condition, such as poverty, economic isolation and social segregation, among other social and economic ills. The South African Constitutional Court's jurisprudence on socio-economic rights is that the developmental dilemma in South Africa is exacerbated by the limited and/or scarce state resources when equated against the massive and, in some instances, a multitude of conflicting needs for legitimate and urgent claims by society in place of their human rights (Ferreira, 2012:276; Smit, 2019:4).

The realisation of an aspect of the Bill of Rights should not be viewed in isolation from the broader public policy framework and national socio-economic development considerations. The South African government has passed several policies to facilitate development, such as the Employment Equity Act; skills, enterprise and socio-economic development under the auspices of B-BBEE Amended Codes of Good Practice; and the Consumer Protection Act, among others (Lindsay, 2015:72; Rossouw, 2018:9). The legislative framework provides one of the pillars for how and what the transformative CSR practice's interventions should focus on. The section below articulates B-BBEE.

4.3.2 Broad-Based Black Economic Empowerment Act 53 of 2003

The systematic sanctioning of South African black inhabitants from economic power was gradual, but intensified in the late 19th century with the unrelenting dispossession of land throughout the early 1900s and enactment of the first Mines and Works Act in 1911, followed by the Land Act of 1913 and a range of apartheid laws decreed after 1948. The systematic disempowerment resulted in many black people being displaced, left landless, having restricted access to essential skills development and entrepreneurship, among other tribulations (dtic, 2003:6-7). The majority party government, led by the ANC, has since the first democratic elections in 1994 enacted several legislative measures to redress some of the historical legacies of South Africa.

Since the apartheid tribulations before 1994, South Africa has undergone significant and, to an extent, profound restructuring. In 2003, the dtic set out a vision to adapt the South African economic characteristics (dtic, 2003). Its vision was, among other things, to achieve "an adaptive economy characterised by growth, employment and equity by 2014" in line with the 1955 Freedom Charter, resulting in the B-BBEE Act (dtic, 2003:4). The B-BBEE Act offers the legislative framework for B-BBEE in South Africa. According to Werksmans Attorneys (2018:3), a business's B-BBEE status is therefore an essential factor to be considered by any entity, both local and foreign, conducting business in South Africa. A business's B-BBEE status is a critical component of its operations and could affect its ability to tender for government tenders successfully. Similarly, to boost their own B-BBEE ratings, increasingly, private sector government clients also require their suppliers to have a minimum B-BBEE rating (Werksman Attorneys, 2018). Businesses, generally, must decide what B-BBEE they commercially require as part of their B-BBEE

strategy and, subsequently, determine and employ a commercially viable strategy to achieve that status. Under the B-BBEE Act, the Minister of Trade and Industry can from time to time issue Codes of Good Practice (see section 4.3.2.1), which may be 'generic' in their general application, or they could apply to a specific sector of the economy (the last-mentioned are also called 'sector codes', which are developed in consultation with stakeholders in a relevant sector).

The B-BBEE Act and the accompanying B-BBEE Codes of Good Practice have undergone significant independent changes and metamorphoses since their respective enactments (dtic, 2007a; Krüger, 2011:208; RSA, 2003). The broad aim of the 2003 B-BBEE Act is to derationalise the South African economy and stimulate broad socio-economic development (dtic, 2003:8). The B-BBEE primarily aims to overcome the economic legacy of apartheid by including the black majority in the mainstream economy and upskilling the previously disadvantaged workforce, potentially increasing their income generation prospects (dtic, 2003:6; Krüger, 2011:209-210; RSA, 2003:2). Subsequently, the Act is mainly regarded as a critical contributor towards development in South Africa and the economic empowerment of all constitutionally defined black people by utilising integrated socio-economic strategies (Kloppers & Fourie, 2014:3419-3420; Perkins & Zimmerman, 1995; RSA, 2003:4).

According to the dtic (2003:13-14), the fundamental principles of black economic empowerment include the following:

- *The strategy should be broad-based*. The strategy's purpose is to deracialise the South African economy and fast-track the inclusion of the historically marginalised black majority.
- *It should be an inclusive process*. The process should be inclusive and implemented by all South Africans and businesses operating within South African borders.
- *It should endorse good governance* through economic reform, transformation, transparency and concerted effort to ensure the highest standards of corporate governance and enhance the quality of the board of directors and governance.
- *It should be an inclusive growth process.* B-BBEE should be part of government's growth strategy. Government's economic growth and social development should

be viewed as complementary and related to B-BBEE. B-BBEE must not be merely seen as the redistribution of wealth. No society can grow if it is excluded from economic participation, nor can the economy grow if it does not integrate all societies into its activities.

The B-BBEE Act of 2003 was amended in 2013 and signed into law in 2014. The amendments were actioned to clarify interpretations, include specific definitions and revise others, foster adherence to the said Act by organs of state and state-owned entities, strengthen the monitoring and evaluation of compliance and establish the B-BBEE Commission, among other things (RSA, 2013a:2). According to the Werksman Attorneys (2018:7), crucial to the 2013 amendments was introducing the B-BBEE Commission headed by a commissioner, which became operational in 2017. The primary functions of the Commission, among other duties, are to:

- manage, oversee and encourage adherence to the B-BBEE Act in the interest of the broader citizenry, and improve and promote public and private partnerships and safeguard the intentions of B-BBEE;
- keep a registry of key B-BBEE ownership transactions; and
- accept, scrutinise and investigate complaints relating to B-BBEE. However, the commissioner does not have the power to impose penalties or other criminal sanctions, but in terms of the B-BBEE Act, is obliged to refer a matter to the South African Police Service or the National Prosecuting Authority or any other law or applicable regulatory authority.

Not only does the Act play an essential regulatory role, but it also plays a vital role in terms of development in that the Act demands of businesses to provide disadvantaged groups economic opportunities, promote economic transformation and change the racial composition of ownership and management structures through the enactment of the Amended Codes of Good Practice, the Generic Scorecard (dtic, 2003:4).

4.3.2.1 B-BBEE Codes of Good Practice

The purpose of the B-BBEE Codes of Good Practice is to assist, guide and advise both the private and the public sectors to enact the aims of the B-BBEE Act (dtic, 2004:4). The B-BBEE Codes of Good Practice provide guidelines and principles that would enable and

fast-track the implementation of B-BBEE in a tangible, significant and sustainable manner (dtic, 2004).

By the start of 2004, several business sectors had already drafted industry-specific charters on black economic empowerment and transformation. According to Reddy (2008:14-15), although some of the initial charters contained scorecards vaguely based on the then broad-based scorecard, others were authored undertakings of the commitment to transformation. That said, in February 2007, the dtic published the amended B-BEE Codes of Good Practice. This publication saw several redrafts and new draft sector codes and sector charters, also known as transformation sector charters, launched, vetted and analysed for compliance, in line with the requirements of either Section 9 or 12 of the said Act.

In terms of Section 9(1), a draft sector code means that the draft is in the process of being adopted and becomes a full sector Code of Good Practice and has equal status as the B-BBEE Codes of Good Practice, as gazetted in February 2007 by the Minister of Trade and Industry. It is wholly binding among and between the businesses operating in that industry (RSA, 2003:8). A sector charter, gazetted in terms of Section 9(5) of the B-BBEE Act, means that it is a draft sector code, that the code complies with the provisions of Section 12 and that key stakeholders have consented to the requirements of the charter (RSA, 2003). Section 9 is also used as a guideline for good practices in terms of the Act's requirements and as a measure and assessment tool underscored by standard elements and targets, using a point system to determine the value (Ponte *et al.*, 2007:944; RSA, 2003). To this effect, to a large extent, government's efforts have made the obligations and requirements of the B-BBEE Act an inevitable business practice to contemplate and apply (Welzel *et al.*, 2007:131).

The B-BBEE Act also allows for semi-self-regulation by any sector or industry that wishes to formulise its B-BBEE Codes of Good Practice but is encouraged and to a degree obligated to align its CSR activities with the broader B-BBEE Amended Codes of Good Practice, the Generic Scorecard (Mossmann, 2010:20). However, despite all government's efforts, it would appear that there is a continuation of sluggish meaningful socio-economic development and equitable transformation. The transformation and creation of sustainable, productive black businesses have not been achieved (Mbeki, 2009:61; The Presidency, 2013:2).

In 2013, additional amendments were made to B-BBEE Codes of Good Practice, published on 11 October 2013, which came into effect on 1 May 2015. As amended, Section 12 of the B-BBEE Act allows the relevant sector or industry to constitute and formalise itself using a sector or industry body and draft a transformation charter (RSA, 2015:5). Once the transformation charter has been approved by key stakeholders and gazetted by the line minister, the relevant sector body can formulate and propose sector codes in line with the targets set by the Generic Scorecard (RSA, 2015:6 & 10). Although the transformation charter is gazetted for material purposes, it only implies binding intent by industry actors. It is important to note that a sector charter published in terms of Section 12c has no bearing on state departments or state organs.

Through the B-BBEE Amended Codes of Good Practice, the Generic Scorecard, the state incentivises businesses to contribute towards responsible change, sustainable value creation in societies and greater empowerment (Kabir *et al.*, 2015:284). The B-BBEE Amended Codes of Good Practice, the Generic Scorecard, is measured, as per the amendment Act, which became effective in May 2015, on five elements: ownership, management control, skills development, enterprise and supplier development, and socio-economic development (dtic, 2015). The socio-economic development element has been discussed throughout the study, with the other elements mentioned only for context.

Additional supplementary amendments to the Codes of Good Practice were proposed for public comment by the end of May 2019. The amendments were proposed to clarify the interpretation of some aspects and definitions and to address outstanding concerns and bottlenecks in ownership and skills, enterprise and supplier development (Mashugane, 2018; Ngobani, 2019; Nkosi, 2018).

Key amendments to note are the following:

- The procurement spend weight with 51% black-owned business rose from 9 to 11 points, and the compliance target from 40% to 50%.
- The multiplier of 1.2 for first-time suppliers was eradicated and substituted with a factor 2 recognition boost for purchasing from 51% black women-owned or black-owned vendors.
- Under skills development, absorption no longer includes further education and training. This affected the skills development weight of 5 points and increased the

bursary expenditure from 8 to 10 points, while the combined compliance target remained unchanged at 6%.

Taken by the weight assigned to enterprise and supplier development (40 points), procurement remains one of the primary vehicles for transforming the overall B-BBEE scorecard. In addition, the amendments require that businesses spend 2.5% of a generic entity's annual payroll on funding for black students at higher education institutions by means of bursaries, which will earn businesses up to four additional points on the scorecard. Furthermore, allowance is also made for the financing of adult basic education training programmes at schools.

According to Ngobani (2019), the amendments underscore government's commitment to B-BBEE as well as the state's zero tolerance regarding non-compliance. The implications of the last amendments are still in their infancy and therefore unknown. What is apparent from the amendments is that the B-BBEE Act and Codes are regarded as the drivers of socio-economic transformation in South Africa.

4.3.2.2 B-BBEE as a driver of transformation

To transform the footprint of the South African social landscape, the country needs an economy that meets the needs of its citizenry and builds on the full possibilities of its people transversely across the length and breadth of the country (Alessandri *et al.*, 2011:232; Ponte *et al.*, 2007:940). It was and is anticipated that the B-BBEE policy could fast-track and be a significant legal driver of aspects of transformation and businesses' responsibility towards society (Louw & Venter, 2010:55; Ponte *et al*., 2007).

In terms of transformation, the BEE framework or B-BBEE Codes of Good Practice requirements have placed substantial gravity on businesses to engage significantly in social activities (Kloppers & Fourie, 2014:3420). This can largely be attributed to the semi-mandatory nature of the Codes of Good Practice. The punitive measures, as they are referred to from time to time, are imperative, as aspects of the Codes of Good Practice elements are viewed as a prerequisite for doing business with government and as a means to facilitate social beneficiation from economic activities, particularly socio-economic development (Chahoud *et al.*, 2011:38; Mossmann, 2010:85). There is evidence that businesses have adopted mainly B-BBEE as their principal and preferred guide to support the implementation of their CSR activities (Kloppers & Fourie,

2014:3420; Littlewood & Holt, 2013:4&10). Both B-BBEE and CSR share the common objective of alleviating deprivation through sustainable development. The alleviation of deprivation has been one of the primary pursuits of the South African government after 1994 (Kloppers, 2014:21). To bring about tangible transformation, government encourages businesses to drive CSR activities through the B-BBEE Act, its regulations and Codes of Good Practice (Kloppers & Fourie, 2014:3419-3421; Kloppers, 2014:59-60).

The contribution of B-BBEE to CSR is mainly through the socio-economic application of the Amended Codes of Good Practice (Littlewood & Holt, 2013:4-10; Welzel *et al.*, 2007:123 & 126). Increasingly, B-BBEE is becoming an essential component of CSR in the South African context (Chahoud *et al.*, 2011:38; Kloppers, 2014:21, 59-60; Patel & Graham, 2012:194-196). If applied as intended, its application could potentially lead to improved partnerships between the private sector and government in the state's endeavour to address poverty and social inequality (Alessandri *et al.*, 2011:243; Kloppers, 2014:71; Van der Merwe & Ferreira, 2014:543-544).

Although not binding on a business, IoDSA has released a guidance document titled "Practice notes on broad-based black economic empowerment" to set the tone and to assist the board of directors with integrating BEE and social transformation into its sustainability deliberations (IoDSA, 2010). The practice note put forward that a board must ensure that the business compiles or updates its BEE policy and implements such policy in line with the total business strategy, including incorporating transformation targets into performance and risk management targets (IoDSA, 2010:2-3). This integration could allow a business to gain larger economic benefit margins and may lead to a more significant social impact (Alessandri *et al.*, 2011:24; Welzel *et al.*, 2007:123). Through the B-BBEE Codes of Good Practice, businesses have committed financial contribution through which to drive socio-economic development (Chahoud *et al.*, 2011:40; Kloppers, 2014:71). However, legislation is not enacted in isolation. Several Acts, such as the B-BBEE Act, the Companies Act and others, form a web of statutes decreed to act in unison towards transforming the South African society for the better. The subsection below assesses the contribution of the Companies Act towards government's encompassing transformation drive.

4.3.3 The Companies Act 71 of 2008

Traditionally, during apartheid, the law under which companies did their business in South Africa had minimal regard to interested parties other than shareholders and operated mostly to maximise shareholder profits (Cassim, 2011:2 & 19; Croucher & Miles, 2010:372). The board of directors or the executive of businesses had **a** limited legal obligation to consider the interest of stakeholders. The enactment of the amended Companies Act, which came into effect in 2011, should end the nearly 38-year reign of the repealed Companies Act of 1973 (RSA, Cassim, 2011:2-3; 2008). Under the new government, the amended Companies Act spells out clear obligations for the board of directors and executives (Croucher & Miles, 2010:375; Erasmus, 2014:1; Van Tonder, 2018:303-306). The amended Companies Act also contains provisions in sections 76 and 165, making direct reference to stakeholders (RSA, 2008).

Although the Companies Act does not explicitly obligate businesses to engage in CSR activities, it does, to an extent, receive some prominence, and the Act obligates boards to be more accountable and transparent and to make responsible decisions in the best interest of shareholders and stakeholders (Cassim, 2011:29; Kloppers, 2013b:166-167; RSA, 2008). In general, the amended Companies Act articulates in Chapter 2, Part C typical transparency and accountability requirements and addresses concerns regarding general governance of companies in Part F of the same chapter. These aspects in Chapter 2 are extended in Chapter 3, although the aspects in Chapter 3 are only applicable to individual companies. Furthermore, the directors' duties and responsibilities are moderately collated in sections 75 and 76 (RSA, 2008).

More narrowly, Section 7(d) authenticates that one of the resolves of the new Act is to reiterate the concept of the business as a means or vehicle to enhance social and economic benefits for all who reside in South Africa (Van Tonder, 2018:302-308). In terms of Section 72(5) of the Companies Act and Regulation 43(3), the board is required to appoint a social and ethics board subcommittee to oversee not only aspects of social and ethical but also responsible corporate citizenship (the obligation towards society and ecology on which society depends), sustainable development and stakeholder relations (Erasmus, 2014:1-2; RSA, 2008; RSA, 2011). Kloppers (2013b) is of the view that to ensure greater business accountability towards CSR, the portfolio is best placed as a responsibility of a board member. This, he states, would embed "CSR in corporate

governance in a significant manner and drive CSR through this section of the corporate sector" (Kloppers, 2013b:169). In addition, the Companies Act of 2008 changed and set up various regulatory authorities, such as the new Companies and Intellectual Property Commission (CIPC), replacing the Companies and Intellectual Property Registration Office (CPIC, N.d.; dtic, N.d-a). As a subsidiary of the dtic, the reformed body, as with its predecessor, will have jurisdiction throughout South Africa. However, the primary function of the CIPC will be over and above the registration of all companies to enforce the Companies Act, monitor compliance to the said Act and promote its mechanisms such as alternative dispute resolution options to resolve any business disputes (CPIC, N.d.).

In 2018, the dtic published the South Africa Companies Amendment Bill (RSA, 2018b) for comments, henceforth referred to as 'the Bill'. The Bill proposed substantial changes to the Companies Act. The key proposals relevant to this study relate to sections 61 and 72 of the Bill. The proposed amendments made it obligatory for a municipal-owned company, a state-owned company or a public company to appoint a social and ethics board subcommittee at its annual general meeting. The Bill recommends a minimum structure for such subcommittee and sets out its role, functions and reporting. Furthermore, the Bill makes an allowance for businesses with a current system in place within its organisational structure that performs the roles and functions of the social and ethics board subcommittee to apply to the Companies Tribunal for an exemption from this requirement. The business can also apply to the Companies Tribunal if it is not regarded as necessary in the public interest to necessitate the business to have a social and ethics board subcommittee regarding the extent and nature of the activities of the business. The social and ethics board subcommittee's report should be presented to shareholders at the annual general meeting (RSA, 2018b:11-13). Contemporarily, the social and ethics board subcommittee is to no small extent entrusted to steer businesses towards more transformative governance and transparent and accountable social, ecological and ethical practices.

4.3.3.1 The social and ethics board subcommittee as a driver of transformation

In terms of the Companies Act, Section 72(4), a juristic entity must appoint a social and ethics board subcommittee, which shall be a subcommittee of the board of directors. This provision allows the Minister of Trade and Industry to prescribe specific baseline requirements to regulate the social and ethics board subcommittee, such as the category

of businesses that must have a social and ethics board subcommittee, the role and functions of such subcommittee and the rules that govern the composition and conduct of such subcommittee. Section 8, as mentioned above, read in conjunction with Regulation 43 of the Companies Act, therefore compels businesses as classified in Regulation 26(2) to accept the constitutional obligation and implement policies to path the way for the formulation and appointment of the social and ethics board subcommittee. According to Kloppers (2013b:168-169), the board subcommittee must consist of at least three directors. One director must not be part of the day-to-day management of the business or may not have been involved in the business for the preceding three financial years.

Notwithstanding that there is currently no legal requirement for this external social and ethics board subcommittee member to be a board member, King IV promotes such a provision, as it would entrench CSR in corporate governance and strengthen the drive of CSR throughout the corporate sector (Kloppers, 2013b:169). According to Kloppers (2013b:169-170), there is also no specification on the external board member's basic requirements in addition to the last-mentioned. However, the author suggests that it would lend significant credibility to such a subcommittee if the external representative is a CSR expert. Those representing the business on the subcommittee should be directly involved in the CSR management of the business and the corporate hierarchy.

In terms of the function of the social and ethics board subcommittee, Regulation 43(5)(a) prescribes that the subcommittee should monitor the business's CSR activities, having considered the relevant legislation and prevailing codes of best practice concerning:

- social and economic development, having regard to the 10 principles set out in the UNGC;
- aspects of the Employment Equity Act;
- aspects of the B-BBEE Act;
- good corporate governance, underscoring the promotion of equality, reduction of corruption, development of communities and record keeping of any acts of alm;
- the impact of the business's activities on the ecosystem and public safety; and
- the business's standing on International Labour Organisational Protocol and educational development.

Concerns are raised over the compilation of the social and ethics board subcommittee (Kloppers, 2013b; Rossouw, 2019). Kloppers (2013b:170) recommends that consideration be given to the inclusion of CSR experts and/or stakeholder representatives in the social and ethics board subcommittee. Furthermore, although businesses are required to engage with stakeholders only if and when they had identified specific stakeholders as having a legitimate interest in the business, it could add value to the subcommittee's functioning if it is seen to demonstrate that it is actively engaging its stakeholders regardless (Kloppers, 2013b). Rossouw (2019) is of the view that the inclusion of at least three directors or prescribed officers and only one external non-executive director could lead to CSR intervention difficulties. His rationale is that it could be that the same directors who are responsible for the implementation of board-approved CSR interventions might be overseeing and reporting on these interventions on a day-to-day management function. The transformative CSR practice demands the social and ethics board subcommittee to pay attention to the statutory regime to enhance governance and socio-economic development.

In addition to the Companies Act, businesses, through the social and ethics board subcommittee, are encouraged to improve the living conditions of society in general, but specifically those who are affected by its business operations through other transformation contributory statutes and approaches. The section below explores some post-1994 legislation that has contributing characteristics towards the transformation itinerary.

4.3.4 Transformation-contributory legislation

Taken by the history of South Africa before 1994 and to some degree after 1994, it was plagued with unethical employment and marketplace practices such as degrees of slavery, forced labour, labour brokering, job reservation, oppressive laws, false and misleading advertising and business colluding. Today, most of these unethical practices are prohibited, and all attempts are made to eliminate them and to upskill, especially the previously disadvantaged. The Labour Relations Act 66 of 1995, the Basic Conditions of Employment Act 75 of 1997, the Employment Equity Act 55 of 1998 and the Skills Development Act 97 of 1998 are to a degree regarded as the significant employee defenders (internal stakeholder) of rights and development in South Africa. The Competition Act 89 of 1998 and the Consumer Protection Act 68 of 2008 can be

described, among others, as the primary transformational CSR contributory legislation in so far as the external stakeholders of a business are concerned.

4.3.4.1 Labour Relations Act 66 of 1995

The Labour Relations Act 66 of 1995 was promulgated to create and advance constructive and harmonious labour relations between employers and employees (Pons & Deale, 1998:8). In line with Section 23 of the South African Constitution, the Act's primary purpose is to advance labour peace, economic development, social justice and democracy in the workplace (RSA, 1996; Nel *et al.*, 2011:52; 1995). In pursuit of continuous measurable improvements of the country's labour conditions and an endeavour to protect the rights of employees against unfair labour practices against the backdrop of high unemployment and poverty, government made amendments to the Labour Relations Act in 2002 and 2012. These amendments were made to correct certain practices that undermined the application of the said Act, ensure a proper and adequate alignment of the said Act to other laws, and sensitise the said Act to the job creation effort in South Africa (RSA,2002; 2012; Stanfield, 2012). In the main, the chief aims of the Labour Relations Act are to create a balance of power between an employer and employees and to promote peace in the business environment. It is assumed that government should play a central mediatory role in this relationship, especially in so far as the creation of a stable economic environment is concerned, as are the provision of mechanisms for the protection of the country's labour force and, in the process, acknowledgement of the freedom of expression, association and collective bargaining of shared interests in the workplace (Pons & Deale, 2010:12; RSA, 1995).

The Labour Relations Act's contributory attributes to transformative CSR are primarily in aspects of economic development, social justice and the right to training (Manamela, 2015:47; RSA, 1995; RSA, 2017). Furthermore, as articulated in Section 189 of the Labour Relations Act and summarised as unfair dismissal and negotiating reasonable compensation for labour in bad faith, unfair labour practices have a direct bearing on unemployment and society's ability to financially sustain themselves, which unemployment, in turn, is a priority of CSR.

4.3.4.2 Basic Conditions of Employment Act of 1997

The Basic Conditions of Employment Act 75 of 1997 replaced the Wage Act of 1957 and was phased into law over two years between 1998 and 2000, with amendments in 2002 and 2012 (Nel *et al.*, 2011:46; RSA, 1997; Vatalidis & Workman-Davis, 2012). The aim of the Act, among other things, is to set underlying conditions for labour practices and allow for unions to negotiate basic conditions for their members (employees), in the process curbing some of the employer's powers by encouraging consultative decision making and collective bargaining (Manamela, 2015:44-45; Nel *et al.*, 2011:47). Section 2 of the Act sets out essential requirements of employment and rights of employees, such as working hours, remuneration, leave, holiday and weekend work and procedures in the event of termination of employment (Grobler *et al.*, 2006:85; RSA, 1997).

The Basic Conditions of Employment Act enhanced the endeavours set out in the Labour Relations Act, namely, to advance economic development, social justice, collective bargaining and stakeholder (employee) engagement, which are in the main indicative of CSR characteristics.

4.3.4.3 Employment Equity Act 55 of 1998

The Employment Equity Act 55 of 1998 was introduced to aid the South African transformation agenda in the main through promoting equity in places of employment by advancing fair treatment and equal employment opportunities and bringing about equitable representation at all occupational levels in the workplace (Gradín, 2013:220; RSA, 1998b). The Act is driven mainly by the Department of Labour. It aims to redress and advantage, through fair discrimination, the previously disadvantaged designated groups, namely Africans, coloureds and Indians (DoL, 2010; RSA, 1998b). This Act primarily focuses on promoting equal employment opportunities and discrimination to the advantage of the previously disadvantaged 'black' population by implementing affirmative action measures and fair treatment in employment (RSA, Bendix, 2005:435; Grobler *et al.*, 2006:553; Nel *et al.*, 2009:79; 1998b:3). In 2006, the Employment Equity Act was revised to simplify the term 'designated groups' and include women and people with disabilities, with a further amendment in 2012.

The latest amendments provide for definitional clarity of designation groups and to regulatory frame the new provisions for unfair discrimination and penalties for non-

compliance, among other requirements (Manamela, 2015:49). Some of the key discriminatory implication provisions strengthen sections 6, 8 and 11 (RSA, 2013b). In terms of Section 6(1), no individual may directly or indirectly unfairly discriminate against an employee in any employment on any grounds as listed in the said Act with the inclusion of the amendment and "on any other arbitrary ground" (RSA, 2013b:4). In terms of the equal work for equal pay provision, the amendments in Section 6(4), as an insertion to the Act, state that "a difference and conditions of employment between employees of the same employer performing the same or substantially the same work or work of equal value that is directly or indirectly based on any one or more of the grounds listed in [Section 6(1)] is unfair discrimination". Suppose unfair discrimination is alleged on any of the grounds listed in Section 6(1), in terms of Section 11(1). In that case, the onus is on the employer to show that the rationale for the differences in compensation or any other conditions of service is based on fair criteria, such as skill and experience (RSA, 2013b:6).

In addition, in terms of the amendment in Section 8 (d), all psychometric tests and other similar assessments commissioned by an employer are prohibited, unless such test or assessment of an employee "has been certified by the Health Professional Council of South Africa … or any other body which may be authorised by law to certify those tests or assessments" (RSA, 2013b:6).

Regarding the penalties for non-compliance, the amendments to sections 59 and 61 and Schedule 1 increase the maximum fines to R30 000 from R10 000 (RSA, 2013b:18). These fines can be imposed for criminal offences as contemplated in sections 59 and 61. The amendments to the Act also empower the Minister of Labour to regulate such fines in line with inflation without consulting with the Minister of Justice and Constitutional Development. Furthermore, the Employment Equity Act obligates businesses as employers to put measures in place to uplift the previously disadvantaged through employment equity measures and to confer with employees as stakeholders on the content, progress and application of the Act. Upliftment of the deprived and disadvantaged are core characteristics of the transformative CSR endeavour.

4.3.4.4 The Competition Act 89 of 1998

This Act was established to regulate competition and rivalry for suppliers, customers and increased profits. The Act in part has been proclaimed to control and regulate potential

illegal behaviour. In the main, the Act exists to promote employment, economic efficiency, adjustability, development and general socio-economic welfare and to endeavour for a greater spread of business ownership within the economy (RSA, 1998a:2).

These tasks have obligated several statutory bodies established under the said Act, namely the Competition Commission South Africa, the Competition Tribunal and the Competition Appeal Court (CCSA, N.d.). The study discusses the Competition Commission only briefly and the other two bodies are merely mentioned for context. In terms of the Competition Act (RSA, 1998a:2 & 12-16), the Competition Commission is the first defence of the Competition Act. It is empowered by the said Act to, in the main, investigate, monitor and evaluate hampering business practices, abuse of competitive advantage positions and business amalgamations in an attempt to:

- achieve equity in the South African business market;
- promote the adaptability, efficiency and growth of the South African economy;
- stimulate employment; and
- enhance the social and economic welfare of previously disadvantaged South Africans.

Considering the Act's unambiguous objectives to promote equality, employment and the socio-economic well-being of South Africans, it has a significant correlation with the endeavours advanced by the CSR concept in general.

4.3.4.5 Skills Development Act 97 of 1998

The Skills Development Act was decreed by government in 1998 in the midst of low levels of investment and high levels of unemployment in the South African labour market, fast inequalities of job opportunities and pronounced disparities in income distribution as a consequence of prolonged poverty brought on to a large extent by apartheid (Barry & Norton, 2000). Through this Act, government intended to address two focal priorities by addressing firstly the need to develop the skill sets of previously disadvantaged South Africans to enhance productivity to participate successfully in the universal economy, and secondly the need to converse the workforce imbalances brought about by apartheid and establish a more cohesive and inclusive society. The focal priorities the Act addresses are:

- to improve the quality of life of all employees, their prospects of employment and the mobility of their labour;
- to increase work performance and competition among employers for skilled labour;
- to intensify the degrees of pecuniary investment in education and training in the labour marketplace and to increase the return on that monetary investment; and
- to promote entrepreneurship (Akoojee *et al.*, 2005:103; Ananiadou *et al.*, 2003:7).

To achieve its transformational goals, government established a platform where all stakeholders (mainly organised labour and organised business) can input and participate in implementing the said Act to protect their interests and discharge their responsibilities to their respective constituencies. The democratic regime also created various focal institutions, such as the National Skills Authority and the Sector Education and Training Authorities as a channel to execute the fulfilment of its goals. Finally, government also catered to financing the initiatives related to skills development via the Skills Development Levies Act 9 of 1999 (Nel *et al.*, 2009:78). The Skills Development Levies Act is not elaborated upon in this study and is only mentioned for completeness and context. Skills development remains critical for the socio-economic growth and development of any country. The South African public sector depends on a skilled workforce to improve living standards, the economy and poverty alleviation (Akoojee *et al.*, 2005:99-100), which align to a degree with CSR objectives. In the main, this legislation affords all key stakeholders the opportunity and platform to partake in an evocative way in rebuilding South Africa. Through the Skills Development Act, as with CSR, transformation has become everyone's business.

In conclusion, democracy in South Africa was complemented by a new awareness of businesses' social and ethical responsibility and accountability. Government amended and introduced several statutes, with the Constitution as the supreme law. Several of the statutes had a direct relation to advancing the socio-economic developmental outcomes of South Africa. These decrees range from the Bill of Rights, the B-BBEE Act to the Companies Act and other indirect contributory legislation. The last-mentioned decrees were all signed into law to address various issues or support and strengthen others.

The Bill of Rights, in the main, protects the fundamental human rights and privileges of all South Africans and those seeking sanctuary in the country against the powers and

possible violations by any individual or group of individuals with authority. The B-BBEE Act principally aims to overcome the pecuniary legacy of apartheid by including the previously disadvantaged in the country's economy. On the other hand, the Companies Act requires businesses to be transparent, responsible and accountable to all stakeholders. Furthermore, a business's board must address concerns regarding general governance. A board must appoint a social and ethics board subcommittee to manage social, ecological and ethical aspects within the business, considering applicable legislation and regulations in the CSR realm.

Other legislation to be considered is those contributory laws that have an indirect advantage for CSR. These are, among others, the Labour Relations Act, which mainly endeavours to enhance the internal stakeholder relations between an employer and employees. In support of the Bill of Rights and as an extension of the Labour Relations Act, the Basic Conditions of Employment Act outlines the basic rights of employees as internal stakeholders of a business. Similarly, the Employment Equity Act interlinks with the B-BBEE Act in terms of advancement of equal employment to the benefit of the previously disadvantaged. The Competition Act contributes significantly to government's obligation to create and maintain a conducive environment for the economy to grow and expand. Lastly, through the Skills Development Act, government addresses the need to develop the skill sets of the previously marginalised brought about by our historical past.

Taken from the above, it is apparent that with the implementation of the different legislation, the South African government intended to eradicate, among others, any agency discordance, unfairness, inequity, collusion and skill inequalities lingering from the past and lay the foundation for a democratic transformative society. The common thread through the assessed legislation is that it endeavours to enhance the democratic principles of the Constitution and the statutory framework, and introduce vehicles/tools to promote civil justice and transformation of the South African society. This shared link of the statutory and legislative framework formed the basis of this study's assessment of current CSR practices in South Africa. Furthermore, the contributory legislation's focus on employees as assumed residents within the socio-economic environment in which the sampled retailers operate was also one of the pillars in the design of the management model for transformative CSR practices. In addition to the above legislative framework, the South African government has implemented various regulations to administer CSR in

the country. The regulatory framework governing CSR in South Africa is outlined in the following section.

4.4 REGULATORY FRAMEWORK GOVERNING CSR IN SOUTH AFRICA

In addition to the statutory framework, the South African government continuously implements various social and business transformative supporting strategies (inclusive of policies and programmes) to transform and overcome socio-economic inequalities and underdevelopment in the country. A regulatory framework is a set of guidelines and rules issued by government or its agencies in compliance with the law. These regulatory strategies encompass, in no particular order, CSR-relevant white papers, official South African government documents, directives, programmes and regulations, among others. The most relevant of these are chronologically elaborated on below.

4.4.1 Integrated Sustainable Rural Development Programme

The Integrated Sustainable Rural Development Programme (ISRDP) was announced in 2000. It was intended to realise a vision that will "attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development" (South African Government, 2000:iv). The Programme was generally hailed as an all-inclusive campaign against underdevelopment and poverty in the pastoral areas of South Africa and required the involvement and cooperation of the private sector, all three spheres of government and CSOs (RSA, Everatt *et al.*, 2004:28; 2000:vi). The strategy of the ISRDP was implemented and developed as part of existing institutional, planning, management and funding mechanisms, with the Presidency providing strong strategic leadership and coordination (South African Government, 2000:iv & 36). The initiation of the Programme was to keep the spotlight specifically on rural poverty and underdevelopment. This, according to Harmse (2010:433), is in line with international government practice, namely to put programmes in place to aid in the reduction of spatial inequalities through, for example, the intensification of infrastructure investment in more impoverished regions or the formulation of development strategies and policies for coordination from a national level.

The ISRDP was initially scheduled to run for 10 years before it was given prominence in Chapter 6 (which deals with the endeavour to build an inclusive rural economy) of the NDP and Outcome 7 of the 2014-2019 Medium Term Strategic Framework, which details a vision of an all-inclusive rural development (DPME, 2014b; Harmse, 2010:434; NPC, 2012). Since 2009, the programme is driven through the Department of Rural Development and Land Reform and endeavours to facilitate infrastructure development to aid rural economic transformation, the development of rural enterprises and intensification of job opportunities and to enhance skills development by 2020 (DRDLR, N.d).

In general, CSR has been accepted by some development specialists and policymakers as a viable driver for sustainable rural development (Arato *et al.*, 2016:1-3). This is commonly due to the prescribed budgetary allocations and in South Africa, specifically the NPAT B-BBEE Generic Scorecard allocations (Arato *et al.*, 2016; RSA, 2017). Therefore, it is anticipated that initiatives associated with a legal obligation and CSR are performed within a specific scope and certain parameters according to the law and the business's goals and values (Carroll *et al.*, 2014:135-140; Murray & Vogel, 1997:142-144). As such, some of the challenges relating to sustainable rural development and CSR entail identifying and determining which stakeholders and/or social issues/causes should receive priority and more significant consideration in the decision-making process (Carroll, 1991:39-41; Carroll *et al.*, 2014:102-104 & 155-158; Hillman & Keim, 2001:126-128). According to Arato *et al.* (2016:3), this is the reason why the participation of all key stakeholders, especially the private sector, forms a key component in a comprehensive rural development strategy. Key stakeholders include, but are not limited to, businesses partaking in integrated value chains to play the role of strategic partners to afford rural producers market opportunities, sharing the necessary skills, technology and knowledge.

The potential benefits for businesses to partake in an integrated value chain could include the strengthening and development of their supply chain, entry to greater market niches and enhancement of a business's position to manage the supply risks involved in a specific market (Archel *et al.*, 2011:328-330; Carroll, 1991:40-42; Martin, 2002:9-11). Moreover, even businesses whose value chains are indirectly linked with rural development, such as mobile telecommunication providers, financial services, manufacturing and others, might also have the prospect of gaining through the

development of rural communities (Arato *et al.*, 2016:3). In a nutshell, rural development shares a common objective with CSR. Both strive to make inclusive social and economic growth a reality and sustainable for rural communities by expanding livelihood opportunities.

4.4.2 Urban Renewal Programme

The Urban Renewal Programme (URP) was introduced in 2001 by former president Thabo Mbeki during his State of the Nation Address. The rationale for the programme was to address poverty and underdevelopment in areas spatially engineered and neglected by the apartheid architects (Donaldson *et al.*, 2013:630-634; Küsel, 2009:3; Musakwa, 2008; Rauch, 2002:9). Since the introduction of the URP, urban renewal and regeneration have become grave pain points for the South African government, which is continuously investing substantially through initiatives such as public works programmes to stem the tide of the decline of its buildings, historical architecture and townships in all nine provinces (Küsel, 2009:3-4; Thwala, 2006:41). Thwala (2006:42) believes that in order for the URP to bear fruit and be sustainable, urban renewal interventions should aim to ensure that infrastructure is developed in terms of local communal needs rather than vice versa. Given the endeavour of the URP to socially and physically re-engineer the inheritance of apartheid spatial design, all spheres of government should elevate their Integrated Development Plans to influence resource allocation from a government perspective (Donaldson *et al.*, 2013:630; Küsel, 2009:4-7). Urban renewal, as with CSR, strives to enhance the livelihood and quality of life of a community (urban dwellers) and promote general ecological sustainability. In the South African context, both concepts embody city modernisation endeavours to revitalise ageing infrastructure, improve the quality of life of urban dwellers and improve the economy's prospects.

4.4.3 The Integrated Human Resources Development Strategy 2010-2030

The main priority of the strategy was the establishment of the Human Resource Development Council of South Africa (HRDC), launched in March 2010 (HRDC,2017:7). The HRDC developed the Integrated Human Resource Development Strategy 2010-2030 (IHRDS). The HRDC aims to serve as a robust, elevated structure that would create the space for cohesion and enable social partners to work collectively to achieve the IHRDS's goals and objectives in a coordinated manner. The amended IHRDS focuses on

strengthening primary education and foundation programmes in science, technology, engineering, mathematics, languages and life orientation/skills; expanded entry to quality after-schooling education and training; enhanced technological innovation and research outcomes; and producing appropriately skilled people for the economy and the requirements of the developmental state (HRDC, 2017:9-11). Given that several CSR programmes focus on one or more IHRDS focal areas, it would make sense for greater cooperation between the IHRDS objectives and overarching CSR initiatives.

4.4.4 The National Development Plan: Vision 2030

According to Friedman, as cited in Glasson (1976:19), developmental planning is "a way of thinking about social and economic problems [and] planning is oriented predominantly towards the future … moreover, it strives for comprehensiveness in policy and programme". The South African NDP is a vital policy document of government, drafted by the National Planning Committee (NPC), made up of sitting South African government ministers (NPC, 2012). The NPC released the first NDP in 2012, which contains a series of planned propositions on driving change, eradicating poverty and decreasing inequality by 2030 (NPC, 2012:24-27). The core premise of the NDP is to build on the six interweaving government priorities, which include the vision to unite all South Africans around a common theme to attain prosperity and equality for all South Africans, elicit citizens to be active in their own development, faster and more inclusive economic growth, building capabilities and a capable and developmental state, and encouraging robust and sound leadership throughout society, (NPC, 2012:25-48; SA Tourism, 2018:5).

The underlying intention of the South African NDP is to drive conventional policy and the proposed developmental roadmap towards constructive social impact and a renewed pledge from all sectors of society to channel their cooperative targets and action towards tangible social transformation and the attainment of human rights, tackling poverty, unemployment and inequality (NPC, 2012:27; Powell, 2012:9; RSA, 2014:161-162) RSA 2019:1-2). This intention has been reinforced by the president of South Africa in his State of the Nation Address on 17 February 2020. He stated that the South African government must form social compacts with the private sector and donor organisations to challenge the social ills of our society (The Presidency, 2020). According to President Ramaphosa (2020), government cannot address the social ills alone; it needs the resolve and

determination of all stakeholders to address the social issues and take South Africa on the path of inclusive socio-economic development and inclusive growth envisioned by the NDP. This implies that South Africa can realise social transformation if all stakeholders get on board and drive the plan's vision and enhance the capacities of the state.

4.4.4.1 The National Development Plan as a driver for social transformation

In support of the legislative exertion, in 2010, former president Thabo Mbeki established the NPC to review the country's vision and draft an NDP (NPC, 2012). In the diagnostic report, released about a year later, the NPC found that although the state has made significant legislative and administrative progress towards the set vision, several shortcomings and challenges hamper rapid development. Some of the key identified challenges include high levels of unemployment, poor education in black schools, a highly resource-intensive economy, unsustainable health demands, inadequate public service provision, high levels of corruption and an enduring spatially divided society. With these shortcomings in mind, the South African Cabinet adopted the NDP as a blueprint and long-term regulatory strategy to reduce inequality and eliminate poverty by 2030 (NPC, 2012:25). According to the OECD, South Africa rates among the most unequal societies in the world (OECD, 2013:24-27).

Substantial developmental challenges and shortcomings match poverty, unemployment and inequality (De Jager *et al.*, 2012:827; Goodall, 1987:317). According to De Jager *et al*. (2012:828-829), a fundamental shift is needed to address the challenges, shortcomings and societal deprivation by introducing a progressive public policy to drive the process. Penderis (2012:7) states that a vast body of literature advocates for a new type of developmental state in South Africa, underpinned by citizen participation, social inclusion and regard for human rights. Subban and Theron (2016:44) build on this view by stating that a developmental state must be anchored by a robust transformative thrust and democratic principles in lieu of our past.

Despite the South African government's achievements to date, there is extensive agreement among academics that enduring with the 'business-as-usual' approach to CSR, in general, and actioning the requirements of the NDP in particular, will not bring about the required social transformation needed to improve on the constitutional human rights demands and ultimately a better life for all (NPC, 2012:57; RSA, 2014:21; Subban & Theron, 2016:46; Visser, 2014:xi). There is sufficient evidence, based on the aggregate

of CSO litigations against government, adverse discoveries by academics, relentless service delivery protests and the poverty and equality data that government cannot provide for all the human rights demands on its own (Ally, 2013:19; Kroukamp, 2017:44; OECD (Organisation for Economic Co-operation and Development), 2013; Roberts, 2014:1185). Two drivers are underscored in order for the NDP to succeed in its drive towards improved human rights and the fight against deprivation. Firstly, the plan requires transformative policy interventions by government and business (Fourie, 2006:25). Secondly, the plan needs support and transformational leadership across all civil society sectors, including labour and business (NPC, 2012:57-61). Therefore, the NDP and aspects of CSR form key components of the social transformation agenda in South Africa. The NDP, as with CSR initiatives, endeavours to unite all stakeholders in unleashing the energies of the citizenry, transform the South African social landscape by growing an inclusive economy and build various capabilities in society and the state and envisions for business leaders to work together with the state to solve complex societal problems.

Over and above government's statutory and regulatory frameworks and the NDP, several empirical academic and literary contributions greatly influenced the growth of the South African socio-economic transformation. One such contribution is the series of King reports released in 1994. As part of the regulatory framework, the section below briefly explores the earlier King reports, focusing on the latest contribution, the King IV report.

4.4.5 Corporate governance and King reports

According to West (2009:2), the first King report was released in 1994 and focused mainly on the ideologies of a capitalist corporate system. Considering the political uncertainty in South Africa, the system served to align the economy with the global trends and perspectives of the day.

The second King report, published in 2002, reiterated the capitalist view of the first report; nevertheless, most notable was the inclusion of non-financial corporate governance concerns such as stakeholder engagement, social responsibility, sustainability and the recommendation for businesses to regularly report on their socio-ecological activities (West, 2009:4). In addition, among the changes were guidelines on how businesses should compose their boards of directors (Ntim, 2011:6). A third report followed the

second King report in 2009, which served as a supplementary report to King II (IoDSA, 2009).

King III softened its view on capitalism and focused more on lenient sanctioned principles. The sanctions made in the King III report were not mandatory, but it adopted an “apply or explain” approach to its application (Louw & Venter, 2010:71). The King III report explicitly held the board of directors responsible if the principles outlined in the said report had not been incorporated and executed in a business (IoDSA, 2009; Young, 2016:139).

Notwithstanding the preceding King reports, King IV considered several 21st-century realities in both society and business, ranging from the African 2063 Agenda, the South Africa NDP 2030 to the UN SDGs, to which South Africa is a signatory. Whereas King I focused on a corporate capitalist system, King IV advocates for inclusive capitalism. King IV moved from the principle of apply *or* explain to apply *and* explain and condensed the principles from 75 in King III to 17 abridged principles, of which 16 applies to all organisations (KPMG, 2016:5-6; Naveen & Maslow, 2011:5-7). According to KPMG (2016:5), although the King IV is a report, it is structured as a code that, in addition to the abridged principles, includes recommended practices (an analysis of the relevant principles and their practices is presented in Chapter 5). The recommended practices were designed to achieve sound and continued governance outcomes. For the most part, King IV is voluntary (except were prescribed or required by associations or regulations). It resolves that the principles in the code and the practices should be applied based on proportionality aligned with the nature and formation or the incorporation of the business.

Although its implementation is still in its infancy, King IV was developed to build on the corporate governance pillars of preceding King reports. The contributory focus of King IV categorises four governance outcomes and six fundamental values the board of directors could use to measure whether the business structure in place is adequate. Most significantly, the King Code of Corporate Governance ratifies that as a matter of priority, the governing body should encompass an appropriate balance of diversity, knowledge and independence for it to discharge its obligations empirically and efficiently (Dzingai & Fakoya, 2017:5). According to Dzingai and Fakoya (2017:10-11), having independent non-executive directors as the majority board members allows for greater board independence and diversification of skills and expertise, which are necessary not only for the business going concern, but also for appropriate social responsibility oversight.

To curb some of the escalating business scandals, Dzingai and Fakoya (2017:13) suggest that businesses must not view compliance with the recommendations of King IV in South Africa as a governance liability, but rather as an ethical investment that would more likely yield long-term financial benefit for all stakeholders. In general, King IV does not see governance as an end in itself, but as a tool for a business to deliver and meet its set objectives and outcomes (Natesan & Rossouw, 2019:17). The focus of King IV in chief and its design reinforces corporate governance and promotes greater transparency and accountability to stakeholders (Du Chenne, 2019a:7; Natesan & Rossouw, 2019). Willie Botha, Senior Executive for Assurance and Practices at SAICA, says that in order for King IV to be effective in its objective, “ethical leadership, as well as a culture that fosters ethical mindsets and behaviours are of paramount importance” (Du Chenne, 2019a:6-7). Natesan and Rossouw (2019:17) state that the outcomes as per King IV are identified as fostering an ethical culture, excellent performance, effective control and legitimacy. Professor Suresh Kana, the newly appointed chairman of the King Committee, stated in a 2019 interview that virtuous governance lies in business accountability and transparency to all stakeholders (Du Chenne, 2019b:4-5). Kana believes that the pervasiveness of business scandals plaguing South Africa in recent years is essentially a result of unethical, weak and unacceptable governance practices (Du Chenne, 2019b:5).

The King reports on governance for South Africa generally condense the eccentric South African moral context of *ubuntu* into CSR. *Ubuntu*, meaning *uMuntu ngumuntu ngabantu* in isiZulu, and as a concept is described as an ethical law of human rights and “a shared and common humanity” principle (Fraser-Moleketi, 2007:9; Metz, 2011:532-535). In the African framework, these moral onuses of *ubuntu* are expressed in the CSR concept when loosely translated: “I am because you are; you are because we are” (Johannes, 2016:5), implying that all citizens (inclusive of corporate citizens) who live within the boundaries of South Africa have an ethical and social responsibility to uplift and support one another. In short, King IV promotes an outcome-based approach.

In conclusion, combined with the South African regulatory environment, which in this study context encompasses facets of the rural, urban and human developmental programmes, the NDP and the series of King reports significantly contribute to the transformation path the country has set itself on. The ISRDP, acclaimed as a wide-

ranging campaign against deprivation and underdevelopment in the peripheral hamlets of South Africa, requires the involvement and cooperation of all stakeholders. For the programme to accomplish its objectives, it requires the private sector, all three spheres of government and CSOs to invest in rural communities to retain and attract skilled and knowledgeable people, who could further contribute to the growth and development of the area. Comparably, the intention of the URP is similar to that of the rural development programme. With a visible, more significant footprint of historical architecture and condensed hamlets, the programme's interventions should ensure that the country's history is preserved. The urban infrastructure is developed with the needs of the previously disadvantaged communities as a priority. Through the Integrated Human Resources Development Strategy, which has a similar focus as CSR, government aims to encourage social partners to invest in social and economic advancement programmes in order for the country to produce a skilled workforce for the economy and the requirements of the developmental state. The above developmental programmes interlink largely to the six-interweaving governmental NDP priorities, which contain a series of proposals on how to effect transformation, encourage sound leadership at all levels of society, drive change and, in the process, eradicate poverty.

Furthermore, there is a general consensus that the advent of the King reports to an extent explicitly institutionalised corporate governance practices in South Africa. The series of reports began with the periodical publication of the first King report (King I) in 1994 and progressed to the latest release of King IV in 2016. While the series of King reports is voluntary, King IV took the application approach further by removing the option to apply or explain a more enforceable mutually dependent stance. King IV also reinforces the corporate governance aspects from previous reports and advocates for businesses to be more transparent and accountable to their stakeholders. Thus, the King reports are inherently striving towards a more effective corporate governance business environment and considering the stakeholder in business decision making. The transformative CSR practice shares this vision and regards the King report aspects as a crucial pillar in the governance hierarchy of the sampled retail segments.

In general, the reports have transformed the landscape of boardrooms from the large shareholder supremacy model to a more inclusive and stakeholder-conscious model that enhances general socio-economic well-being.

4.4.6 Introduction of an Infrastructure Fund and State Bank

Government, to a degree, concurs with the stakeholder-centric approach and proposes that stakeholders give input into the socio-economic development aspects of the Infrastructure Fund and State Bank. Initial discussions as far back as 2018 on the proposed Infrastructure Fund indicate that one of the main purposes of the Fund was to boost sluggish socio-economic development and growth (South African Government News Agency, 2018). In line with a previous announcement made by former president Jacob Zuma, the then Finance Minister, Mr Nhlanhla Nene, pledged that to finance the R400-billion initiative, government would embark on a programme reprioritising process. According to the South African Government News Agency (2018), the Finance Minister, in consultation with the Department of Performance, Monitoring and Evaluation, would identify underperforming programmes or projects that were budgeted for but were no longer viable or a priority and move those funds to the Infrastructure Fund. Taken by the reintroduction of the Fund and limited scientific literature evidence, it seems to suggest that the Infrastructure Fund initiative did not materialise after its announcement in 2018. However, during the 2020 State of the Nation Address, President Ramaphosa set out the objectives of the reintroduced Infrastructure Fund. The aim of the reintroduced Infrastructure Fund will be largely threefold. It will aim to, firstly, improve and enhance the rate and quality of infrastructure investment, development and governance; secondly, form social compacts and opt-in by the private sector in government's infrastructure development efforts; and thirdly, close the gap and fast-track programmes that have a socio-economic developmental objective and close market failures (The Presidency, 2020).

The notion of a State Bank would allow the state through its entities such as the Postbank and the LandBank, among others, to participate in the retail and commercial banking sector in competition with the private sector. According to several political and economic analytical commentators, although the suggestion has been on the table since 2018, it has been given a boost in the 2020 State of the Nation Address delivered by President Ramaphosa (BusinessTech, 2018; BusinessTech, 2020; Dlamini, 2019; Henderson, 2020).

4.5 CONCLUSION

This chapter provided an outline of specific related statutory and regulatory frameworks governing CSR in South Africa. The first democratic South African government introduced several tolerant and race-sensitive legislation to redress the injustices brought about by its predecessors. Not only does the chapter serve as a source for data triangulation and contribution towards the proposed management model for transformative CSR practices, but it also assures that the intended model complies with the current legislative requirements. The chapter is set out in three interlinking parts.

Firstly, attention was given to the Constitution of South Africa as the supreme law of the land. The Constitution is based on the principles of the Freedom Charter and lays the foundation for continuous and equal well-being for all who lives in South Africa. The Constitution also recognises the injustices of the past through the explicit articulation of the Bill of Rights. These natural, constitutional and statutory rights of all non- and born South Africans that must be protected sum up the reversal of the deprived socio-economic privileges under the apartheid government from 1910 to 1994, redressing the vision of the democratic government.

In conjunction with the Constitution, the B-BBEE Act, the Companies Act and other contributory legislation, the South African government endeavours to steer the country towards an inclusive socio-economic landscape. The B-BBEE Act obliges businesses to provide previously disadvantaged black citizens with greater proprietorship and management participation in businesses. Therefore, a large extent of the B-BBEE Codes of Good Practice requirements entails placing substantial semi-mandatory obligations on businesses to engage significantly, tangibly and sustainably in socio-economic developmental activities.

Furthermore, although not in direct CSR semantics, the Companies Act obligates businesses through their boards of directors to address CSR and to take a greater role in implementing the concept. It is also mandatory for the board to appoint a social and ethics board subcommittee to manage aspects of the concept within the business.

In additional, several other legislation, although having an indirect bearing, have a significant cooperative, alliance and wherewithal contribution to the statutory framework in its endeavour to (1) do away with any inharmonious labour practices, (2) give

employees a greater voice in collective bargaining, (3) promote employment equity, (4) eradicate business scheming and (5) improve workforce skill levels to set the tone for a democratic transformative society. The statutory and legislative framework formed the foundation of this research to evaluate contemporary CSR practices in South Africa. It was also one of the pillars in the design of the management model for transformative CSR practices.

The fourth section assessed the South African regulatory environment, which incorporates facets of the rural, urban and human developmental programmes, the NDP and the King reports. It is generally accepted from textual evidence that CSR and the B-BBEE Generic Scorecard could be viable drivers for sustainable development. Both concepts in their overarching form strive to develop the skills of all communities, inclusive of those in rural settings, integrate and develop the industry supplier network and enhance the socio-economy. Similarly, the urban renewal drive endeavours to enhance the quality of life of urban dwellers by, among other things, reversing historic preservation and urban development through prioritisation of specific areas. Furthermore, government endeavours to encourage social partners to participate in social and economic development programmes in order for the country to yield a skilled workforce through its Integrated Human Resources Development Strategy. The regulatory developmental programmes interlink largely to the interweaving governmental NDP priorities.

Furthermore, there is a general consensus that the advent of the King reports to an extent explicitly institutionalised corporate governance practices in South Africa. The series of reports began with the periodical publication of the first King report (King I) in 1994 and progressed to the latest release of King IV in 2016. While the series of King reports is voluntary, King IV took the application approach further by moving the option to apply *or* explain to a more enforceable mutually dependent stance of apply *and* explain. King IV strengthens corporate governance and advocates for greater transparency and accountability to stakeholders. It implies that all who live in South Africa have a mutual responsibility towards the well-being of one another. The overall statutory and regulatory framework that governs and are related to CSR will form a key pillar on which the proposed transformative CSR management model in the retail segments will be based. The contributions through the B-BBEE Compliance Targets, relegating the loopholes

gaps in governance lapses and greater explicit alignment to the South African government's transformation agenda.

The next chapter broadly explores global and domestic transformative CSR best practices, trends and perspectives regarding policy direction, corporate governance, transparency and accountability progression.

CHAPTER 5

TRANSFORMATIVE CORPORATE SOCIAL RESPONSIBILITY TRENDS AND PERSPECTIVES

5.1 INTRODUCTION

The previous chapter firstly provided an overview of the statutory prescripts, followed by a contextual synopsis from the beginning of the 20th century to the advent of democracy. This was followed in section three by a focus on the democratisation of South Africa. Section three also explored the Bill of Rights, legal aspects of the B-BBEE Act and the Companies Act. This was followed by a tabulation of contributory international and domestic socio-economic legislation, regulations and policies, with the NDP underscored as a contributory policy. The fourth section recapitulated the series of King reports, with an ultimate focus on King IV.

Based on the literature in Chapter 4, it is apparent that countries operate in an ever-changing dynamic world and, therefore, continuously review legislation and policies to keep up with international and domestic societal and business shifts. Griffin (1997:430) states that businesses operate in a dynamic environment where change is ever-present and operations and practices evolve with the business environment. The author's rationale is that if the world were stagnant, there would have been no need to gauge the business environment to remain relevant. Furthermore, there would have been no need to understand what is changing in the business environment and what solutions have worked or not worked for businesses and their stakeholders (Barczak *et al.*, 2009:4; Griffin, 1997; Nussbaum, 2009:68). Therefore, it is evident that some governments, the broader society and stakeholders expect businesses to attend and resolve CSR-related matters and realise their moral and ethical obligations towards the community in which they operate. For the most part, governments are the driving force behind the CSR agenda and, as a result, have a crucial responsibility to create an enabling environment for CSR to strive (Kloppers, 2013a:122).

Governments are responsible for, among other things, ensuring that the fundamental human rights of their citizens are protected, encouraging socially responsible behaviour, entering into partnerships, publicly endorsing CSR initiatives and modelling good social

responsibility in their own business practices over and above their responsibility in regulating business practices and policies within their borders (Kloppers, 2013a:126-130). Regimes are also charged with the responsibility to protect the interests of those citizens who are less influential in society and have less influence on the marketplace, in general, and the retail sector, in particular (Hoffman, 2013:32). However, in general, but more so in the African context, other than what is on a retailer's official website, academic literature and trends regarding transformative CSR practices in the retail milieu are scarce (Du Plessis & Grobler, 2014; Ha, 2015:1; Naidoo & Gasparatos, 2018:139; Pereira *et al.*, 2013:101-102; Pereira & Patel, 2014).

This chapter broadly explores global and domestic transformative CSR trends and perspectives. The rationale for the general outline is that CSR practices should be homogenous in their intent and application across all business sectors. However, as per Chapter 1 and as alluded to above, there is very little literature dealing with transformative CSR practices in the retail sector. In addition, each country has a sovereign perspective of the implementation of the concept. The standardised look will give a bird's-eye assessment of different countries' general trends and perspectives on four continents, including the African continent. The data obtained in the exploration were used to build upon, adjust or replicate the existing body of knowledge for the South African retail sector, presented in Chapter 7.

This study commenced its assessment from the empirical work done from 2007 regarding the trends and perspectives regarding CSR practices and relating activities on several continents against the backdrop of the respective governmental legislative interventions. The information on the trends and perspectives is given as consolidated text to avoid the potential of information repetition. A general international view exploring trends and perspectives of CSR practices and policy progression on the continents of Asia, the Americas, Europe and Africa is outlined. The reason for selecting these continents was their relation to South Africa through the BRICS (Brazil, Russia, India, China and South Africa) conception (Smith, 2011). The BRICS conception depicts the association of five emerging economies at different stages of development. The countries on these continents, in turn, were arbitrarily chosen because during the literature review, although the extent was not clear at the time, various trace evidence was found that CSR has a presence in these countries.

In the first section, the fundamentals of international CSR trends and perspectives are analysed to realise the general outline of Chapter 5.

5.2 FUNDAMENTALS OF INTERNATIONAL CSR TRENDS AND PERSPECTIVES

Among the myriad of forces that have reshaped the international business landscape, the increasing attention to CSR is undoubtedly one of the most noteworthy trends (Yin & Jamali, 2016:1-2). Despite the trend, globally, CSR studies focusing on retail futures are scarce (Martinuzzi *et al.*, 2011:17; Naidoo & Gasparatos, 2018:139). However, the fundamentals of CSR are not new. Practising the concept has grown worldwide in leaps and bounds, significantly its general acceptance in the last decades within the broader business community and its impact on communities (Fifka *et al.*, 2018:1-2; Mullerat, 2013:4; Pei & Man, 2019:779-780). Over the last decade, several countries started to notice CSR trends invariance and implemented government policies to regulate the entry of the concept (Fifka *et al.*, 2018; Welzel *et al.*, 2007:2). According to Hoffman (2013:3-4), trends are generally regarded as professional procedures or developments and change that are internationally accepted or prescribed as practical, have the most impact and conform to international human rights and laws. While acts of alm, CSR certifications, round table discussions and sustainability initiatives are certainly welcome, they are not protracted solutions to profoundly entrench the widespread injustices and do not address the full range of human rights risks and impacts (Hoffman, 2013:27-31). It is to an extent no longer acceptable for businesses to supply goods and services at a profit without contributing a part of that yield towards the empowerment of people in the community in which they operate and the protection of ecology (Du Plessis & Grobler, 2014:2)

Enactment practices of CSR should be considered when translating the overall business sustainability strategy into action. Hussey (2007:125-134), Saunders *et al.* (2008:1104) and Simões and Sebastiani (2017:427) propose that businesses consider adopting soft or hard practices, or a mixture of the two, to enact the strategy. These authors believe that soft practices should be internally focused (inspire employee passion and commitment to the business's vision, how the business is structured, culture and power). On the other hand, hard practices should embrace sustainability dimensions within the business by focusing on how the business organises, manages, monitors and controls CSR through its procedures, systems and structures. To establish control, key performance indicators should be introduced that specifically relate to economic, social

and ecological performance (Erol *et al.*, 2009; Simões & Sebastiani, 2017). According to Erol *et al.* (2009:65) and Simões and Sebastiani (2017:426-428), the critical performance area of economic performance should contain the business's economic impact on society.

Social performance as a crucial performance area should cover human rights, training and education, and broader issues that affect the community, consumers and broader stakeholders. Ecological performance indicators could entail, for example, waste output and recycling. Transnationally, unlike in developed countries, CSR in developing nations is growing sluggishly in importance and is not a priority in most of the said countries (Carroll & Buchholtz, 2009:5; Idemudia, 2014; Jamali & Mirshak, 2007:260; Nasrullah & Rahim, 2014:54). There may be different reasons for the sluggish uptake viewed from the basis of the individual countries' perspectives and dynamics (Hoffman, 2013:3-4; Jamali & Mirshak, 2007:243-244).

Globally, CSR is semi-obligatory in some countries, but is not mandatory in most states. Despite the status of CSR, to a large extent, the performance of CSR depends upon a business's appetite to select publicity related initiatives, its sense of values and due diligence or commitment to society beyond mere profit motives (Jamali & Mirshak, 2007:243-246; Nasrullah & Rahim, 2014:54-58). In addition, CSR necessitates self-regulated voluntary initiatives from a business and requires co-regulatory effort between businesses, government and CSOs (Jenkins, 2005:540). As government is assumed to be a key driver of CSR in several nation-states, it can play a proactive role in facilitating CSR integration into the corporate sector through mandating, promoting, partnering and incentivising the initiatives.

The non-exhaustive study conducted by Welzel *et al.* (2007:10) identifies an unbalanced CSR policy focus on the economy, civil society, governance and stakeholder cooperation in several countries. The historical trend indicates that some countries are advancing remarkably by developing institutional frameworks, statutes and public sector policies. These countries are, for example, Brazil, Argentina, Mexico, Poland, Slovenia, Hungary, South Africa, India, China and Malaysia (Nasrullah & Rahim, 2014:57). Despite these advances, the inherited social inequalities of many of these countries led to demands for greater protection against early signs of potential anarchy and unregulated market forces and for businesses to take greater responsibility for their social impacts (Levy & Kaplan, 2008:433-436; Moon & Vogel, 2008:303-305). According to Peters (2009:6), the most

considerable social changes that occurred over the last few decades, before 2007, and potentially into the future, can be separated into the following four closely interrelated megatrends that could have an indirect or direct effect on the future actions of businesses:

- The globalisation of social value management (the impact of an intervention) and value chains (driven by free markets and efficient logistic systems)
- A potential upsurge in demands for greater transparency as a result of novel communication technologies (legislatively driven and influenced by global media platforms)
- Continued depletion of scarce natural resources, potentially resulting in ecological damage (e.g. climate change aspects and mining)
- Rising international social inequality levels because of historical privations or disproportional access to the opportunities offered by globalisation.

The long-standing trend in many nation-states is that, firstly, CSR is yet to be valued as more than an act of alm; secondly, it must be seen as having the potential to create employment opportunities, reduce poverty and promote better governance and increased transparency; and thirdly, that it enhances direct foreign investment (Agrawal & Chandrika, 2018:38-39; Hopkins, 2007:174; Merino & Valor, 2011:158; Newell & Frynas, 2007:669-670; Wilson & Wilson, 2017:105-140). To appreciate the rapid progression or the sluggish application of CSR on some continents, one should gauge the trends or perspectives of the respective countries on those continents.

5.2.1 CSR trends and perspectives in Asian countries

CSR trends and perspectives in Asian countries seem to be following a unilateral trajectory. Some authors believe that due to the vast cultural differences in Asia, the Western CSR approaches, to a large extent, are dissociated with the Asian citizenry. There is substantial enduring evidence of several social differences between continents, particularly the West and Europe, and even among Asian countries. According to Ewing and Windisch (2007:2), the “Western-centric approaches to defining and interpreting CSR concepts will provide inaccurate and oversimplified representations of CSR in Asia, generally”. Baughn *et al.* (2007:191) and Matten and Moon (2008:409-410) share this view when stating that not only is there a difference between the Asian and the Western and European interpretations of CSR, but there are also characteristic differences in the

implicit values and rules and the social, cultural, economic and political conditions. According to Kim (2018:147), some of the different conditions that distinct Asia from the West and Europe are lingering and continue to broaden as Asian countries focus on different aspects of CSR. Other writers assert that the question ought not to be which geographical, social system or values are better, but rather how we can respect each other's differences and learn from each other's values and systems (Michelini, 2019; Robson, 2017). The following three subsections give an overarching trend and perspective assessment of India, Vietnam and China as part of the Asian continent contingent.

5.2.1.1 India

At the start of the 21st century, India was regarded among the powerhouses of the Asian economic realm (Welzel *et al.*, 2007:84). Despite the accolade, CSR public policy was still in its embryonic stage at the time, but showed great promise. During the infancy stages of CSR, the Indian government mainly used a paternalistic approach by encouraging and endorsing CSR-related programmes and partnerships with non-state actors (Das Gupta, 2007:637-640; Welzel *et al.*, 2007:84-91). In general, India has a long history of paternalistic alm practices. The country's civil society recognises CSR as a deontological duty that provides an alternative to state intervention and follows a high-context culture (Das Gupta, 2007; Fifka *et al.*, 2018:3; Gupta & Gupta, 2019:5; Lee, 2010:2-3; Mullerat, 2010:249). According to Hall (1976), as cited in Fifka *et al.* (2018:4), a high-context culture is a phenomenon "in which society integrates contextual factors into exchanges of information and prioritises implicit and nonverbal communication".

Furthermore, most Indians have a culture of not talking about the good deeds they are doing, including businesses. The good-deed silence driven by culture to an extent hampers the drive for greater business transparency, resulting in a culture where the majority of the Indian society put more trust in the tidings received from large information networks formed among colleagues, families and friends than business reports and the media (Fifka *et al.*, 2018; Lee, 2010:3).

There is, however, a remarkable shift away from the informal CSR information trend to a transformative CSR approach. Through the Ministry of Law and Justice's efforts, India was one of the first countries in the 21st century that had made CSR mandatory when it replaced its 56-year-old Companies Act with the new condensed Companies Act of 2013

(MLJ, 2013; Thrasyvoulou, 2016:81). The amended Companies Act set out explicitly in its preamble what CSR is not. It states that CSR is not initiatives undertaken to benefit employees of the business or their families; firstly, CSR is not cash contributions of an amount given directly or indirectly to political parties as defined in Section 182. Secondly, CSR is not initiatives undertaken as part of the normal functioning of a business or the execution of the typical duties (such as marketing and public relations activities).

Furthermore, the amendments to Section 135 of the said Act require businesses to constitute a CSR committee, and businesses of a specific size should spend 2% of their three-year average profit on CSR activities within the local community in which they operate (MLJ, 2013:87; Thrasyvoulou, 2016:82). In Schedule VII, the Act also provides 11 prescribed initiatives as a baseline to CSR (MLJ, 2013:288). The responsibility of CSR in the main is that the CSR committee, whose duty it is to formulate and recommend the business's CSR policy to the board, endorses the capital expenditure for CSR interventions and monitors CSR mechanisms transparently. In so far as the obligations of the board of directors are concerned, they must ensure that the CSR policy is enacted, that the required 2% average turnover every three years is committed to CSR initiatives and that the CSR policy of the business is readily available and displayed on the company website (MLJ, 2013:87; 2019:6).

In 2019, additional amendments were made to the Companies Act of 2013 (MLJ, 2019). The amendments tighten some of the vague language used in Section 135 and Subsection 5 and the inclusion of Subsection 6 further strengthen the said (MLJ, 2019:6). The inclusion in Subsection 5 entails that in the eventuality of any unspent amount of any ongoing, suspended or completed project, such funds shall be transferred to any initiative specified in Schedule VII within six months of the expiry of the financial year cycle under review. In terms of Subsection 6, any remaining unspent funds deriving from Subsection 5 shall be deposited into an exclusive account opened by the business and be called "Unspent Corporate Social Responsibility Account". The funds in this account shall be exclusively used to pursue initiatives identified in the CSR policy within three financial years of the transfer being made. Failure to conform with the provisions of subsections 5 and 6 will be liable to a penalty or imprisonment.

Traditionally, retailing in India was limited to individual and family-run roadside hawkers or small stores, rather than supermarkets and retail outlets (Sengupta, 2008:690). It was

not until late 1960 that the concept of self-service emerged in India, with its first supermarket established in 1971 (Sengupta, 2008:295; Westfall & Boyd, 1960:14). Although still subjugated by roadside and small family-run stores, the retail industry in India generally has undergone dramatic transformations and has seen the emergence of large Indian-based retailers and the entry of several multinational retailers (Kohli & Bhagwati, 2011:1-4; Pereira & Patel, 2014:5-6).

According to Deepa and Chitramani (2015:134), contemporary CSR practices in the Indian retail sector have gone beyond acts of alm and are gradually shedding their informal business trading image and progressively aligning to mainstream business practices. Where retail outlets such as banks, for example, had a narrow approach to CSR initially, they have transformed to be the backbone of growth and development of industries through their provision of loans and capital, and have incorporated CSR as an integral and broader part of their corporate strategy (Narwal, 2007:50-55; Singh, 2013:406). The current trend in Indian businesses, including the retail sector, is to have dedicated teams that formulate CSR-specific policies, strategies and targets for their CSR initiatives and set aside budgets to support them (Agrawal & Chandrika, 2018:38-39; Deepa & Chitramani, 2015:128-134). However, in a recent CSR study conducted by Maqbool and Zammeer (2018:91), they remark that although significant inroads have been made in CSR practices in India, businesses, including retailers and specifically banks, should separate their initiative reporting to stakeholders, as the consolidation of initiatives has the potential to conceal the genuine impact of each action.

Societal stakeholders in India are represented mainly by non-profit organisations. Since 2013, non-profit organisations in India have greater access to funding through Clause 135 of the Companies Act of 2013 (MLJ, 2013:6). The Act, as mentioned earlier, explicitly mandates businesses to spend at least 2% NPAT in a consecutive three-year cycle on CSR initiatives. The Act clearly defines and stipulates what will be considered CSR expenses and what will be regarded as non-CSR expenses.

From the above, it can be concluded that although the start of this century India was at the forefront of economic progression, its CSR public policy was lacking, and it had a significant dependency on paternalistic alms. This image was changed when India became the first country in the 21st century to transformatively address CSR practices by making it mandatory for all businesses in the country. The legislation further explicitly

stipulates what functions constitute CSR to ring-fence CSR interventions from day-to-day business functions. In addition, the statute requires each business to establish a CSR committee to implement the legislatively prescribed initiatives as a baseline, and it also obligates the board of directors to formulate a CSR policy for the business, make it readily available and enact its requirements. The statute also stipulates that any unspent money on a specific CSR intervention shall be transferred to another current financial year intervention. The transferred money must be spent within six months of transfer. In the absence of any current CSR project, such funds shall be deposited in an exclusive account termed “Unspent Corporate Social Responsibility Account” for the exclusive use of CSR interventions within 36 months of such transfer been made.

The initial retail image of the retail environment of largely roadside and small family-run stores has dramatically transformed. It is required of businesses, including Indian retailing as part of their CSR specific policies, to develop a strategy and targets for their CSR initiatives and set aside budgets to support them. Based on the textual evidence, it can be said that India has established transformative CSR policies and great stakeholder partnerships. Due to the 2019 amendments to the Indian Companies Act, the social impact of the additional amendments and business compliance are at an early stage. However, considering the institutionalisation of the 2013 amendments by most businesses in India, the 2019 amendments show excellent compliance prospects.

5.2.1.2 Vietnam

While strides were made in India, the Vietnam government has, over the years, rhetorically discussed CSR as a public policy intervention area (Tran, 2017:20; Welzel *et al.*, 2007:182). In general, CSR in Vietnam is driven mainly by the private sector, with no clear CSR expression by government. In the interim, large parts of the Vietnamese society continue to suffer from an array of civil inequalities stemming from government’s monopoly (Human Rights Watch, 2015). The country has been under a one-party rule of the Communist Party of Vietnam since 1975 and remains one of the largest socialist states in the world (Duiker, 2018:2-3; Gainsborough, 2010:10-13). That said, Vietnam is in general a multi-ethnic country with a multifaceted culture. Vietnamese culture has been greatly influenced by Chinese philosophies and religious beliefs, especially Confucianism, by Indian culture through Buddhism, and by the West with the advent of Christianity and capitalism (Rowley & Truong, 2009:10-11). Due to the large

Confucianism following the assumption by policymakers is that the Western CSR frameworks might not withstand these complexities in the Vietnamese context (Nguyen *et al.*, 2018:10).

Since 2007, the Socialist Republic of Vietnam, solely under the stewardship of the Communist Party of Vietnam, has elevated the aspects of the Vietnam Agenda 21 (SRV, 2012). The Socialist Republic has heightened its attention to social issues by combining social and economic growth aspects (SRV, 2012:22). The combined focus is directed at social security, social progress and equity, poverty reduction and general improvement. The Socialist Republic of Vietnam introduced several policies and projects, ranging from policies to address social development and gender equality to healthcare and education policies to enhance material and spiritual well-being (SRV, 2012:22-23). Although attempts had been made by government bodies to make CSR more socially inclusive and attention has been given to the concept through the formulation of the Vietnam Agenda 21, the concept in Vietnam has been in a general emerging state for decades and is treated by policymakers as an add-on subject (Athanasopoulou & Selsky, 2015:351-352; Nguyen *et al.*, 2018; Tran & Jeppesen, 2016:591-595; Welzel *et al.*, 2007:183). These efforts, although in a seemingly stagnant state, gave CSR a footprint in Vietnam, moving it from a country with no government-endorsed CSR policies to an early onset of transformative CSR practices.

Although there is textual evidence that some businesses and government partnerships are involved in CSR, the concept has a feeble footprint in the Vietnam retail environment. According to Tran (2017:22), even though Vietnam joined the World Trade Organization in 2007, its economy mainly consists of three main sectors: agriculture, light and heavy industry, and services. Nevertheless, this general stagnation of the progression of CSR in Vietnam seems to be easing. The Vietnamese government has been reviewing several of its laws over the last few years to configure its economy, including its general approach to CSR. As a result, the Vietnamese government has made quite a few changes to its leadership and signed several agreements, such as the EU-Vietnam Free Trade Agreement and the Transpacific Partnership Agreement (Luu, 2011:7-8; Tran, 2017:21). The impact of these changes is relatively new, and therefore the extent of their implications for CSR in the Vietnamese retail sector warrants observance.

In summary, it can be resolved that based on literary writings, after 2007, the Vietnam government was still in deliberations on how to express its view on CSR. The country has been a one-party state for nearly five decades. The Vietnam government then resolved to advance its social development and economic development itinerary through the Vietnam Agenda 21. The Vietnam Agenda 21 introduced several social policies intending to make CSR more progressive and socially inclusive. Despite the endeavours through the Vietnam Agenda 21 programmes, CSR remains stagnant. Furthermore, policymakers continue to view CSR as an adjunct matter.

Similarly, CSR has a meagre imprint in the Vietnamese retail setting. The retail environment does not form part of the economic drivers in Vietnam, which is thrust mainly by the agriculture and manufacturing sectors. There is, however, a shift to progressively diversify the economy through partnerships. In addition, policymakers in Vietnam have introduced CSR legislation, regulations and policies to focus on socio-economic development. However, due to cultural complexities and the lack of significant CSR activities by businesses, it can be said that transformative CSR practices in Vietnam are in an early onset phase.

5.2.1.3 China

Alongside India, the People's Republic of China was one of the Asian economic growth path powerhouses in the early 21st century (Zhou *et al.*, 2017:20-21). To drive economic growth in China, CSR policymaking in 2007 was primarily guided by a continuous focus on the state as a decision-maker and the driver of the growth-oriented economy (Mullerat, 2010:249; Tang *et al.*, 2015:209; Welzel *et al.*, 2007:28). During this period, the anecdotal CSR interventions were driven mainly by privately owned and multinational businesses, while the public sector mainly focused on developing and implementing legislation (Mullerat, 2010:249).

Despite this, the notion of CSR is not new to the business sector in Asia. Characteristics of CSR practices and principles have a long-standing history in the Asian entrepreneurial culture. According to Ewing and Windisch (2007:3), historically embedded within the records of Chinese culture and philosophy (Confucian), there is a belief that businesses "doing well by doing good" and supporting others from an altruistic viewpoint are considered by many as a social norm. According to Suen *et al.* (2007:261), general practices of compassion and morality towards others (*ren/jen*) and an ethical code of

behaviour (*li*) by individuals and businesses in China are well documented. According to Welzel *et al.* (2007), the government of China, considering the beneficence Confucian culture of the country and its established *jen* (rituals and love amongst family members) and *li* (benevolence towards fellow humans) practices, opted to encourage increased voluntary and industry-centred attitudes towards CSR, rather than legislation. After several businesses were accused in 2007 of treating their employees like slaves and using underage workers, the Chinese government urged Chinese businesses listed on the Shanghai Stock Exchange to disclose their CSR activities regularly (Naseem *et al.*, 2019:268-269).

The endeavour to encourage businesses to report their CSR activities was boosted, although ambiguously, with the landmark amendments to the Companies Law of 1994. The amendments, even if said to be vague by commentators, obligate all doing business in China to subject to government and public scrutiny, comply with the country's laws and regulations, submit to business ethics and social morality, always act in good faith and undertake socially responsible activities (Jiang & Kim, 2015:194; Lin, 2010:71). According to Zhou *et al.* (2017:23), the amendments introduced a clear definition of CSR that requires that employees partake and uphold corporate governance and stresses the importance of protecting labour rights. Since the amendments to the Companies Law, several other actors came on board, and the Chinese government has released numerous other directives targeting different areas of CSR. These include, among the fundamental changes, the introduction of CSR disclosure initiatives and financial contributions for all companies listed on the Shenzhen and Shanghai stock exchanges (Zhou *et al.*, 2017:24). In addition, with the increased uptake of CSR, the Chinese government established its own and one of the first industry-specific CSR regulations and standards in that country, the CSC900, aimed at the textile industry (Zhou *et al.*, 2017).

Some commentators are of the view that notwithstanding the advances made in both CSR practice and its legislation in China, policymakers need to evade abstract language, refine the CSR legislative environment, stipulate clear enactment strategies, introduce consequences for violators, obligate rather than recommend CSR disclosure and audit reports (Jiang & Kim, 2015:210; Zhou *et al.*, 2017:37-38). Most significantly, the authors recommend that rather than compelling businesses to embrace different CSR values and standards, China should rediscover its Confucian, *jen* and *li* practices in business

conduct. After all, with modernisation, these practices infused with CSR might be easier to interpret and historically, in practice, these concepts had a reasonably high social impact (Adler, 2014:10; Tay, 2010:100; Welzel *et al.*, 2007:28).

The process already seems to have begun. In line with the growing international emphasis on social, economic and ecological sustainability that prompted a trend towards necessitating businesses to disclose CSR activities, China follows suit (Chen *et al.*, 2018:169; Naseem *et al.*, 2019:276-278; Prates *et al.*, 2015:134). Chen *et al.* (2018:186) found that more and more businesses are disclosing their CSR activities. By disclosing their CSR activities, some businesses' behaviour is starting to change and, by consequence, they are starting to generate positive externalities to society for the benefit of the businesses. According to a trend and development study conducted by Naseem *et al.* (2019:278) on CSR disclosure in Chinese listed companies, they found, among other findings, that CSR initiatives in China are primarily driven by social pain points underscored by mainstream CSOs. This contrasts with the best practice and trend developments in European countries.

Similarly to Vietnam, very little literature is available with specific reference to CSR activities in the Chinese retail sector (Kolk *et al.*, 2010:290; McGuinness *et al.*, 2017:82). However, since China's reform, its retail sector has become a crucial co-driver of its economy (Kolk *et al.*, 2010:288-292; Rui *et al.*, 2016:196; Zhang & Zhang, 2013:407). In an analytical study conducted by Kolk *et al*. (2010:299) on China's domestic and foreign retail sustainability dimensions, they found that out of the four businesses and the four retailers they studied, the two Western businesses paid more attention to CSR than the Chinese businesses and four Chinese retailers. Kolk *et al.* (2010:301) attribute this to the likelihood that these Western businesses mirror their home country business practices, trends, habits and traditions to the host country.

In summary of the above, it can be resolved that although China acted prominently as one of the livewires of the Asian economy, its CSR was driven by privately owned and multinational businesses. Chinas Confucian culture was short-lived as slavery and child labour emerged. Businesses listed on the Shanghai Stock Exchange were encouraged to disclose their CSR activities more often. Furthermore, the Chinese government instituted several additional directives to fundamentally change CSR disclosure initiatives. Despite government's efforts, some observers argue that policymakers need to refine the

CSR legislative environment by avoiding abstract language, providing clear enactment guidelines and obligating rather than recommending CSR disclosure. With the growing international trend for businesses to disclose CSR activities, more and more businesses in China started to uptake the disclosure trend.

Notwithstanding the relatively scant literature, the Chinese retail sector has become a key co-driver of the country's economy. Despite the elevation, CSR uptake among Chinese retailers is still slow compared to Western retailers doing business in China. The country is, however, progressively shaking its early CSR onset past. With the increased uptake of CSR, amendments to its companies' legislation to strengthen aspects of socio-economic development and increased CSR disclosure activities in China, transformative CSR practices are starting to emerge. In the next section, CSR trends and perspectives in some European countries are outlined.

5.2.2 CSR trends and perspectives in European countries

In contrast to Asian countries, some European nation-states mostly focused on the elements of politics, policies and cooperation. According to the Council of Bars and Law Societies of Europe, in 2007, the EU Parliament decided to establish a European Alliance for CSR in partnership with numerous business networks to drive CSR practices in Europe (CBLSE, 2008:6-7). In addition, in 2011, the European Commission updated its definition of CSR from "a concept whereby companies integrate social and environmental concerns" voluntarily to a concept that holds businesses responsible for their impacts on society (EC, 2014:6). The description further entails that the prerequisite for meeting that responsibility is that businesses should regard the applicable legislation and collective agreements between stakeholders. In general, CSR Europe's Enterprise 2020 initiative document is regarded as the chief trendsetting paper for CSR in Europe (EC, 2014:8-9). In addition, CSR policy activity in Europe is rising as more and more governments are introducing CSR policies, more significant CSR promotion and obligatory social and ecological reporting (Sun, 2018:102). The countries selected in Europe for discussion are Poland, Germany and the UK.

5.2.2.1 Poland

At the European Alliance resolution, Poland was a reasonable new entry to the EU, joining three years earlier (Welzel *et al*., 2007). Poland was plagued by high levels of

unemployment and moderate levels of democratisation and economic reform (Dyczkowskaa *et al.*, 2016:207; Hys & Hawrysz, 2013:28; Welzel *et al.*, 2007:108). Similar to its entry into the EU, the CSR concept also made a prominent advent on the Polish political stage. Up to 2007, Poland had no explicit CSR policy and CSR activities were primarily driven through personal, moral and religious cooperative actions (Hys & Hawrysz, 2013:28-29; Potocki, 2015:246). According to Welzel *et al*. (2007:109-112) and Dyczkowskaa *et al.* (2016:243), due to Poland's admission into the EU, the authorities had just started to conceptualise CSR and gradually embedding it into business practices.

After many years, contemporary Polish society seems to have attained relative economic stability. According to Hys and Hawrysz (2013:29), "a positive shift has taken place: from reactive attitudes to changes of transformative character". This new trend brought about renewed recognition of the concept among decision-makers in Poland. According to Simeonov (2013:34), the development of a national policy for CSR in Poland was at an advanced stage and a first of a series of onset steps. However, the general pace of this trend is determined by the aptitudes of the various stakeholders involved in it to persevere with the momentum and continued cooperation with one other (Dyczkowskaa *et al.*, 2016:244; Potocki, 2015:261; Simeonov, 2013). Although a relatively new phenomenon in Poland, sector-specific CSR initiatives are increasing and driven by legal authorities, regulatory bodies, CSOs and the readiness of different businesses and their stakeholders to work together on different initiatives (Simeonov, 2013:34). According to Potocki (2015:263), the government of Poland "should become a model of ethical conduct and therefore transform into a trustworthy institution because otherwise its decisions and activities will never win social recognition".

The development of CSR in Poland's retail sector was initially driven mainly by foreign retailers (Oczkowska & Smigielska, 2010:16). However, the rapid development of hypermarkets and retail chains after 2007 led to a saturation of retailers in a country hampered with deprivation (Dyczkowskaa *et al.*, 2016:206-208; Oczkowska & Smigielska, 2010:18). The norm became that most of these retail stores would frequently collect surplus food which is sometimes expired and offer it to the poor, occasionally offer material and financial assistance to the needy in times of crises and other retailers making use of misleading selling techniques (Oczkowska & Smigielska, 2010:16-19; Smigielska & Oczkowska, 2017:6). This trend is on the decline as retailers in Poland are working

tirelessly to shake this image and refocus their CSR interventions by (1) focusing on socio-economic development and ecological protection; (2) implementing voluntary international standards such as the UNGC's ten principles; (3) complying to the country's statutory regulations in the wake of the economic downturn in Southern Europe (Hąbek *et al.*, 2018:57; Simões & Sebastiani, 2017:423; Smigielska & Oczkowska, 2017:11; Spyra, 2017:141). Although, on the increase, the downside is that the general reporting practices in Poland on actual CSR activities and its impact are sporadic and fragmented (Hąbek *et al.*, 2018:52; Mazur, 2015:598; Oczkowska & Smigielska, 2010:24).

To sum up the above, it can be concluded that by 2007 Poland was a relatively new entrée to the EU with no explicit CSR policy. With its entrée into the EU, Poland started to conceptualise a CSR policy and gradually embed the concept into the business environment. Furthermore, sector-specific CSR initiatives are on the upsurge and driven by actors and stakeholders collaborating on different CSR initiatives.

CSR in Poland's retail sector was initially mainly driven by foreign retailers. Due to the rapid development of the retail environment post-2007 in a country hampered by deprivation, acts of alm in the country's retail sector surged. The contemporary retail environment is working tirelessly to shake the alm image. It is starting to refocus its CSR image on socio-economic development, ecological protection, implementing standards such as the UNGC principles and improving compliance with legislation. Although Poland has an early onset of transformative CSR practices and policies to support the endeavour, some business actions that do participate in CSR interventions are largely philanthropic and sporadic.

5.2.2.2 Germany

Unlike Poland, Germany has been a relatively stable democracy since World War II. The country also has a very vibrant CSR policy regime driven, although fragmented, by the federal government and focuses mainly on coalitions and partnerships (Antal *et al.*, 2009:3; Simeonov, 2013:32; Sun, 2018:102 & 105-106; Welzel *et al.*, 2007:70-71). The Council for Sustainable Development, which was considered to be the chief advisor to the German government at the time on CSR issues, conducted a multi-stakeholder symposium in September 2007, which resolved that representative businesses create a collaborative stakeholder platform in an attempt to augment the exchange of information between stakeholders and businesses (CBLSE, 2008:8). The German Industry

Associations partake in the European Alliance for CSR and in open coalitions of cooperation and laboratory meetings formed under the umbrella of this alliance. However, there is increased discussion among politicians to have greater insight into corporate governance and the role of business in society (Antal *et al.*, 2009:1-2; Welzel *et al.*, 2007:70). In 2011, the German Sustainability Development Council published the German Sustainability Codes, focusing on 20 key topics extracted from the UNGC principles (Sun, 2018:109-110). Although the German Sustainability Codes are voluntary, they provide for a standard approach to CSR activities in Germany. They allow stakeholders to better understand the sustainability performance criteria of businesses and provide for a uniform analytical measure by stakeholders.

Despite the stable CSR legislative regime, the concept had a relatively slow uptake by businesses and hovers at legal compliance (Fifka, 2013). According to Fifka (2013:16), German businesses “have come to regard legal compliance as sufficient because it has been seen as the government’s job to address the needs of the different groups in society”. Furthermore, several stakeholder groupings are increasingly sceptical of the CSR initiatives by German businesses and see the interventions as directly marketing initiatives and attempts to circumvent further regulation or potential attempts to conceal harmful behaviour (Fifka, 2013:16-17). However, there has been a significant shift in the CSR developments of the country. In 2013, the government of Germany contemplated introducing a trademark for moral business behaviour as an annexure to the “Made in Germany” international brand (Mullerat, 2013:9). Government has also taken a greater interest in CSR by commissioning a webpage solely dedicated to CSR (Mullerat, 2013). Although CSR in Germany is becoming more definite and explicit, it is ingrained in its socio-economic system with a non-sector-specific approach (Simeonov, 2013:32). In January 2015, Andrea Nahles, the then Federal Labour Minister, praised the National CSR Forum for its dedication and commitment to socio-economic development (FMLSA, N.d). The National CSR Forum consists of inter-agency bodies and various federal government ministries that work closely with the private sector and civil society. Nahles also praised the National CSR Forum for developing the National Action Plan for Business and Human Rights (FMLSA, N.d; The Federal Government, 2017). The contemporary German CSR policy is driven by the Ministry of Economics and Labour to primarily promote CSR, increase transparency and define public support initiatives for renewed development (Nasrullah & Rahim, 2014:46).

The driving objectives of the National Action Plan in the main is to make the UN Guiding Principles on Business and Human Rights pertinent in practice for all CSR actors and players, underscore the responsibilities and duties of both business and the state, pledge policy obedience and guarantee that those doing business in Germany remain viable and sustainable (The Federal Government, 2017:5). Furthermore, the German government has undertaken to (1) intensify information on CSR activities by introducing measures to make social and ecological interventions of businesses more visible; and (2) increase transparency and CSR decision-making guidance (Sun, 2018:106). According to Bauer (2018:107-108), to lead by example, the German government has adopted a multi-stakeholder approach and has developed several tools, ranging from interactive government websites interlinking government CSR activities to consolidating sustainability labels on different consumer products for ease of reference and providing information for businesses of various sizes and sectors to use as blueprint when developing guidelines for aspects such as human rights.

Germany ranks among the countries with the wealthiest consumers, one of the biggest retail markets and one of the largest SRI markets (Martinuzzi *et al.*, 2011; Rehder, 2018:2; Schramm-Klein, 2018:46-48; Wins & Zwergel, 2016:52). According to Martinuzzi *et al.* (2011:3-4), until the financial crisis in 2009/2010, in terms of value-added in the EU retail sector, Germany contributed the second-largest value to the EU retail sector, 18.2%, and employed the second-largest number of people (15.8%). The trends at the time showed that changes were likely to happen within the sector as the preferences of more and more consumers shifted from spending on non-discretionary items to more value-oriented spending (Martinuzzi *et al.*, 2011:4). Despite the market uncertainty due to the financial crisis, the German market grew by approximately 9% and by 2013 contributed approximately $79.9 trillion to the German social responsibility market, with $12.7 billion directly invested in social responsibility retail funds (Wins & Zwergel, 2016:52). The monetary values indicate investments made in CSR, but there is a lack of clear communication on the actions and impact (Langen & Hartmann, 2016:250; Wins & Zwergel, 2016). However, there is evidence that German retailers have addressed and communicated many sustainability issues across their sectors over the years. According to (Bleher *et al.*, 2013:14-15), German retail businesses are starting to communicate their interventions broadly and cover a range of issues in different publication mediums, ranging from printing reports and thematic brochures to short internet articles. Although

the uptake on regular comprehensive reporting was progressing slow as of 2013, only a few business groups published progressive CSR reports that comply with the GRI standards' requirements, which indicates that steps are taken in line with international best practice (Bleher *et al.*, 2013:16; Langen & Hartmann, 2016:254). The GRI standards set out the management approach and global best practices to assist governments, businesses and all types of organisations to recognise, communicate and make public the impacts they have on issues such as the economy, ecology and society (GRI, 2018a; Safari & Areeb, 2020).

From the above, it can be deduced that Germany has had a relatively stable democracy and a vibrant CSR policy driven by the federal government. Government resolved in 2007 that businesses should establish a joint stakeholder platform to aid in information sharing to stakeholders. Furthermore, in 2011, the German Sustainability Development Council introduced the German Sustainability Codes in an effort to provide for a standardised approach to CSR in the country. In general, the CSR concept has had a somewhat slow uptake in Germany due to businesses regarding legal compliance as sufficient and regarding it as the government's job to address the needs of society. However, since 2013, the German government has started to take a greater interest in CSR by adopting the National Action Plan for Business and Human Rights. This action plan document underscores the responsibilities and duties of both businesses and the state. The German government further undertook to make CSR more visible, increasing the transparency of its practice and adopting a multi-stakeholder approach in executing the concept.

Germany is one of the biggest retail markets and is the second-largest retail sector in the EU. Evidence suggests that retail businesses in Germany have addressed and communicated several sustainability issues in their sector through a range of different mediums. There is further evidence that several German retail sectors have been publishing progressive CSR reports that conform to the GRI standards' requirements.

Germany can generally be said to be transitioning from an early onset of transformative CSR practices to an exemplary trendsetter. Although policies are in place, CSR is driven mainly through collaborations and partnerships. There is a general slow uptake of the CSR concept by businesses. However, the German government is making great strides in putting in place incentives to encourage businesses to participate in CSR interventions.

5.2.2.3 UK

Unlike Poland and Germany, the UK is a constitutional monarchy and is seen as significantly advanced in CSR (Mullerat, 2013:7-8; Welzel *et al.*, 2007:152). According to Welzel *et al*. (2007:153), the activities of the public sector actors aim to facilitate and enable the relevant CSR actions of the private sector actors. By 2007, the UK's policies were comprehensively developed and focused mainly on socio-economic and developmental guidelines and less on sector-specific policies (Albareda *et al.*, 2008:355; Simeonov, 2013; Welzel *et al.*, 2007:153). These developments were primarily due to the appointment of the world's first Minister for CSR in early 2000 under the Blair government of 1997 to 2007. Since then, the British government has been a frontrunner in CSR principles.

The UK's landmark Companies Act, introduced in 2006, is considered a wide-ranging guideline with impending implications for several CSR actors (Horrigan, 2007; Keay & Iqbal, 2018:214-215). According to Horrigan (2007:86-90), the Act explicitly makes a crucial triad of directors' obligations, business risk management and corporate reporting as well for businesses to have a greater sense of relational and stakeholder sensitivity in their structure content and implementation. The Act also obligates directors to act in good faith and promote businesses' going concern, while considering the impact of their operations on the broader community and ecology (Keay & Iqbal, 2018:216; Nolan, 2007:80). This resulted to a degree in the CSR strategy being indorsed at various levels of government through related programmes and policies, with the CSR policy detached from the sustainable development policy (Albareda *et al.*, 2008:356; Baughn *et al.*, 2007:190).

However, sector-specific policies are not necessarily enacted by government departments but primarily by regulatory agencies or "arm's length organisations" with a somewhat flexible approach (Simeonov, 2013:37). This approach allows CSR to operate more under a liberal partnership-based paradigm (Nasrullah & Rahim, 2014:42). Like many nation-states, perceptions of CSR in the UK are inclined to be dominated by the policy direction and activities of large businesses (Vertigans, 2015:37). Debatably, the advances made by cooperative business arrangements have been influenced by more gratitude of shared support and the benefits of allotment from lessons learnt, both the bad and the good. There is also a debate that business behaviour is, to a degree, powerfully

predisposed by the active British civil society (Vertigans, 2015:44; Voegtlin *et al.*, 2012:12). The considerable overlay of the civil and corporate helps to clarify the eminence of CSR within top Financial Times Stock Exchange firms and the appeal of correlated interventions to prospective and present employees, to the extent that many voluntarily become involved in projects in their leisure time (Vertigans, 2015:46-47). That said, the UK is generally regarded as an international leader in voluntary CSR with a substantial global profile, partly through the application of its original and extensive colonial relations (Duff, 2011:18; Vertigans, 2015:50).

Retailers in the UK are regarded as the frontrunners and having a leading edge in the service economy in the UK (Jones *et al.*, 2007:244). According to Jones *et al*. (2007:246-247), the UK assigns significant acknowledgement to the value of the retail sector, in part due to its dynamic, diverse and sizable economic offerings of a range of goods and services, its continued investment and the role it plays in the well-being of people. Retailing, however, has been dominated by a small number of large retailers, with a declining number of small independent stores (Jones *et al.*, 2007:247 & 254). Therefore, in general, large retailers are widely recognised as having the most significant footprint and impact on society, the economy and the ecosystem (Jones *et al.*, 2007:247). Retailers are also the first to admit that it is not always easy to reconcile their all-embracing CSR goals with the array of stakeholder expectations (Jones *et al.*, 2007:253). In addition, strategically, UK retailers have been advocating for the incorporation of CSR into their decision making. Retailers believe that integrating CSR into the business would enhance their reputation and market share (Jones *et al.*, 2007:255). However, some thinkers are confident that there will come a time of sufficient collaboration between stakeholders to the effect that sustainability and CSR may cease being debated as something detached from the business's operations, and when the business's practices that are developing will be long-term and forward-looking practices (IMRC, 2007:8; Naidoo & Gasparatos, 2018:139). The Ipsos Mori Reputation Centre acknowledges that it is a complicated process, but it encourages retailers to question the business models they use (IMRC, 2007). UK consumers are demanding more and more information about the ethics behind the business and its products (IMRC, 2007:28-29; Jones *et al.*, 2014:1-2). Retailers have been making significant public commitments that have drawn increased scrutiny from some sectors of the media, the purpose largely being to observe whether

the retailers' actions par with their claims or whether announcements were meant to gain publicity (IMRC, 2007:33).

The UK retail sector has been going through a protracted period of turbulence as Brexit deadline approaching. The upheaval in the retail market mainly contributes to shifting from bargain shopping to 'green' shopping, brick and mortar shopping to online shopping and uncertainties caused by Brexit (Deloitte, 2020; IMRC, 2007:25; Rhodes, 2018:3 & 8 -11). The retail sector had been a significant contributor to the UK economy. Between 2007 and 2017, the gross value added by the sector to the UK economy was on a steady trajectory; figures of the same period show the sector employed more staff year on year, with a steady growth in retail businesses (Martinuzzi *et al.*, 2011:17-18; Rhodes, 2018:4-6).

The trend in reporting still lacks behind the international best practice perspectives. According to Jones *et al.* (2007:255) and Jones *et al.* (2014:6), while retailers in the UK publicly report on their CSR intent and agenda, there are significant variations in the content, priority and focus (Jones *et al.,* 2007). Jones and Solomon (2010) interviewed CSR representatives from 20 UK firms regarding their perceptions of the need for CSR report assurance benefits. Interestingly, most interviewees were reluctant to support external assurance on the reports, partly because of the "relative current unimportance" of the practice (Jones & Solomon, 2010:29-30). Despite the trend of including assurance statements in reports, the perspective is that these statements, unfortunately, vary in their approach, coverage and character of the information covered (Jones *et al.*, 2014:6-10). Furthermore, the effects of Brexit on the UK retail sector are unclear at this stage (Deloitte, 2020).

From the above section, it can be inferred that the UK has been significantly advanced in the CSR realm, unlike Poland and Germany. By 2007, the UK had comprehensive CSR policies to support its progression. In addition, the UK's landmark Companies Act set extensive guidelines and explicitly set out directors' obligations regarding, among other things, CSR reporting, stakeholder engagement in their CSR structures, content, implementation and more significant consideration for the business impact on the broader community and ecology.

Not surprisingly, retailers in the UK are regarded as having a leading edge in the service economy of the country. This is largely due to stakeholders increasingly demanding more information on businesses' ethical behaviour in the retailers reporting. In addition, although the trend to include assurance statements in reports is applauded, they lack in an standardise application. The country has significant CSR policies in place, great stakeholder participation in CSR activities and established partnerships. The following section assesses the trends and perspectives of countries located in the Americas.

5.2.3 CSR trends and perspectives in the Americas

CSR has a long historical standing with the Americas. As with some other areas, elements of the concept have been in practice in the Americas before the concept was coined. Despite the long history of CSR in some parts of the Americas, drawing the boundaries between what a state, business, civil society or individual is responsible for is a complex undertaking. Over the years, many countries in the Americas have underdiversified their economy and remained highly dependent on mining (mineral resources) and, to a lesser extent, on mainstream business practices. Furthermore, the ongoing debates in the Americas on CSR seek to better understand the boundaries, responsibilities, management practices and regulations that can ensure that businesses continue to operate independently and effectively across criteria that extend beyond profit maximisation. Despite the latter and the socio-economic challenges some countries in the Americas face, several leading businesses in the zone have redefined their CSR practices. Brazil and the USA are discussed as part of the selection for the Americas.

5.2.3.1 Brazil

After a long history of authoritarian and colonial rule, Brazil is characterised by high socio-economic inequalities (Franca Barros *et al.*, 2014:5-8; Mostardeiro, 2007:60-63; Prates *et al.*, 2015:132-133). It was not until the late 20th century that the Brazilian society started to view CSR as a potential solution to the country's social problems in the absence of a tangible government solution (Franca Barros *et al.*, 2014:6-10; Griesse, 2007:22-28; Milcíades Peña, 2014:311-318). Despite the lack of government involvement in CSR, by 2007, Brazil was a striving democratic republic with a growing CSR environment, driven mainly by the private sector (Fifka, 2013:16; Lima Crisostomo *et al.*, 2014:129; Mullerat, 2010:248; Welzel *et al.*, 2007:12-13).

Despite the growth in CSR, its disclosure is neither mandatory, nor is there a formal reporting method; however, there are advances to make CSR reporting compulsory. In addition to the legislative and regulative initiatives towards reporting, several other plans and CSR standards such as the relevant initiative of the Brazilian Institute of Social and Economic Analysis (IBASE) was introduced to enhance business reporting and provide solutions to the prevailing social problems (Barnea & Rubin, 2010:73-78; Grüninger, 2018; IBASE, N.d; Lima Crisostomo *et al.*, 2014:130-131). IBASE seeks to reinforce the associative fabric of civil society, build an autonomous culture of rights, extend the inclusion of citizen participation in policymaking and advance the Social Balance Sheet model to track social activities in Brazil (IBASE, N.d; Sinay *et al.*, 2019:32). The idea of the Social Balance Sheet was to provide a Social Balance Sheet Seal called Betinho. The Betinho would serve as a hallmark or bragging rights for those businesses envisioned as socially responsible. To receive the IBASE hallmark, businesses must meet certain conditions, such as adopting the full IBASE Social Balance Sheet model with no deviations, compulsory publication of the Social Balance on mainstream communication platforms and adherence to all relevant and supporting CSR legislature. However, despite IBASE's popularity over the years, it has been gradually declining since the emergence of the GRI standards in the early 2000s. According to Grüninger (2018:37), the IBASE model trend lost prominence and importance among organisations doing business in Brazil since the GRI standards were translated into Brazilian Portuguese.

In addition, the uptake of the International <IR> Framework (<IR>) is gaining momentum among businesses listed on the B3 Stock Exchange in São Paulo, Brazil (Eccles *et al.*, 2019:6). The <IR> focuses largely on simplifying the reporting regime of businesses, improving the effectiveness of value creation and monitoring the impact of CSR interventions (IIRC, 2013b:6). The IIRC (2013b:33) further states that the thinking behind integration of the report largely guides its communication towards underscoring how businesses' strategic inputs, governance and performance lead to value creation in the short, intermediate and long term for both the business and society.

Several other authors have been long-standing supporters of the sentiment in that despite the continued socio-economic problems in Brazil, the CSR trend and reporting are salutary and on the uptake, positive and beneficial to both business and society (Amaral Lauriano *et al.*, 2014:598-600; Prates *et al.*, 2015:133; Sánchez-Hernández & Mainardes,

2016:163). According to Limo Cristostomo *et al.* (2014:127-128), several businesses in Brazil already involve employees in their CSR policy definition. The authors state that there was a relative increase in the number of businesses that have adopted CSR and its reporting during the analysis period, and there was a noteworthy progression of its ecology social actions. According to Amaral Lauriano *et al.* (2014:599-606), Brazilian businesses have significantly advanced their comprehension of the CSR concept. However, some practices such as issue management, transparency and stakeholder management need improvement (Sinay *et al.*, 2019:38-39). These are significant signals that Brazilian businesses are incorporating CSR into their business strategies and that CSR may be advancing beyond the field of discourse. Although some policies are in place, government mostly maintains a low profile in CSR activities, other than the occasional cooperation with non-state actors actioning civil society CSR promotional activities.

Since the retailing format arrived in Brazil around 1950, the sector grew to around 3 000 individually owned stores by 1970, and by 2013 the retail sector declined to approximately 500 companies dominated by three major players (Pereira *et al.*, 2013:104). In an analytical study conducted by Do Prado *et al*. (2012), in which they considered websites and other secondary sources related to the 10 leading retailers in Brazil, it was found that the sampled businesses are reporting and publishing their socially and ecologically responsible practices (Do Prado *et al.*, 2012:7 & 10). However, most of the community actioned reported revolve around social contributions such as volunteer work or donations to local or national non-governmental organisations (Do Prado *et al.*, 2012:8). On the other hand, a trend has emerged in some Brazilian retail segments, such as the banking sector, among the world's most competitive sectors. In the stringent competitive market, a large portion of the Brazilian banking sector opts to employ CSR communications or a set of publicity initiatives that are developed and communicated as CSR practices in the interest of enhancing the image and offerings of the business (McDonald & Rundle-Thiele, 2008:171-179; Morsing & Schultz, 2006:323-333; Scharf & Fernandes, 2013:24). To some extent, this communication practice potentially contributed to why a significant portion of the Brazilian population views its banking sector with scepticism. According to Scharf and Fernandes (2013:24-25), this perspective is due primarily to society's assumption that Brazilian banks are making large sums of money for themselves, with little investment in society.

From the above section, it can be determined that Brazil has a long history of social and economic inequalities. Increasingly, Brazilian society views CSR as a prospective solution to their social challenges. Its private sector primarily drives CSR in Brazil, and its disclosure is not required or methodologic. Several businesses adopted CSR practice and its reporting requirements and incorporated CSR into their business strategies. Furthermore, as part of Brazil's broader business community, retailers in the country also increasingly report and publish their social, economic and ecological activities.

The Brazilian government is making several attempts to transition towards establishing more transformative CSR practices in the country. The country's efforts are evident since its early absence in CSR activities to a government that is becoming more involved in the potential reassuring impact of the concept on society.

5.2.3.2 USA

During the advent of CSR around 2007 in the USA, the public sector, civil society and businesses were in a relatively complicated relationship, ranging from cooperation to conflict episodes (Welzel *et al.*, 2007:167), despite the USA being regarded by some as the 'birthplace' of the CSR concept (Harludi, 2018:169; Nasrullah & Rahim, 2014:52; Welzel *et al.*, 2007). Despite the complicated relationship and although not explicitly specified, several federal laws circuitously support CSR development (Welzel *et al.*, 2007:167). However, CSR activities vary between states due to the political system and separation of powers between the federal and state governments (Welzel *et al.*, 2007:166-167).

In the USA, the political system principally refers to government's authority in terms of the state's interventions and involvement in social and economic activities and the advancement of marketplace competition (Whitley, 1999:18-20). CSR initiatives and the communication of these activities in the USA are not regarded as a regulatory compliance issue, but are categorised as voluntary societal engagements by businesses (Camilleri, 2017b:2). Furthermore, to an extent, US policymakers minimally intervene in businesses' social responsibility and issues about ecological change; these are left up to the businesses to be the drivers and leading actors of CSR interventions and ecologically sustainable behaviours (Camilleri, 2017b). The USA is viewed as a mature economic market founded on a reasonably well-developed democracy (Tang *et al.*, 2015:209).

However, the USA perceives the liberty of the British Anglo-Saxon culture as of the utmost value; therefore, businesses in the USA would rather have the least state intervention in so far as social issues are concerned and limited legislative control over them (Fifka *et al.*, 2018:3; Higham & Ryan, 2013:7; Strong, 1963:201-203). According to Fifka *et al.* (2018:3-4), "the right to freedom also entails voluntary responsibilities" that are becoming a normal part of a business's role in society. It is therefore expected of businesses to voluntarily contribute to the development, well-being and welfare of society. CSR in the USA is mainly self-regulatory and customary (Matten & Moon, 2008:415-418; Nasrullah & Rahim, 2014:42). The current trend is that the USA's businesses shift their general policy and communication rhetoric from emphasising ethics standardisation and institutionalisation to emphasising the ethical rationale for their actions and/or inactions (Tang *et al.*, 2015:218-219 & 222; Welford, 2005:51-52). The president and general counsel of DSM North America, Hugh Welsh, projected that the year 2020 would be a year of CSR action (DeCourcey, 2020). Taken from the trend, he believed that there would be an acceleration in alignment of CSR to the organisational strategy away from the public relations and compliance function. Sylvia Bartley, senior global director of Medtroc Foundation, shared this progressive view when she anticipated that a definable measurable outcomes-based CSR strategy is slowly becoming a must-have for business. She further states that the future trend is for philanthropy or acts of alm to be impact-based rather than publicity focused (DeCourcey, 2020).

Retailing in the USA has been on an upward trajectory (Lee *et al.*, 2009:142). As one of the biggest retail markets globally, the US retail sector has a long history with the aspects of the CSR concept, although more prominently in public trading retailers. According to Kennedy (2007:9), several retailers by 2007 have no longer seen, for example, going 'green' as part of the CSR effort, but as part of the their business culture. On the other hand, in an experiment conducted by Patten and Zhao (2014:6), they found that no non-public trading retailer has issued a standalone CSR report and that 24 out of 74 sampled retailers who issued standalone CSR reports by the end of 2012 were listed as public trading businesses. The issued CSR reports focus on discussing topics ranging from well-spread background information on the retailer to its ecological and community involvement, with very little CSR financial disclosure and information on CSR social impact. This type of disclosure trend has been a long-standing concern in that retailers' standalone reports appear to be more about discussing strategies and the image of the

business rather than providing meaningful implementation, action, performance and impact data (Cho *et al.*, 2014:131; Hopwood, 2009:433-436; Patten & Zhao, 2014:8-11). Patten and Zhao (2014:11) believe that this trend might shift in the future towards more transparent disclosures of retailers' social and ecological impacts as retailers become experienced and compliant with standalone reporting. Internationally, other commentators argue that considering the sporadic phoney financial reporting practices, among others, third-party assurance on CSR reports can increase the credibility of the said (Birkey *et al.*, 2016:18; Casey & Grenier, 2015; Cohen & Simnett, 2015; Jones & Solomon, 2010; Maroun, 2016; Owen & O'Dwyer, 2008). That said, according to Birkey *et al*. (2016:18), the CSR assurance practice had been gaining momentum in the USA.

Taken from the above, the CSR concept is believed to have its roots in the USA. The country also has several federal laws across state lines that indirectly support the development of CSR. US policymakers have a hands-off approach to CSR and allow businesses to lead CSR interventions in the respective states. It is therefore anticipated that businesses would voluntarily contribute to socio-economic development and societal well-being. Current trends suggest a spurt by businesses to align CSR activities to their strategy away from the public relations function. Furthermore, some businesses are moving towards measurable outcomes-based CSR strategies. There are shifts to realign acts of alm more away from the publicity focus to a more impact-based intervention.

Literarily evidence suggests that the USA's retail market is among the biggest in the world and has a long history in the CSR realm. Hence several retailers no longer see going 'green' as a CSR effort, but rather as traditional business culture. Despite the long-standing relationship between the USA and CSR, the country's reporting practices are coursing for debate. The literature writings indicate that most of the reports are vague, review strategies and have deliberating text discussing the image of the business instead of offering CSR information regarding the implementation, performance and impact of interventions. It is also suggested that the current trend of including third-party assurance in CSR reports can only benefit the business and increase the credibility of the CSR report.

Despite the hands-off approach by the US federal government, transformative CSR practices have a high trajectory. Although CSR in the USA has an extensive philanthropic base, evidence suggests that several business corporations review their CSR strategies.

The USA, parallel to countries such as the UK, is becoming a trendsetter and one of the frontrunners in transforming the CSR intervention realm. The section below presents an analysis of countries' CSR trends and perspectives on the African continent and the rationale for a transformative CSR narrative in Africa.

5.2.4 CSR trends and perspectives in African countries

Unlike in the developed world, CSR in Africa goes beyond the conceptualisation of the concept as interpreted and practised by progressive countries. In Africa, the concept is conceptualised to include, to no small extent, the role of businesses in the reduction of deprivation. The deep-rooted narrative has been a long-standing one that Africa is regarded as a deprived continent, which, for the most part, arouse pity that requires the philanthropy of pessimists (Abdulai, 2015:429). Notwithstanding the latter, these, to an extent, pervasive deprivations range from poverty, inequality between rich and poor, deficiency in healthcare and education, pervasive HIV/AIDS and pitiable governance standards (Nasrullah & Rahim, 2014:64; Prieto-Carrón *et al.*, 2006:977). The CSR practices in Mozambique, Egypt and Kenya have a significant variance ranging from low relevance to governments to independently practising CSR as acts of alm. The variance is not surprising, as CSR in Africa was initially regarded as a non-essential 'add-on' to the functions of governments and the core operations of businesses (Gesellschaft für Technische Zusammenarbeit, 2009:62-63). The following three subsections give an all-embracing CSR trend and perspective analysis of Mozambique, Egypt and Kenya as part of the African continent contingent.

5.2.4.1 Mozambique

When Mozambique was under Portuguese colonial rule, there were very few economic development and investment in human capital and infrastructure, with limited to no incentives for entrepreneurship and the private sector (Kaufmann & Simons-Kaufmann, 2016:33). By 2007, CSR had a relatively low relevance in Mozambique; however, the Ministry for Women and Social Action and, to a lesser extent, the Ministry of Education and Culture, were preoccupied with applying the concept (Welzel *et al.*, 2007:96-97). Due to the severe socio-economic pain points in the country, there was excellent cooperation between government, CSOs, businesses, and multilateral and bilateral donors to expand on limited government resources (Gesellschaft für Technische Zusammenarbeit,

2009:60; Welzel *et al.*, 2007:100). The most significant contributor to the country's CSR development was the private sector through its community support programmes and acts of alm (Welzel *et al.*, 2007:100-101).

For the better part of the 21st century, Mozambique's economy has been on an upward trajectory, making it an attractive investment destination (IMF, 2011:5; Kaufmann & Simons-Kaufmann, 2016:27; Sutton, 2014:1). Despite the economic upturn, government has been inefficient and ineffective to significantly reduce deprivation levels and provide a broader basis for socio-economic development (Castel-Branco, 2014:43; Hanlon, 2008:57-70; IMF, 2011:5-7; Kaufmann & Simons-Kaufmann, 2016). According to Hanlon (2009:1) and Lang and Massinque (2014), as cited in Kauffmann and Simons-Kaufmann (2016:37-38), this was mainly due to the country following a free-market development model, which has been causing panic and rage among the poor of Mozambique on the one hand and effecting significant challenges and potential for CSR on the other. Socio-economic development was hampered mainly by corruption, access to capital, a weak public service and poorly managed public investments (IMF, 2011:10-15; Schwab, 2014:41). Lang and Massinque (2014) put other challenges forward, namely that the government of Mozambique needs to build capacity in the policy and enforce existing and new legislation. It needs to lead by example and have a more focused approach to CSR instead of a broad focus. Furthermore, government should increase social resilience and reduce donor dependency. In so far as developmental potential is concerned, Lang and Massinque (2014) state that to reduce deprivation through CSR interventions, there must be greater collaboration between governing, the private sector, academia and civil society.

In addition, they state that in order for the private sector to develop, government needs to create a sound and enabling business environment and enhance corporate governance. CSR in Mozambique is in general mainly driven by private sector businesses with international experience of the concept and its practices (Sutton, 2014:4-7). According to Kaufmann and Simons-Kauffman (2016:42-47), very little literature or formal training courses are available regarding CSR or its interventions in Mozambique other than anecdotal case studies by CSOs. Furthermore, international retail entries into Mozambique face particular challenges, such as language barriers and restrictive laws

and regulations for the retail sector, which is primarily informal (Aga *et al.*, 2019:1; Louw *et al.*, 2019:127-134).

From the above, one can conclude that at the start of 2007, CSR laid very low on the radar of Mozambican businesses while some government departments grappled with how to apply the concept in the Mozambique context. Despite the CSR constraints, the government, CSOs, businesses and the international donor community had excellent cooperation relations. For the better part of this century, Mozambique's economy has been upturned with increased socio-economic pain points among the citizenry. Some of the challenges stem from government corruption, weak policy formation capacity and legislation enforcement, and citizens' lack of access to capital.

CSR is non-existent in the Mozambican retail sector, and those that do practise the concept to an extent are mostly international retailers with external experience of the concept. The country still has very little academic exposure to the concept and rely primarily on CSO case studies. Furthermore, the retail sector in Mozambique is still largely informal.

In general, CSR practices in Mozambique is driven mainly by the private sector. For the last part, government is absent in driving the concept legislatively, but does have excellent working and partnership relations with domestic and international CSR actors. Despite the collaborations, contemporary characteristics of transformative CSR practices and principles are mostly absent in the interventions of the Mozambican CSR actors.

5.2.4.2 Egypt

Similarly to Mozambique, in 2007, CSR was a relatively new phenomenon in Egypt and was mainly understood as an act of alm by the country's Christian and Islamic faiths (Elsayed, 2018:823; Eshra & Beshir, 2017:41; Welzel *et al.*, 2007:43-45). Since 2007, Egypt has seen an increase in CSOs. These CSO mainly focused on issues ranging from social aid and development to cultural, religious and academic services and later CSR (Elsayed, 2018:823-824). Correspondingly to the USA, Egypt's early policies, although in harmony with the country's universal values, were sets of non-explicit CSR laws (Welzel *et al.*, 2007:42-43). Despite the unclear legislative guidance, Egyptians expect businesses operating in their midst to behave in a socially responsible manner (Karem Kolkailah *et al.*, 2012).

According to Karem Kolkailah *et al.* (2012:382), in the current emerging markets in global times of transition, businesses should know what their stakeholders perceive as value and identify, intervene and report on the social issues affecting their stakeholders. Several Egyptian listed businesses, including some retailers, report annually on their CSR activities. According to Soliman *et al.* (2013:64), some businesses have started to report CSR activities. However, the reports are mostly silent on tangible CSR impacts and are dominated by employee-related information followed by ecological and general community information. These CSR quick wins or milestones are coming increasingly under threat since the gradual dismantling of the social welfare system (Elsayed, 2018:821). Recently, according to Elsayed (2018:821-824), the economic condition in Egypt under military rule has deteriorated and was exacerbated by restrictions on foreign acts of alm, foreign funding and the work of CSOs.

The Egyptian retail sector was initially dominated by small-scale, mostly family-owned retail outlets that in most instances did not make use of the mainstream distribution channels and had little regard to the CSR concept as practised in the rest of the world (El-Amir & Burt, 2008:13-16; Zidan, 2015:133). Although some international businesses entered the retail sector over the years, they were minimal and had an insignificant influence on the CSR practices in the Egyptian retail sector (Soliman *et al.*, 2013:64; Zidan, 2015:127; Ziyadat, 2019:39-40). Although there has been an entry of multinational retailers and some attention from academics and practitioners, the average Egyptian does not place much weight on the potential impact of CSR considering the restrictions on CSOs and the current economic conditions (Elsayed, 2018:823; Eshra & Beshir, 2017:41).

From the above, it can be resolved that by 2007, CSR was a relatively new phenomenon in Egypt and was mainly recognised as an act of alm in a country with no specific CSR laws. Despite the imprecise CSR legislative regime, society expected businesses, including the retail sector, to behave socially responsibly and report at least once a year on their CSR interventions. The Egyptian retail sector is overshadowed mainly by small and medium family-owned outlets with little or no regard for CSR.

Despite the unclear legislative guidance in Egypt, there is a shift towards an early onset of transformative CSR progression. Egypt's relatively unstable economy has contributed to no small degree to the erosion of some of the CSR interventions. Although

unmethodical, some businesses have started to report on their CSR activities, although the benefits of the CSR concept are still mostly viewed with some scepticism by ordinary Egyptians.

5.2.4.3 Kenya

Unlike Egypt**,** Kenya has come a long way since its independence from British rule and its subsequent proclamation as a republic (Muthuri & Gilbert, 2010:468). By 2007, Kenya had a relatively developed infrastructure network, a thriving stock exchange, a Companies Bill that would replace the shareholder-favoured Companies Act of 1948 and a shift of the status quo of business directors to embrace a more stakeholder-sensitive view (Muthuri & Gilbert, 2010:468-470; Mwaura, 2007:36-40). On the one hand, as **in** the case in Mozambique, CSR research in Kenya is relatively underdeveloped and relies heavily on CSO case studies (Cheruiyot & Tarus, 2015:89). On the other hand, the application of CSR is primarily publicity-driven. Standalone CSR departments in Kenyan businesses are sporadic and mostly function from communications, marketing, corporate affairs or human resource departments (Klins *et al.*, 2010:58-65; Mbogoh & Ogutu, 2017:5). Although most, if not all, key stakeholders and business disciplines should be involved in CSR interventions, to embrace the stakeholder view, actions should be policy-driven and context-specific to create empowerment and sustainable impact rather than publicity or dependency, which is to an extent in line with the Kenyan Constitution (Gesellschaft für Technische Zusammenarbeit, 2009:60-61; KLR, 2010). Like the South African Constitution, the Kenyan Constitution (2010) explicitly underscores its national values, the sharing and devolution of power, democracy, social justice, inclusiveness, equality, human rights, good governance, transparency, accountability and sustainable development.

Notwithstanding the legislative prerogatives, Kenyans face significant developmental challenges in the domain of deprivation, socio-economic development, general community development and political uncertainty (Cheruiyot & Tarus, 2015:88; Gachanja *et al.*, 2013:176; Moratis & Slaa, 2016:407; Muthuri & Gilbert, 2010:468). The political uncertainty and policy resistance, coupled with high corruption levels, have made CSR less of a priority in Kenya (Muthuri & Gilbert, 2010:469; Transparency International, N.d.) and have allowed for different interpretations and implementations of the concept in the country (Campbell, 2007:954; Gachanja *et al.*, 2013; Muthuri & Gilbert, 2010:476; Nyaga,

2016:87). The misconception of CSR in Kenya led to a fragmented approach. The concept was associated mainly with acts of alm and enhanced the image of some businesses (Gachanja *et al.*, 2013:176; Nyaga, 2016:84-88). However, according to a study conducted by Nyaga (2016:90), to mainstream CSR for ecological and social development in Kenya, those CSR initiatives that were in line with the core operations of the sampled businesses were successfully implemented and had a better chance of being sustainable. Despite this, the Kenyan government has been reluctant to impose regulations and standards and/or facilitate business regulations relating to CSR as an inducement for investment in the socio-economic challenges (Gachanja *et al.*, 2013:181; Gilbert, 2008:78; Muthuri & Gilbert, 2010:469; Nyaga, 2016:92). However, in some instances, reluctance could be a "lack of capacity to effectively address the challenges of stimulating and aligning economic, social and ecological development" through CSR (Moratis & Slaa, 2016:400).

With the assistance of the Dutch Ministry of Foreign Affairs, it might seem that the Kenyan government has shifted its stringent position against CSR interventions. The Dutch government is financing the Kenyan Knowledge Management Centre to streamline the interpretation of the concept, fuse the institutional CSR environment and promote a multi-stakeholder collaborative approach to CSR in the country (Moratis & Slaa, 2016:400 & 406-408). Although in its infancy, the evident trend is that CSR as a mainstream concept is gaining momentum in Kenya. The revitalised Kenyan CSR approach is largely influenced by the Western interpretation of the concept, ethical consumerism, the UNGC and the African Peer Review Mechanism (Cheruiyot & Tarus, 2015:89-100). The African Peer Review Mechanism was initiated in 2002 and instituted in 2003 by the African Union to execute the framework for the New Partnership for Africa's Development, commonly known as NEPAD (APRM, 2002).

Like the above-mentioned African countries, CSR in Kenya is still an emerging field of study (Jamali & Karam, 2018:41 & 49). The literature on the broader Kenyan retail sector is scarce, with some recent studies into certain subsectors. For example, in the banking sector, a study found that the challenges that are affecting the implementation of CSR strategies by banks were largely due to the overwhelming extent of deprivation, the social culture of the respective communities and high tax rates (Mbogoh & Ogutu, 2017:15). Mbogoh and Ogutu (2017:16) are of the view that the Kenyan government should tackle

the devastating deprivation and high taxes head-on, that the banking sector should ensure that it understands the culture of the communities in which it operates and that communities should be consulted on and participate in CSR initiatives that affect them.

In brief, Kenya has come a long way since its liberation from British control. Contemporary Kenya has a progressive legislative regime that, among other things, obligates businesses to incorporate a more stakeholder-centric approach in their decision making. Notwithstanding the underdeveloped research environment in Kenya, evidence suggests that the application of CSR in the country mostly focuses on public relations exposure for businesses. This practice is attributed mainly to the fact that the CSR function in businesses is mostly located within departments such as communications and marketing. Scholars suggest that in order for CSR to be effective, its actions should be policy-driven and create empowerment and sustainability, rather than publicity and reliance. Evidence suggests that those businesses that enacted CSR from their core operations or as a policy-driven implementation have a better chance of impacting project longevity and sustainability. The policy-driven approach is primarily based on influences from the Western application of the concept, the UNGC and the African Peer Review Mechanism.

Evidence in the Kenyan broader retail sector is limited and mainly focuses on the banking retail subsector. This is mostly, as the evidence suggests, due to the extent of poverty in the country. Research suggests that to alleviate the deprivation, the Kenyan government should improve the economic climate, enhance its relations with its stakeholders and increase greater participation in CSR initiatives.

Although CSR has a presence in many businesses, the concept is primarily used to advance the public image of businesses, disregarding the positive impact of transformative CSR practices. However, the increased political drive of the concept is steadily starting to make inroads. Businesses in some sectors are gradually showing the willingness to participate in CSR activities and, in the process, transforming the broader society.

5.2.5 A synopsis of CSR praxis in developed and developing countries

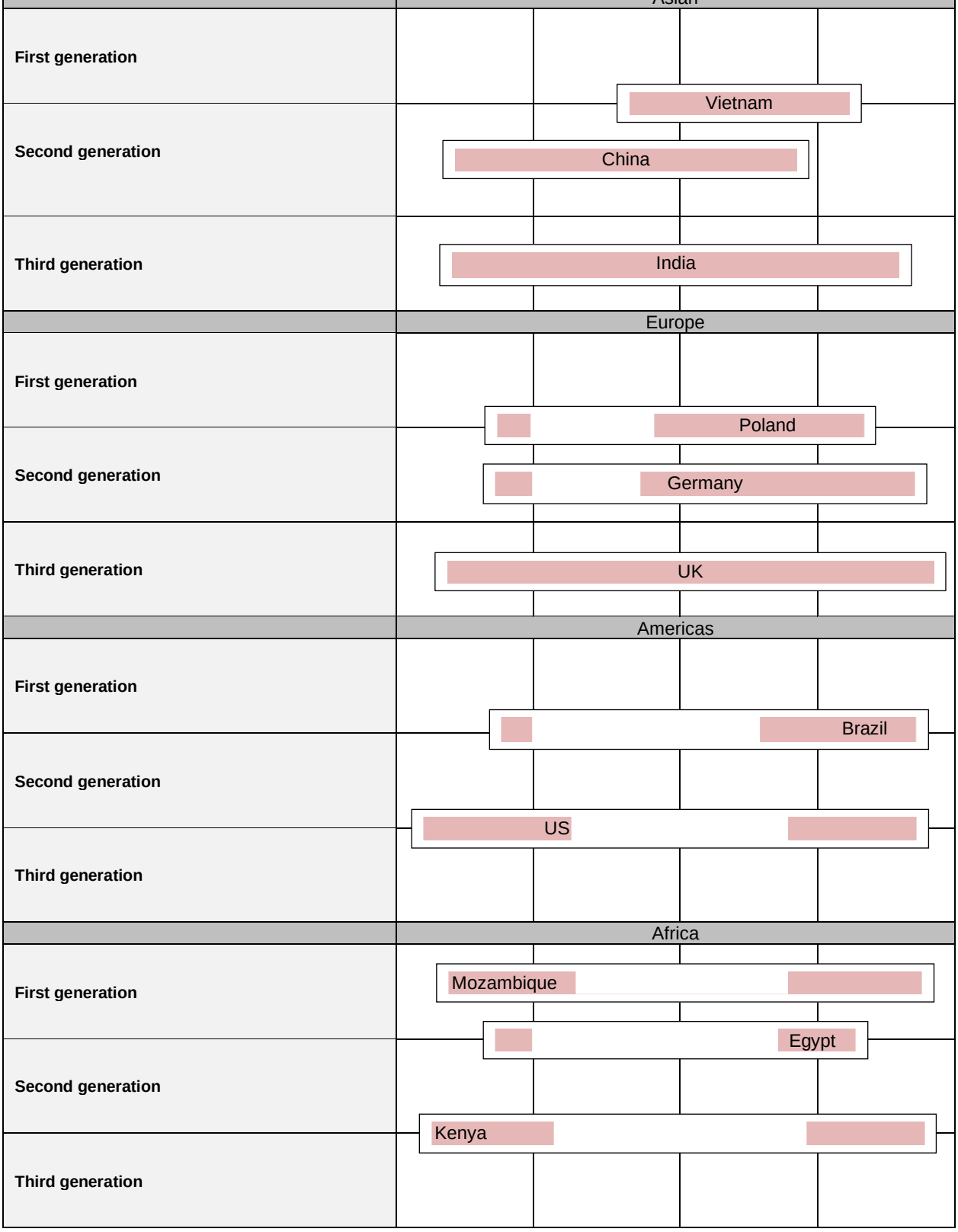
What became evident during the analysis of the CSR trends and perspectives of the different countries on the different continents is that they are at different maturity levels and focus on different aspects of CSR. The researcher classified the maturity levels as:

- *First-generation level:* No specific CSR policies, lack competency and measuring tools, activities are unrelated to CSR
- *Second-generation level:* Necessary CSR policies in place, have some competency, have significant CSR activities, have core CSR measuring tools and some stakeholder cooperation
- *Third-generation level:* Transformative CSR policies and practices, significant societal impact and established public–private partnerships.

The countries' CSR focus was driven by business, the impact or involvement of civil society, political drive and the extent of public and private sector cooperation. Table 5.1 sets out a tabular synopsis of CSR praxis in both developed and developing countries as per the continents analysed.

Table 5.1: Tabular synopsis of CSR praxis in developed and developing countries per continent

Maturity level	CSR Focus			
	Business-driven (actions other than philanthropy)	Civil society impact or involvement	Politically driven	Public and private sector cooperation
	Asian			
First generation				
Second generation	China			
Third generation	India			
	Europe			
First generation				
Second generation	Germany			
Third generation	UK			
	Americas			
First generation				
Second generation	US			
Third generation				
	Africa			
First generation	Mozambique			
Second generation	Egypt			
Third generation	Kenya			



Source: Created by the researcher (2020)

Internationally, the CSR focus in countries such as Vietnam, Poland, Brazil and Egypt is gradually moving to an early onset transformative CSR. Countries such as China, the USA and Kenya show great potential in their progression towards becoming matured in transformative CSR practices. Countries that show the most transformative CSR progression in their practices are India and the UK. In Africa, Kenya is steadily transitioning towards a transformative CSR nation, with Egypt as a strong contender among the countries selected on the continent. This is suggestive that it is not only the economic climate in Africa that is changing, but also the political will of the continent's lawmakers. It can further be deduced that businesses operating on the African continent largely treat their CSR interventions as charity or philanthropic actions and need to transform their practices, enhance their stakeholder relations and participate in more meaningful and sustainable CSR initiatives.

5.3 CONCLUDING OBSERVATIONS OF DATASETS

Chapters 3 to 5 set out the key datasets of the study. Crucial contributory observations to the management model are summated below. To enhance the conventional CSR management model, the amalgamated synopsis of the datasets underscores key criteria to measure the transformation of the practice in that:

- an organisation must establish who its social stakeholders are (PwC, 2015:16);
- stakeholder management and stakeholder engagement should be at the core of CSR policy and/or strategy formulation (Blowfield & Murray, 2014:174; Brown & Nicolaides, 2015:20);
- an organisation, through its social and relationship capital, strategic goals and recommended 1% NPAT, must give an explicit declaration on how it created stakeholder value in its last and the financial year under review and how it intends to generate future value on the same material issue (dtic, 2007a:91; IIRC, 2013a:2; Visser, 2012b:14);
- the outcome(s) of each CSR intervention of a business must have a clear impact objective and should be linked to the overall transformation agenda of the country and an annual measurable CSR strategic priority (Kellogg Foundation, 2004:9; Goldfarb & Ratner, 2008:101; IIRC, 2013a:4; PwC, 2015:37); and

- a board of directors, which is ultimately accountable in terms of regulations 26 and 43 of the Companies Act, must enhance its oversight, monitoring and evaluation duties (dtic, 2010:32; 2011:22-43; IoDSA, 2016:29; RSA, 2008). The Companies Act also stipulates that specific social and ethical activities, principles and constitutional rights must form an essential part of the governance structure of the business (Kirby, 2014; Visser, 2012b:9), whereas the B-BBEE Commission (2020:97) recommends that oversight structures enhance its vigilance in reviewing and monitoring compliance with requirements of the B-BBEE Act.

5.4 CONCLUSION

This chapter provided a global view of CSR practices by exploring the trends and perspectives of CSR interventions by government and businesses in general and in the retail sector specifically. The study explored the trends and perspectives of four continents, namely Asia (India, Vietnam and China), Europe (Poland, Germany and UK), the Americas (Brazil and US) and Africa (Mozambique, Egypt and Kenya). The global textual evidence of CSR trends and perspectives can generally be more evolutionary than revolutionary. Further evidence suggests this could be due to several factors, ranging from the slow uptake of the concept on some continents and the feeble legislation in others to increased global awareness of CSR. Although most of the above countries had a staggered CSR start, in combination, the CSR trends on these continents shifted over the years from being an unspoken act of kindness in some and ungovernable business conduct in others to more transparent and relatively structured practices. The continents also adopted and implemented international standards such as the GRI standards, <IR> and SDGs, either as a standalone tool or a parallel combination. The GRI standards focus largely on the sustainable social development impacts of an organisation than on the sustainability or going concern of the organisation. The <IR> focuses on scrutinising strategic and governance actions that lead to sustainable value creation for all stakeholders. The SDGs serve as a universal roadmap to achieve an improved and a better sustained and viable future for all.

Despite the progression of CSR practices on most of the continents, how governments and businesses engage, implement, report and assure CSR interventions still varies significantly between countries and continents. What the bodies of international

standards, some governments and drivers in the private sector are advocating for are for relatively acceptable sustainability reporting practices, including making public businesses' communication strategies, stakeholder relation mechanisms, and CSR interventions and activities. Notwithstanding the legislative interventions and the progress made by some business sectors, including the retail sector, it is evident that most societies across the different continents are still experiencing similar socio-economic challenges. These challenges relate the following, among other things:

- Policy formation on CSR interventions is mostly vague and, to a degree, non-existent.
- It is not mandatory across continents for businesses to develop a CSR policy and/or make it public.
- CSR budgeting and expenditure compliance on most continents are non-existent, unassured or lacking.
- CSR activities are still primarily viewed as a publicity tool and/or acts of alm globally.
- There are no set CSR criteria in some countries on what information to share with stakeholders, and on how and when this should be done.
- Stakeholder relations, CSR transparency and emphasis on ethical CSR conduct are not prioritised in most legislative directives.
- There are insufficient academic, professional and career development of CSR on most continents, but more so in Africa.
- Most continents broadly allow CSR self-regulation through a mostly private sector-driven CSR practice.

In closing, this chapter showed that CSR trends and perspectives could be identified as the following: the sporadic legislative curbing of acts of alm, increased government regulation, advocacy for improved CSR transparency, greater stakeholder recognition through statutory interventions, a shift from marketing-driven CSR (to be seen to do good to look good) to a more obligatory mutually beneficial CSR-driven approach and the continued evaluation of the impact and influences of businesses' CSR intervention.

The next chapter presents the empirical results and analysis of how CSR is practised in the South African retail sector. The chapter consequently presents additional criteria

against which CSR practices were assessed. Chapter 7 presents the final management model for transformative CSR practices in the South African retail sector. The data for the model emerged from the datasets in chapters 3 to 5 and the empirical findings and analysis. These datasets guided the inputs to the management model for transformative CSR practices in the South African retail sector.

CHAPTER 6

TRANSFORMATIVE CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN THE SOUTH AFRICAN RETAIL SECTOR: EMPIRICAL FINDINGS AND ANALYSIS

6.1 INTRODUCTION

Chapter 5 contained a broadly discussion of global and domestic transformative CSR trends and perspectives. The reasoning with the broad outline was to frame the argument that CSR practice should be transformative and consistent in its intent and application across business sectors despite each country's sovereign perspective of the implementation of the concept. The overview gave a bird's-eye assessment of the general trends and perspectives on four continents, including the African continent.

Chapter 6 comprises an empirical analysis of South African retailers' publicly available company sustainability reports, followed by a preliminary development of a management model for transformative CSR practices. The retailers were selected using a simple random sampling method from the Forbes 2017 Global 2000 ratings and the 2017 JSE listings (see Chapter 1, section 1.6.1.2).

In the first part of the chapter, the researcher gives a brief non-theoretical summary of the methodological groundwork of the initial analytical process, followed by an analytical framework to analyse six South African-based retailers' sustainability reports[17] over three years from 2017 to 2019. The sustainability data were sourced from the respective sustainability reports as the documents in chief, and any auxiliary reports were analysed as part of the documents in chief. In the third, fourth and concluding section, the researcher summarises and triangulates the datasets. The interim management model for transformative practices was then developed based on the literature review and document analysis findings and was circulated to retail sector actors for their inputs and

[17] The researcher made certain delimitations. No subsidiaries of non-South African (foreign) parent companies were analysed, as many of these companies have detailed sustainability reports annexed on a group level and not necessarily on a country level.

comments. Towards the concluding section, the researcher sets out the respondents' responses, interpretation of the data, followed by the conclusion of the chapter.

6.2 EXPOSITION OF THE ANALYTICAL PROCESS

The analytical process is a critical step in explaining the analysis method and describing precisely how it was done and what was done. An analysis outlines the steps followed in the dissection of concepts, phrases, theories or empirical data for examination and interpretation and to make conclusions (Creswell, 1998:142-165). The researcher must observe the analytical steps set out and declare how each step was executed (De Vos *et al.*, 2011:332-335).

The analytical framework for this study consisted mainly of qualitative document analysis as a primary data source. An analytical framework assists the researcher to remain focused and structured and to approach the data systematically. It also serves as a guide to identify key analytical outputs during the collation, depository, retrieval and data analysis. The framework allowed the researcher to analyse certain concepts in light of the theory and the methodological considerations while exploring.

Without repeating, but rather expanding on the research methodology set out in Chapter 1, the section below indicates how the theoretical and methodological frameworks were applied in Chapter 6. It also declares how documents as a data source were analysed to answer the research questions in more detail.

6.2.1 Method for data collection

To address the main research question, the study utilised qualitative document analysis as a data collection method. According to Altheide and Schneider (2013:54), document analysis "follows a recursive and reflective movement". This approach integrates thematic analysis and is similar to, but not the same as, quantitative content analysis. Unlike the latter, a pure qualitative document analysis focuses less on quantity and descriptive aspects (Bowen, 2009). Although such an approach to analysing documents is non-rigid, it is highly analytical in nature (Altheide & Schneider, 2013:53-55; Slakoff & Brennan, 2019:495). Apart from qualitative document analysis as the primary source of data collection, it was also necessary to obtain the input and views of industry experts.

Therefore, the descriptive design allowed the researcher to incorporate and assess relevant inputs and aspects of interest from an organisational and industry-oriented viewpoint (Linton *et al.*, 2019; Miller, 1991; Saunders *et al.*, 2009).

The accent in qualitative document analysis is on the underlying meanings, patterns, themes, discovery and search for contexts and description rather than chiefly numerical or quantifiable relationships between two or more variables. Quantifiable relationships of data are accentuated mainly in quantitative content analysis. The qualitative data obtained from the document analysis were then triangulated against the theory and the inputs and comments given by industry actors.

6.2.2 Initial analytical process

The methodological steps for the study were adapted and adopted by merging the practical application by Wach and Ward (2013), applied in the article titled “Learning about qualitative document analysis” and the scientific framework development using qualitative document analysis with the consolidation of insights from experts and practices by Linton *et al*. (2019). The methodological, practical steps include (1) setting of inclusion criteria for documents, (2) document collection, (3) articulation of key areas of analysis, (4) document coding, (5) verification and (6) analysis. The scientific method followed the habitual rungs of design, data collection, document sampling, document collection, data analysis and results. Table 6.1 sets out the fused methods and the culminated steps as merged methodological steps. An overview of the actions taken in each of the merged methodological steps is provided thereafter.

Table 6.1: Tabulation of fused methodological steps

Practical steps (Wach & Ward, 2013)	Scientific method (Linton *et al.*, 2019)	Merged methodological steps
1. Setting of inclusion criteria	a. Design b. Data collection c. Document sampling	Data sourcing and selection (section 6.2.2.1)
2. Document collection	d. Document collection	Document familiarisation (see section 6.2.2.2)
3. Articulation of areas for analysis		
4. Document coding and analysis	e. Data analysis	Extraction and analysis of data (see section 6.2.2.3)
5. Verification		
6. Analysis	f. Results	Narration and refining of results (see section 6.2.2.4)

Source: Created by the researcher (2020)

6.2.2.1 Data sourcing and selection

Data were sourced from six businesses in the South African retail sector. The six businesses were selected using simple random sampling (see Chapter 1, section 1.6.1.2) and equated to two in the banking segment, one in the telecommunications segment and three in the food segment. The second round of simple random sampling was conducted to choose two different businesses as reserves in case of non-saturation during the initial analytical process. The names of the two extra/reserve businesses were kept separate. They were excluded from the overall research methodological process and would only have been considered if the need arose after the data extraction and analysis. As part of the sourcing process and in line with the research design and scope of the study's research questions, exact parameters were set in terms of the type of reports to be analysed and within which timelines. Information that was considered for analysis was that which was listed in the sustainability reports. If an auxiliary report[18] was issued and referred to for the year under review, it was regarded as a continuation of that business's sustainability report and analysed as one report. Only reports issued for the years 2017, 2018 and 2019 were considered.

[18] Such as a social and ethics committee report; environment, social and governance or GRI reports; or any other name given to such supplementary sustainability report.

6.2.2.2 Document familiarisation

All reports used from the six selected businesses were sourced from their respective websites. In total, 24 PDF reports were downloaded from the six retailers' websites and put into individual folders named in line with the segment code (RS1 to RS6) assigned during the unit analysis in Chapter 1.

With the deductive themes (see section 6.4) in mind, the researcher read through the vital parts of the reports to become acquainted with the respective documents. However, the researcher approached the data with an open mind to allow for code novelty that could lead to new themes and categories (inductive). Table 6.2 provides a tabulated presentation of the reports collected for the purpose of qualitative document analysis.

Table 6.2: Reports collected for qualitative document analysis

Retailer sampled (RS)	**RS1**	**RS2**	**RS3**	**RS4**	**RS5**	**RS6**	**Total**
Sustainability reports 2017-2019	3 One report for each year	3 One report for each year	3 One report for each year	1 Could only locate 2017 report	2 One report for 2017 and 2019	3 One report for each year	15
Auxiliary reports	3 One report for each year	0	3 One report for each year	0	3 One report for each year	0	9
Total	6	3	6	1	5	3	**24**

Source: Created by the researcher (2020)

6.2.2.3 Extraction and analysis of data

As reasoned above, document analysis consisted of a thorough and close reading of all the source documents. Parallel to the document familiarisation process, the researcher read the reports for overall meaning and to find golden text nuggets and elements to extract specific data related to the study's research questions. The data extracted in each

sustainability report were social text articulated under the headings[19] underscored in terms of the Global Reporting Guidelines and the key elements[20] for social and relations capital set by the IIRC. The category elements as set out in the analytical framework (Table 6.4) were derived from the datasets.

As the familiarisation and extraction progressed, the researcher formulated ideas and built working theories about what was observed in the data. These were captured as extended notes for potential future use during the description of the analysis.

The researcher used both manual analysis and electronic analysis. As the extraction process and manual analytical process advanced, the researcher found that the extraction tool was fine-tuned and that the manual process of capturing relevant information improved. Although the fine-tuning resulted in revisiting some of the initial processed documents, the coherent file-naming system and extended notes speeded up the tracing of the text. Atlas.ti (Version 9) software was used as a secondary analytical tool and coding instrument. Atlas.ti is a qualitative analytical software to help researchers analyse a large volume of text content (Friese, 2019:1-3). The same text content used for the deductive theme analysis was loaded into the Atlas.ti program to ascertain any additional themes. Although no new themes emerged, the researcher observed patterns that were analysed as part of the findings.

Both the manual and the electronic document analyses were undertaken in line with the methodological guidance set out in Chapter 1, and inherently combined elements of thematic analysis. The inherited elements were applied to analyse the data obtained from the sustainability reports. Thematic analysis was utilised to examine how patterns emerged within and between sustainability reports as key themes representative of ‘transformative’ within the context of CSR practices. Throughout the analysis, the extended notes and working theories were frequently updated. Codes were highlighted/tagged to indicate relevant points. Codes are generally described as labels that identify words, phrases or sentences describing and categorising the labelled content under a specific theme (St. Pierre & Jackson, 2014:716-717). The preliminary coding

[19] Organisational profile, strategy, ethics and integrity, governance, stakeholder engagement practices and reporting process.
[20] Form social networks, community engagement, reciprocity and commitment.

process produced 101 codes, reduced to 28 codes, as listed in Table 6.3, through the code-grouping process.

Table 6.3: Deductive coding of qualitative data

Codes	Categories	Themes
Goal	CSR objective	CSR strategy and implementation
Outcome		
Oversight	Board	
Bill of Rights	Socio-economic development	Planning
B-BBEE SEC compliance		
Banking sector code		
King IV		
Stakeholder identification	Stakeholder management	
Stakeholder analysis		
Stakeholder communications		
Stakeholder interaction (matrix)	Stakeholder engagement	
Consultation dialogue		
Negotiation/compromise		
Relationship building		
Integrated Sustainable Rural Development Programme	Regulatory considerations	
National Development Plan		
Internal brainstorming	Intervention identification	Impact pathway
Intervention identification		
Intervention selection		
Stakeholder consolation		
Input steps	Beneficiation and expectations	
Setting milestones and timelines		
Social impact[21]		
Milestone and impact verification		
Global Reporting Initiative	International standards	Reporting
International <IR> Framework (<IR>)		
United Nations Sustainable Development Goals		
Banking sector code		

Source: Created by the researcher (2020)

The coding process involved identifying relevant text before the process of interpretation. The researcher regarded a 'preliminary code' as one that captures the qualitative richness

[21] Impact in the social context refers to the effect a business has on society, which can indicate a business's contribution, or lack thereof, to sustainable development.

of the research topic. The encoding process was used to condense the preliminary codes and develop categories to organise the data and identify and develop themes. A second analogical coding process was undertaken with the Atlas.ti software to scrutinise the data for potential new themes. Data saturation was apparent towards the sixth RS analysis when it became evident that the data follow a similar pattern and there was no emergence of new codes or themes. Therefore, there was no need to include the two additional/reserved RS sustainability reports. The deductive and inductive themes were reviewed and amalgamated; any novelties or uncertainties were rechecked and resolved before the narration process commenced.

6.2.2.4 Narration and refining of results

Once satisfied that all text fitting to the study criteria had been obtained or data saturation had emerged, narration began. The data were then cleaned and textually packaged into findings in line with the analytical framework set out in Table 6.4.

As part of refining the results, the applicability of the management model for transformative CSR practices was tested among selected retail sector actors. This process comprised three steps. The first draft management model for transformative CSR practices was sent to a broad spectrum of expert actors within the CSR/I environment for input and comments. In this study context, an expert was recognised as an individual of any gender occupying a managerial/executive position within the retail realm. The researcher settled on six CSR/I retail sector experts as a baseline total for this study, with a maximum of 10. According to Knol *et al.* (2010:6), at least six experts are sufficient. A larger number might not be significantly beneficial when dealing with experts as a data source or for dataset verification.

The data obtained from experts were then mustered and used to refine the initial management model for transformative CSR practices. After a reasonable measure of satisfaction (i.e. data saturation) was reached, the final model was formulated, which is presented in Chapter 7. The model in Chapter 7 is put forward as the main contribution of the study. Built into the chapter is an articulation of the operationalisation and application of the model.

6.2.3 Trustworthiness

Trustworthiness standards encompassing credibility, transferability, dependability and confirmability were fused in the study's design and analysis (Lincoln & Guba, 1985; Shenton, 2004). The credibility of the document analysis was addressed using a coding schema sourced from the deductive content (theory). One of the advantages of employing deductive reasoning is that there is actual knowledge of transformative CSR practices spread over different theoretical datasets. The inductive reasoning was further enhanced by eliciting the inputs of industry actors in the retail sector as pre- and post-testing content.

Dependability and confirmability were authenticated using transparent data collection, a coding schema and multiple coding techniques. Multiple coding techniques were also employed for mutual enhancing of the manual and electronic coding schemas. The following section sets out the analytical framework used to analyse the sustainability reports.

6.3 ANALYSIS OF SUSTAINABILITY REPORTS: AN ANALYTICAL FRAMEWORK

This section outlines the analytical framework used to analyse sustainability reports. In brief, the data were obtained from the sustainability reports of six South African-based retailers selected from the Forbes 2017 Global 2000 list and the 2017 JSE listings through a simple random sampling method. The six retailers consisted of two in the banking segment, one in the telecommunications segment and three in the food segment. All SR between 2017 and 2019 were considered. In total, 28 reports were analysed.

The leading themes in Table 6.4 correlate with the themes set out in Table 6.3. The guiding criterion in each theme focused on answering the key objective(s) of the categories. The key areas gave an overall summation of the guiding criteria. The researcher was guided mainly by the research objectives and tested the emergent understanding of the data to outline the current transformative CSR practices in the South African retail sector.

The analytical framework (Table 6.4) aims to ascertain through exact themed phraseology the influence of new guiding criteria on CSR activities of the sample food,

telecommunications and banking South African-based retailers and how their CSR activities are conceived, funded, managed and reported on.

Table 6.4: Analytical framework for sustainability report analysis

Leading themes	Categories	Guiding criteria	Key areas of investigation
1. Reporting	**1a** Global Reporting Initiative	For a report to be compliant, it must set out the organisational profile, strategy, ethics and integrity, governance, stakeholder engagement practices and business reporting process. What are the compliance regimes of the businesses to the GRI standards and general disclosure guidelines?	*Footing of reports* How are the requirements of international standards considered in CSR reporting, and to what extent are the requirements applied and monitored to achieve sustainable social impact?
	1b International <IR> Framework	The <IR> focuses mainly on the annual integrated report. It aims to fast-track and improve efficient and productive use and reporting on the six capitals. With specific reference to the social and relationship capital aspects of the <IR>, how do the sampled businesses monitor their social impact?	
	1c United Nations Sustainable Development Goals	How is the universal roadmap used to achieve and improve sustainable social value creation?	
2. Planning	**2a** Bill of Rights	Businesses as corporate citizens are responsible for acting in harmony with the Republic of South Africa's values. How do the businesses uphold, advance or articulate their stance on human rights?	Planning considerations To what extent are human rights issues, the compliance targets of the B-BBEE Codes, social stakeholders and the King IV report considered in the incorporation and reporting of the sampled retailers regarding legislative compliance in planning and reporting, and transformative CSR practice and social interventions and the monitoring thereof?
	2b B-BBEE Codes of Good Practice	In terms of the B-BBEE Generic Scorecard, at least 1% NPAT must be allocated to a preset socio-economic developmental guide. How do the businesses incorporate and report on this transformation compliance target requirement?	
	2c Stakeholder management	How do the businesses determine, engage and manage their social stakeholders?	
	2d Social and ethics board subcommittee / King IV	The board of directors is compelled to pay attention to the reach and impact of the business's social activities through its social and ethics board subcommittee. How are the CSR activities overseen and monitored?	

	2e Integrated Sustainable Rural Development Programme	How is the ISRDP considered in sustainability reporting when formulating the businesses' CSR strategy or activities?	*Regulatory considerations* To establish the extent to which the South African regulative transformative agenda is incorporated into the sampled retailers' sustainable CSR social outlook.
	2f Urban Renewal Programme	How is the URP considered in sustainability reporting when formulating the businesses' CSR strategy or activities?	
	2g Integrated Human Resource Development Strategy 2010-2030	How is the IHRDS considered in sustainability reporting when formulating the businesses' CSR strategy or activities?	
	2h National Development Plan 2030	How is the NDP considered in sustainability reporting when formulating the businesses' CSR strategy or activities?	
3. Impact sustainability reporting	**4a** Historical synopsis	How do the respective sustainability reports provide their readers with a chronicle pathway, determination of the intervention's lifecycle and its intended impact?	*Impact reporting* What are the chronology, materiality and measurability of the respective CSR interventions over their lifecycle?
	4b Materiality	In its nature, CSR material issues should sprout out of a business's stakeholder engagement process. Material topics, in consultation with society, should reflect significant impacts on society by a business. How is materiality expressed in the respective sustainability reports?	
	4c Measurability	How is the measurability of the CSR interventions articulated?	
	4d Timeline	Is a clear timeline provided of the lifecycle and/or outcome of each intervention or activity?	
4. CSR practices	**5c** CSR practices	To what extent are there trends of progressive CSR practice and interventions and are they independently assured?	*CSR progressive practices* To what extent is there evidence of progressive and transformative CSR practice and interventions?

Source: Created by the researcher (2020)

The study utilised the above framework as an analytical guide to assess the social aspects of the sampled companies' socio-economic development impact. Some of the key guiding criteria overlap, giving it a broader web to gather relevant data/information.

For example, sustainable value creation is a common theme in the UN SDGs. In turn, the UN SDGs are at the core of both the South African NDP and the King IV report. On the other hand, King IV was a key blueprint in formulating the JSE guidelines to which all the sampled businesses reportedly ascribed. King IV is also an essential guide in applying the <IR> and the oversight role of the social and ethics board subcommittee.

The following section articulates the results of the analysis of the sustainability reports. The reporting is done in line with the key areas of investigation set out in Table 6.4.

6.4 SUSTAINABILITY REPORTS ANALYTICAL FINDINGS: GAPS AND LIMITATIONS

This section presents an analysis of the findings related to the sustainability reporting of six organisations in three segments (food, telecommunications and banking) of the retail sector over three years from 2017 to 2019. The three years period review are intended to get an insight into the CSR practices within the South African retail sector. The six businesses were selected using simple random sampling (see Chapter 1, section 1.6.1.2) and equated to three in the food segment, one in the telecommunications segment and two in the banking segment. The below findings are set out in the sequence as per the key areas of investigation in the framework provided in Table 6.4. To protect the identity of the businesses, each business was assigned a reference code. No verbatim extracts were used, and the code numbers do not follow the retail sector segment order. The random numbers allocated ranged from RS1 to RS6. The results are first presented individually before a detailed overall view is provided per item.

6.4.1 Reporting

Considering that there is an array of international and domestic standards, the researcher only looked at the sustainability reporting footprint in South Africa of the businesses sampled. Some businesses have operations in African countries that may or may not support South Africa's international standards. Where reports were issued for multi-countries, only the texts pertaining to and specifically referencing South Africa were considered. The relevant international standards encompass the GRI standards, the impact monitoring guidelines set out by the IIRC (<IR>) and the UN SDGs.

6.4.1.1 The footing of the reports

How are the requirements of international standards considered in CSR reporting, and to what extent are the requirements applied and monitored to achieve sustainable social impact?

It was found that some sampled businesses might not have used all the framed international standards expressed in this study due to their business nature. The sustainability reports varied from 23 pages on average for RS5 to 76 pages on average for RS3 (see Table 6.5 for the remaining averages).

Table 6.5: Average pages per report over three years

Retail sample (RS)	Average pages[22] 2017-2019		
	Sustainability reports	Auxiliary reports	Combined
RS1	54	83	137
RS2	56	-	56
RS3	76	2	78

Retail sample (RS)	Average pages 2017-2019		
	Sustainability reports	Auxiliary reports	Combined
RS4	48	-	48
RS5	23	1	24
RS6	46	-	46

Source: Created by the researcher (2021)

The average page difference per retail sample over the three years under review does not translate into more information. The data shows that the number of pages does not translate into relevant information. In some instances, as in the case of RS4, the pages were mostly filled with pictures and extensive colour shading taking up space.

To an extent, the sampled retailers differ in the processes on how they manage and engage their stakeholders. However, several scholars and leading international organisations agree on how and why reporting to stakeholders should occur. Among others, they concur that businesses need to give an impact statement on the outcomes and report to their stakeholders to ensure that the correct information is communicated to the right audience, at the right time, and frankly, consistently and transparently (Chodokufa & Cronjé, 2016:2013; Donaldson, 2012:5-6; GRI N.d.; Kloppers, 2013b:131).

[22] The researcher, where applicable, applied decimal rounding to present the average pages.

Internationally, the GRI standards is regarded as one of the leading authoritative guidelines on sustainability reporting (Blasco & King, 2017; GRI (Global Reporting Initiative), 2018b; Pedersen, 2015:107). When an organisation uses the GRI standards as a reporting approach, it must comply with the provisions and chronology of the GRI standards for it to be compliant. The GRI standards set out a specific report chronology and the reporting process, and articulate the information each should entail (GSSB, 2016a:6).

In so far as considering the international standards in CSR reporting and the application thereof, for all three years under review, RS1 used its own[23] reporting formats. These formats differ year on year, and similarly, there was no evident continuity in how the interventions were reported on. On the other hand, RS2 stated every year under review that their reports had been prepared following the GRI standards' core elements; however, for convenience, they annually made internal adjustments to the GRI standards' requirements. Some of the reasons for adjusting the GRI standards' requirements to suit each report included that the adjustments ease referencing, comparability, clarity and brevity of the sustainability report. These adjustments in terms of GRI103 of the compliance requirements of the standard is not permitted.

As previously mentioned, the requirement states that for a business to claim that its sustainability report has been prepared following the GRI standards, it must comply with all the provisions set out in the standards. RS3, on the same token, stated that its sustainability reports had been prepared in terms of the GRI standards core options. However, it continued by saying that several elements of different reports such as the GRI standards, SDGs, and King IV and several other standards and guidelines were combined in the drafting of its sustainability reports. The specific elements that were included in the combination were not clarified. This mixture of standards and regulations of different standards and regulatory bodies made it nearly impossible to assess the textual information with the categories in this study's analytical framework.

The researcher only had access to one report of RS4. RS4 also used its own internal reporting format. In the two reports to which the researcher had access, similar to RS1 and RS4, RS5 used its own reporting format to report on the different SDG items the

[23] Own in the finding context of this study refer to self-developed and appraised by the said business.

organisation selected. In one year, RS6 used the <IR> as a guide for its sustainability report. In the following two years under review, it used its own format to report. The <IR> reporting elements are not suited for sustainability reporting due to their integrated focus on the combined efforts of the respective capitals to create overall value to the business, shareholders and stakeholders.

The <IR> focuses mainly on examining the strategic and governance actions of a business that create sustainable value for all stakeholders through the six capitals.[24] The upholding of going concern and creating common good in the combined efficient application of the six capitals are regarded as the business's value for all stakeholders, including shareholders (PwC, 2015:34). For the purposes of this study, the social and relationship capital component was, to an extent, not viewed as the societal investment businesses should employ to revolutionise and embrace the future under transformative CSR practices. Even if the <IR> is used as a sustainability reporting tool, the core of value creation in terms of its framework should be greater community empowerment through interventions such as contributing towards responsible social change, infrastructure investment, employment creation and the development of skills of members of the community (Kabir *et al.*, 2015:284; Visser, 2014:4).

What is also significant from the analysis of all six (100%) of the sampled retailers is that they stated in one way or another that they were either influenced by or aligned their strategic organisational objectives to the UN SDGs. However, in so far as the SDGs are concerned, disclosers show that the types of CSR and sustainability targets and goals used in sustainability reporting vary widely from business to business and in the same segment and/or sector (Searcy *et al.*, 2016:17).

However, according to Searcy *et al.* (2016:17-18), it is essential to tailor CSR and sustainability targets and goals for a specific business context and materiality. To achieve the transformative ambitions towards 2030 and determine where South African businesses are on the journey or to measure progress, they require a means of transparent measuring how far they have come to meet stakeholder expectations, agreed to reciprocatory material topics, their milestones, organisational indicators, targets or

[24] The six capitals are the financial, manufacturing, human, social and relationship, intellectual and natural capitals. This study only focused on the social and relationship capital component with specific reference to a business's relationship with communities in which it operates and other stakeholders.

goals. Therefore, when using the SDGs in their reporting to articulate which goal(s) they focus on, businesses must articulate how the goal links to materiality, what its milestones and indicators are, and clearly articulate the intended impact, timeframe and lifecycle of the intervention.

Furthermore, the efforts of businesses to report on their sustainability matters need to be commented on. However, based on the review of the sampled retailers' sustainability reports of the three years, from 2017 to 2019, South Africa still lags behind the current international sustainability reporting trends. According to a survey done by Blasco and King (2017), 63% of the largest N100 and 75% of the Global Fortune 250 companies reported applying the GRI standards when doing sustainability reporting. Compared to the latter, as per summarised view in Table 6.6, although questionable, only two (34%) out of the six sampled businesses used the GRI standards as a reporting guide.

Table 6.6: Summarised view of footing of reporting

Retail sample (RS)	Year under review		
	2017	**2018**	**2019**
RS1	Own	Own	Own
RS2	GRI?	GRI?	GRI?
RS3	GRI?	GRI?	GRI?
RS4	Own	-	-
RS5	SDG	-	SDG
RS6	<IR>	Own	Own

Source: Created by the researcher (2021)

More than half (66%) of the retail samples used their frameworks to report their sustainability, of which four (50%) used their in-house framework, one (17%) out of the four used the SDGs and another one (17%) a combination over the three years of the <IR> in one year and its in-house framework in the remaining two years under review. Based on their objectives, neither the SDGs nor the <IR> is suitable for sustainability reporting. According to the United Nations General Assembly, the SDGs should be seen and used as a guiding blueprint document to steer businesses to better 'plan' for a

sustainable future for all (UNGA, 2017). The aim of <IR> or the integrated reporting objective is mostly to explain to current and potential investors or capital providers how the business creates value in the short, medium and long term through the application of all six capitals. Therefore, reporting in the transformative CSR model should follow the prescribed reporting format to ease report assessment.

6.4.2 Planning

The planning aspects were apportioned into two parts. The first part dealt with the planning considerations and the second part with the regulatory considerations.

6.4.2.1 Planning considerations

To what extent are human rights issues, the compliance targets of the B-BBEE Codes, social stakeholders and the King IV report considered in the incorporation and reporting of the sampled retailers regarding legislative compliance in planning and reporting, and transformative CSR practice and social interventions and the monitoring thereof?

The analysis entailed specifically looking at how a report aligns to aspects of the Bill of Rights through direct referencing; how the B-BBEE Codes of Good Practice are applied with specific reference to the socio-economic development bearings; how stakeholders are managed and engaged; and to what extent the board, through its social and ethics board subcommittee, guided by King IV, consider, approve and monitor the social activities of the business.

A business cannot be separated from how it observes human rights as part of the Bill of Rights in its response to community needs (NSG, 2019:16-17; WCED, 1987:xii). The analysis found that all six sampled retailers (100%) view human rights as a fundamental issue that the business needs to address. All (100%) pledged to an extent to take adverse human right impacts seriously and as far as possible avoid infringements on the said or being complicit in the violation of these rights through stringent internal codes, standards and/or guidelines.

It is, however, different for the analytical findings of the B-BBEE Amended Codes of Good Practice, the Generic Scorecard. All six (100%) of the sampled retailers reported vaguely in their separate sustainability reports on the socio-economic development aspects of the

B-BBEE Generic Scorecard. In articulating the requirement, five (83%) out of the six sampled retailers only restated the legal requirement or stated that they are committed to transformation and socio-economic development in South Africa. In incorporating the socio-economic development requirement, all six (100%) sampled retailers' CSR interventions or commitments were mostly to education (early childhood to tertiary). Logically, considering the diverse needs of the previously disadvantaged in South Africa and the mapping and prioritising of stakeholder management needs, the only material topic in chief for all sampled retailers could be education. Although investing in education, in general, is good, the researcher could not find any tangible impact evidence in all the sampled retailers' sustainability reports that substantiates, assures or articulates that investment in an individual translates into a common good for that community, benefit for the community in future or details of the impact his/her education has made in that community. On the contrary, the results indicated a widespread persistence of social ills among the previously disadvantaged South Africans, and international benchmarking tests over the last years consistently rate literacy levels among young children in South Africa amid the worst in the world (Khan, 2021:40).

The remainder of some socio-economic development interventions across the six sampled retailers was reported as donating surplus food to communities, charitable acts, feeding schemes, philanthropic arrangements and community gardens. The B-BBEE Commission (B-BBEE Commission, 2020:98) asserts that the verification process needs to be strengthened to independently and qualitatively measure initiative needs analysis, monitoring and evaluation to ensure that the endeavoured objectives of the socio-economic development parameters are met.

Notwithstanding the above, the dtic (2007a:73) gives guidelines on what the 1% NPAT socio-economic development portion needs to be spent on. The 1% NPAT excludes businesses in the financial sub-retail sector required through the financial sector codes to only spend 0.6% on socio-economic development and 0.4% on consumer education. The baseline programmes set by the dtic range from developmental programmes, healthcare, support to schools, skills development and bursaries for the unemployed, support to arts and culture programmes to development capital for community beneficiaries, training communities to assist them in increasing their financial capacity, payments to third parties to perform socio-economic development interventions on behalf of the business and

maintaining a socio-economic development unit that focuses only on the support of the beneficiaries and/or communities. Taken by the range of blueprint programmes, a business can do more than invest in education. RS1, although it also mainly invests in education, concurred that the challenges in South Africa are more significant than only requiring access to education.

RS1 also provided an easy-to-read financial spreadsheet indicating the socio-economic development spent, which is a step in the right direction. However, the shortcoming of the financial declaration is that it did not indicate using a general description of the carry-over amount, the CSI budget for the financial year under review or what was carried over to the next financial year. The remaining five (83%) out of the six sampled retailers mentioned either only rand value amounts or percentages alongside the CSR programme, with no summation table to collate the amounts. Others, in articulating a programme's CSR spend, interchanged between percentage and rand value, with no referencing NPAT amount. Without an explicit, easy-to-read financial declaration made in each sustainability report to assure or assess CSR spend, holding a business accountable might be nearly impossible.

Another observation regarding aspects of the B-BBEE Generic Scorecard is that 66% (four out of the six sampled retailers) reported employee skills development as part of their socio-economic development component. Despite employees being part of the community when they are in the employ of a business, they become and are regarded as internal stakeholders and cannot be regarded in the execution of this requirement as community members or external stakeholders. The B-BBEE Codes are clear in their compliance targets that socio-economic development needs to be funded by 1% NPAT. The skills development of employees needs to be funded with 6% of a business's payroll. The objectives of the distinction between the developmental targets are made because the one is intended for the upskilling of unemployed community members to increase their employment prospects in the labour marketplace and promote entrepreneurship among unemployed societal members. Employee skills development is set out in the Skills Development Act 97 of 1998, articulating clear priorities that need to be addressed under its provisions.

In general, business stakeholders are made up of a wide range of internal and external stakeholders and a variant mixture of both. In the retail sector, the overall businesses'

stakeholders could include, but are not limited to, business partners, regulators, government, employees, customers, CSOs and the local community in which realm the business operates. The management and engagement of these CSR stakeholders have been one of the fundamental cornerstones of the concept. Stakeholder management and their engagement move from the belief that, in the study context, social stakeholders, in particular, must inform a business's CSR policy or guidelines, and they should receive regular feedback accordingly (AccountAbility, 2015; Louw & Venter, 2010:174).

Although all six (100%) of sampled retailers alluded to stakeholders broadly, none gave a clear systematic differentiation or approach to stakeholder management[25] and stakeholder engagement[26] as separate processes. Figure 6.1 sets out the elements or steps in the stakeholder management and stakeholder engagement processes.

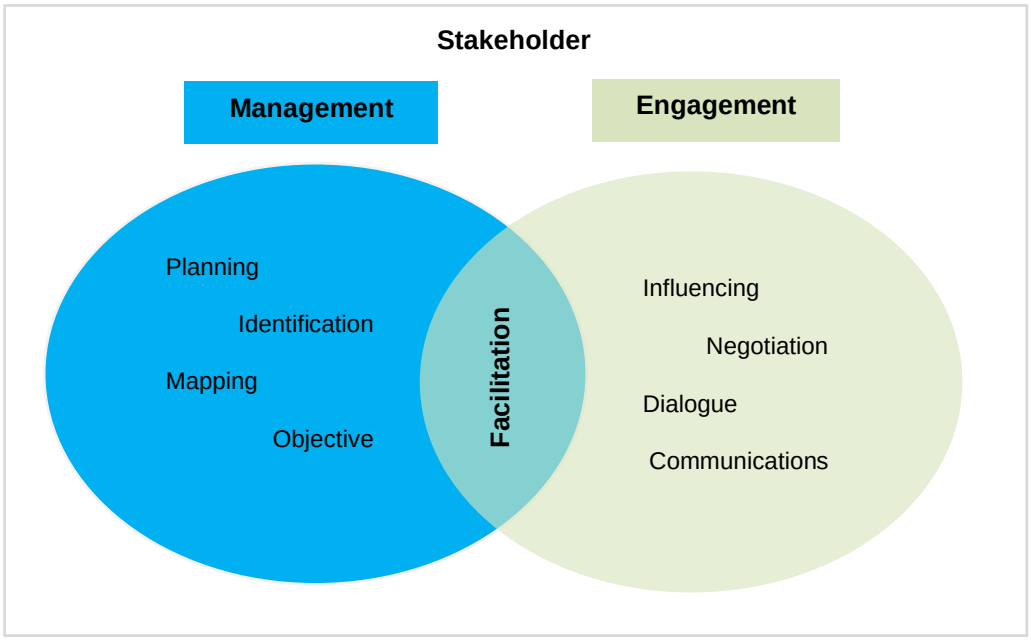


Figure 6.1: Stakeholder relations approach

Source: Created by the researcher (2021)

[25] Stakeholder management is the internal process by which the responsible person or unit put measures in place to establish or improve relations with stakeholders. The planning involves the systematic identification and mapping of stakeholders, analysing their needs and expectations, before putting facilitation measures in place on how to consult them.

[26] Stakeholder engagement deals largely with consultation and communication aspects with the stakeholder groupings in a targeted manner. Through the targeted stakeholder engagement process, a business gets to know the stakeholders or their groupings, and strategises how to influence, negotiate or create dialogue channels to best meet their respective and/or overlapping needs.

The sampled retailers mostly, as per their respective reports, only articulated the stakeholder engagement aspects. Some articulated stakeholder management issues as part of stakeholder engagement. For example, RS1, under stakeholder engagement, stated that it categorised its stakeholders into two groupings: those with a direct relationship with the business and those with an indirect relationship. The sampled retailer (RS1) further stated that it pledged to consider stakeholder concerns and suggestions and was committed to constructive engagement with stakeholders to test the completeness of material issues and define priorities. The retailer also stated that the business hosted regular dialogues and regularly engaged with selected CSOs and think tanks.

Another sampled retailer, RS2, stated that it engaged with a diverse range of stakeholders to attain the business's purpose, understand the societies in which it does business and respond in a relevant and appropriate manner. It also stated that its sustainability report was aimed at shareholders, but contained information applicable to other stakeholders. RS3 stated that it believed that it was critical to recognise its stakeholder concerns, be more responsive to the said, and appropriately address concerns for it to be a responsible corporate citizen. It was also cognisant that stakeholders had opposing views and interests and pledged to reconcile and continuously respond appropriately to these multiple views. The sustainability reports of RS4, RS5 and RS6 provided vague to no textual content on stakeholder management and their engagement. Furthermore, the sampled retailers also used CSR/I vehicles such as trusts, foundations and pool/crowdfunding funds. Of the 83% (five sampled retailers) who reported one or more of these vehicles in their sustainability reports, no indication could be found that these vehicles used their stakeholder management and stakeholder engagement processes, whether they issued their sustainability reports as a separate business entity or what the CSR oversight and monitoring regimes of these vehicles were.

In general, the social and ethics board subcommittee to the board has overall oversight into and monitors all CSR activities within a business, in line with the King IV requirements. Although most (83%; five sampled retailers) provided an overview of their social and ethics board subcommittees' oversight and monitoring activities, 34% (two of the sampled retailers) provided separate social and ethics board subcommittee reports, which in one case repeated the said heading information in the sustainability report in

totality. The other, although also being a repetition, provided some additional information. For the most part, the focus areas of the social and ethics board subcommittee of five (83%) of the sampled retailers articulated nothing revolutionary or progressive.

The summaries in the sustainability reports and the auxiliary reports largely rephrased the duties and responsibilities set out in the Companies Act and King IV. In many instances, the same key focus and oversight areas were repeated year on year and scaffolded as ensure, oversee, review or the introduction of a rephrased activity as a new one and then in the next year; the same items are listed as an introduction, a continuation, oversaw, or as a review. These key focus areas or activities were listed in bullet form with no detail on progress, outcome or impact statement or reference to a sustainability report section to validate their actions through indicators, milestones or activities. Similarly, no indication could be found of direct oversight of the CSR/I vehicles, which were in most instances separate entities and should have been included in the social and ethics board subcommittee responsibilities as an item, specifically for the five (83%) sampled retailers who reported use of these vehicles. As part of governance and in line with King IV, 83% (five of the sampled retailers) provided the reader of the sustainability report with a clear social and ethical governance path in the organisation, either as a diagram or in written text.

6.4.2.2 Regulatory considerations

To establish the extent to which the South African regulative transformative agenda is incorporated into the sampled retailers' sustainable CSR social outlook.

Since independence in 1994, South Africa introduced several pieces of statutes and regulations in a pursuit to reverse the effects of apartheid and transform the social landscape of the previously disadvantaged for the better. The regulations considered for this study consisted of legislation introduced to advance transformation and regarded as integral to CSR. These regulations are the ISRDP (developing rural sections to realise social solidity with sustainable institutions, access to social amenities, and areas that can allure and retain proficient and knowledgeable people equipped to tangibly contribute to the future growth and further advancement of that area), the URP (focusing mainly on terrestrial revitalisation and urban decay), the IHRDS 2010-2030 (upskilling and equipping people to participate in society and the job market or to become entrepreneurs

to the benefit of the common good) and the NDP (eradicating deprivation and reducing socio-economic disparity).

In all six (100%) of the sustainability reports, the researcher could not find any explicit or indirect reference in the orientation framework, strategic overview or text to the application and implementation of the ISRDP and the URP. However, although not explicitly, overlapping evidence could be found in 66% (four sampled retailers) of the sustainability reports suggesting upskilling of the unemployed to participate in the job market, indirectly linking it to the IHRDS 2010-2030. The four (66%) sampled retailers reported that they provided upskilling to the unemployed through learnership programmes, and two (34%) out of the four also provided internship programmes to the unemployed.

Three (50%) of the sampled retailers explicitly mentioned that the NDP formed part of their agenda when considering CSR interventions in their orientation framework. This is indeed a promising trend, as the focus of the NDP is predominantly futuristic and contains a series of planned proposals on how to drive social change, eradicate social deprivation and, to an extent, reduce social inequality (NPC, 2012:24-27). Furthermore, the NDP underscores social transformation as a key driver of change and builds social capabilities to solve complex societal problems. Two out of the three sampled retailers mentioned above frequently mentioned the social transformation objectives of the NDP in one or more of their third-party projects, funding provisions and business expansion projects. Although the two (34%) sampled retailers mentioned the NDP or drew an alignment between the NDP, the SDGs and the <IR> capitals, no evidence could be found in their sustainability reports that contained a futuristic planned proposal to drive societal-focused transformation other than what seems to be business expansion projects or activities reported in the sustainability report. Therefore, planning in the transformative CSR practice should embrace the material issues from stakeholders in the proximity of the retail segments and the developmental plan of government for the same stakeholders.

6.4.3 Impact reporting

What are the chronology, materiality and measurability of the respective CSR interventions over their lifecycle?

Impact sustainability reporting implies that a business, in its textual reporting under the compliance elements of its chosen reporting framework, provides a historical synopsis, materiality and lifecycle progression of the intervention on which it is reporting. This could allow the reader to determine the chronicle materiality of the intervention and the priority of the material topics, measure the progress and effectiveness of the material topics and determine the lifecycle of the intervention and the significance of the overall impact.

All six (100%) of the sampled retailers' report-back on interventions lacked chronology. All the reports were relatively generic in their textual expression of the interventions, with no transparent tabulation or prioritisation of material topics. The absence of background information on each of the interventions mentioned under the social or community headings impacted the researcher's potential to establish how the intervention was conceived and to what end. Interventions were reported broadly and randomly, with no sequence or set milestones until the end of their pre-concluded lifecycle, as per the textual articulation of all six (100%) of the sampled retailers; other than early mentioning of the interventions and their accompanying CSR spend, minimal regard was given to the overall social impact of an intervention. The social impact should result in a positive overall social change of the community and should be sustainable into the future (IAIA, 2008; Rawhouser *et al.*, 2019; Stephan *et al.*, 2016). However, interventions made a once-off appearance or were mentioned in the report of one year of a sampled retailer, disappearing in the next year and reappearing in the other year with no reason for the inconsistency. Another difficulty is that accumulative numbers were given, such as the last ten years, in the case of long-running interventions, instead of giving explicit information of the year's material topic under review.

Reporting to stakeholders is generally done through a sustainability report, either as a standalone report or as several auxiliary reports. The sustainability report is intended to give a frill-free report-back or feedback to social stakeholders on the social, economic and ecological initiatives undertaken in the year under review (Owen & O'Dwyer,

2008:394). Figure 6.2 sets out the current (spider web) multiple reporting and uncomplicated reporting expression.

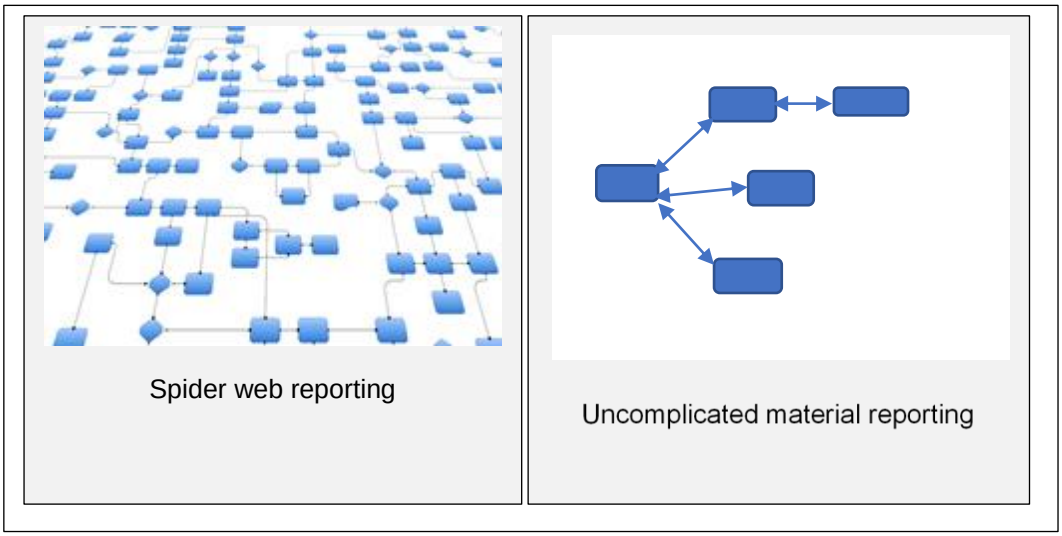


Figure 6.2: Annual reporting expression

Source: Created by the researcher (2020)

As previously mentioned, the researcher only considered the sustainability, GRI standards and ESG reports as the reports in chief and any other report referred to, such as social and ethics board subcommittee report, as auxiliary reports. The majority (83%) of the sampled retailers produced and spread information between two to four supplementary reports. Although the extended textual content of the supplementary reports was not considered for this study, the researcher included the information for context. The spider web reporting system is overly complicated, and the content in the respective reports did not follow a logical or cohesive order. The complexity and cross repetition of the content in the respective supporting reports also made it challenging to understand the connection and interrelatedness of the content and its general purpose for all the reports.

An additional complexity was that in the respective introductions or framing of the sustainability reports of four (66%) of the sampled retailers, they applied South African legislation, but gave snippet reporting on all the African countries in which they are doing business. Due to the mixed reporting on the respective social impacts in different countries, it was nearly impossible to track the financial socio-economic development investments regarding the B-BBEE Generic Scorecard and to report material topics as envisioned by the GRI standards.

Notwithstanding the lack of unambiguous academic methodology on materiality and the questionable use of the GRI standards by two (34%) of the sampled retailers and the findings that 66% (four sampled retailers) opted to use selected elements of the GRI standards, the materiality of the textual supplements lacked substance. Considering the application of the different reporting frameworks, how material topics were conceived, defined and assessed by each sampled retailer consequently followed multiple similar approaches.

RS1, for example, followed the materiality definition given by the <IR> in its sustainability report (as mentioned earlier, the focus of the <IR> is on the annual integrated report and not on sustainability reporting). This could be why the sample retailer focused a large part of its material reporting on financial aspects and value creation instead of the significant impact. In another year, RS1 provided a list of material issues that neither included society as a stakeholder, nor any item that spoke to socio-economic developmental issues other than the social impact in third-party capital projects. The concern regarding third-party reporting is that the subject business had no or little control over the social impacts on which it reported. An additional concern is that if a comparison analysis was conducted (which was not within the scope of this study), the data in this sustainability report would have correlated with that of the project owner. The question then has to be asked that if a CSR intervention does not fall under the direct oversight and monitoring authority of the social and ethics board subcommittee or the board, should that activity be listed in the sustainability report?

RS2, on the other hand, articulated materiality as those issues that had/could have influenced its ability to create value over time as it pursued its ambition to have a positive impact on society and shareholder value. The material issues listed and discussed the business's rebranding and employee engagements stated its societal vision and regulatory demands.

RS3 assessed material issues based on the achievement of the business objectives and prioritised them according to the scale and nature of the impact on the business' operations and performance and the interest of its stakeholder groupings. Under the sustainable society material issue list mentioned items such as ethics, talent, inclusive workplaces, and a safe working environment. These listed items were largely material to internal stakeholders rather than societal stakeholders.

In conceiving material topics, RS5 relied on its own experience and its peers in corporate reporting. Much of the assessment included scanning through articles, media releases, peer reports and stakeholder inputs. No list of material issues was provided. Like RS1, RS6 aligned its determination of material issues to the <IR>. RS6 stated that it prioritised its material topics, which included trade performance and growth opportunities, supply chain configuration, leadership transformation, employment equity, remuneration strategy, employees, safety standards, socio-economic impact and operation license, among others, on extensive consultation with stakeholders and discussions and workshops with its management. Like RS3, these material issues listed by RS6 seemed to be more focused on internal stakeholders and operational issues.

Based on the definition of the materiality of the GRI standards and consideration of the above summation of the material articulation over the three years, the South African retail sector sustainability reports are lacking. Consequently, due to the different interpretations of materiality, all six (100%) of the sampled retailers mainly focused their report-back year on year on the financial spend of interventions and less on the substantive clarification of the materiality GRI standards. These included identifying, listing and prioritising material topics and explicitly describing the social impacts of each material topic in consultation with the social stakeholder.

Critical in applying materiality, the expectation is that a business should ‘report or explain’ why it could not mitigate a potential undesirable impact. Of the six sampled retailers, the researcher could find only one instance where one of the sampled retailers disclosed that it discontinued a failed intervention due to lack of participation. No evidence could be found in the remaining sampled retailers’ sustainability reports explaining any adverse impacts.

Regarding the measurability of the CSR interventions and their timelines, no detailed information could be found to measure the CSR interventions year on year due to vague and inconsistent material topics, lack of specific chronological material topic information and lack of performance indicators or milestones for each listed material topic. The transformative CSR practice focus on the impact lifecycle of interventions and the reporting thereof instead of the primarily quantitative data presentation of the conventional CSR practice.

6.4.4 CSR progressive practices

To what extent is there evidence of progressive and transformative CSR practice and interventions?

Although five (83%) of the sampled retail businesses over the previous three years stated in their separate sustainability reports that they are using the GRI standards either in whole or in part as a reporting tool, the researcher could not find any evidence in the sampled reports of novel trends or the introduction of progressive social interventions. Other than articulating the social and ethics board subcommittee's general broad outlook of CSR for the following year or reporting on the activities under review, the researcher could not find any clear evidence in all the reports on forwarding planning in terms of the set targets or milestones on that current intervention or new interventions. In addition, no clear information was given on the social condition before the intervention or conditions that gave rise to the intervention (material topics), or how the beneficiaries would take ownership of the intervention or its sustainability. For example, the intervention key drivers of four (66%) of the sampled retailers' CSR intervention focused mainly on enhancing the businesses' reputation, improving employee relations, using CSI policy to position the businesses favourably against their competition, growing their market share and demonstrating business relevance.

These drivers are in direct opposition to what the study suggests the businesses' social responsibilities should be based on the definition given by Bowen (1953) and on which this study based its understanding of the concept. Bowen believes that the business has an obligation to follow policies, make decisions and pursue a line of action that is desirable in terms of the objectives and values of the society in which the business operates (Carroll, 1999:270). The CSI drivers of these sampled retailers, to an extent, confirmed the difficulty and potential cross-contamination of the CSR obligations to the communications, marketing and public relations functions alluded to in the introduction of this study (Brennan, 2014:141; Masuku & Moyo, 2013; Rongan *et al.*, 2012:1-2).

Two (34%) sampled retailers showed evidence of similar difficulties and potential cross-contamination of obligations and functions in what they termed 'CSR enablers'. For example, of the three enablers of RS2, only one mentioned community, with no clear understanding of what the enabler set out to achieve. The remaining two enablers

focused on customers and the business's footprint in Africa. Similarly, the enablers of RS3 mainly focused on the business's continued effort to align and integrate its CSI and marketing campaigns or how the business, through its activities in Africa and South Africa, can create value for society. The researcher could find no clearly set CSR objectives linked to the enablers or legislative obligations in the respective countries of operation, especial in South Africa, considering that each country has its own set of regulations and policies and unique social diversity and needs (Smit, 2014:11-12; Visser, 2006:31-40).

A promising trend is that retailers had taken up the independent validation of their activities. Four (66%) of the sampled retailers reported some form of external independent assurance of the sustainability reports. The concern is that all four (66%) of the sampled retailers reported that the assurance year on year was only done on either a limited or a selected part of the sustainability reports, without disclosing which parts of the content were assured and/or the findings. In the next section, the researcher gives a summation of the findings. Unlike the conventional CSR practice, transformative CSR practice would allow for clear articulation of sustainability and impact.

6.4.5 Summary of findings

In this section, a visual presentation of the findings is first given, followed by a textual summary of the same.

6.4.5.1 Visual presentation of some key findings

51% pages per sustainability report on average

66% of the sustainability reports are attested by a third party

83% of the sampled retailers published at least one auxiliary report in support of the sustainability report

100% indicated some stakeholder relation aspects

100% gave no clear distinction between stakeholder management and stakeholder engagement

83% have performed some form of maturity analysis

66% used elements of the Global Reporting Initiatives

100% made mention of the Sustainable Development Goals

83% committed/pledged to uphold human rights

83% indicated that corporate governance oversight measures are in place

83% used different CSR management vehicles

6.4.5.2 Textual summation

In general, each sample's three-year analysis showed that the textual results were close to identical to their preceding years. It can be concluded that South African retail sector

companies continue to have, to some variant extent, similar application, management and social stakeholder reporting challenges. The application of the GRI standards' requirements and the intent of the <IR> and SDG elements were lacking. There was also a significant lack of articulation of forward planning of interventions. Many interventions were reported as infinity projects with no measurable lifecycle, milestones or clarity of their sustainability. Some sampled retailers cavalcaded specific terms, such as creating social value.

Several instances of cross reporting and mixed reporting were prevalent regarding legislative aspects, especially the B-BBEE generic compliance targets. Content from the one Generic Scorecard element was put forward as the information of another. This was more evident under the elements of skills development and socio-economic development. Furthermore, no clear evidence could be found in the sustainability reports of how much money was contributed annually to socio-economic development or how much money was spent or carried forward over the three years under review for the respective sampled businesses.

The overconcentration on education potentially excludes an array of possible other transformative social interventions set out by the Bill of Rights and socio-economic developmental objectives as set out by the B-BBEE Generic Scorecard. The six sampled retailers' narrow focus could also potentially result in an imbalance in socio-economic development objectives. The primary key focus of all sampled retailers also implies that there might have been limited or no stakeholder management and engagement to ascertain the material topics.

There can be no doubt in the reporting that the sampled retailers adequately understood the importance of stakeholder management and engagement. What was not apparent was how stakeholders contributed to the material issues and how they were prioritised. Overinvesting in one 'social issue' could unbalance the advances towards the simultaneous fundamental reduction and/or eradication of deprivation.

The social and ethics board subcommittee reports were equally limited in articulating theirs oversight decisions. Although essential for governance, the continued emphasis of the subcommittees' roles and responsibilities in sustainability reports does not tell the reader much of its CSR oversight activities.

South Africa, to date, has introduced a broad range of regulative policies. These policies range from efforts to develop and uplift rural communities and rejuvenate urban areas to eradicating social disparity. The policies also include a broad array of CSR intervention proposals for businesses to tap into to enhance and accelerate socio-economic developmental impact.

Reporting on the socio-economic impact requires a systematic approach. The sustainability reports of all the sampled retailers lacked material topic chronology, sustainability and impact articulation, measurability of material topics and their impacts and CSR funding arrangements. The complexity of the multiple reports with, at times, repetitive information scattered the material information into several fragments. Other sustainability reports mixed information of the whole continent into one sustainability report, making it challenging to triangulate statutory and regulatory boundaries.

In general, the sustainability reports of all the sampled retailers lacked progressive CSR trends. In terms of the some of the activities observed (such as enhancing reputation, implementing activities to favour the business or integrating CSI and marketing) over the three years under review, it seems the impact of CSR generally had been stagnant. There was no evidence of radical social development or a concrete progression towards tangible transformative CSR practices beneficial to the larger society, such as setting novel communal well-being trends targeted at alleviating the spectrum of South African social problems or radical progressive changes within a community's social setting. The interventions of the sampled retailers are nevertheless commended. However, instead of spending most of their CSR efforts on education, they could find a different social niche on which to focus their interventions by perhaps observing the CSR environment. A selection of at least three items could be made from the array of guiding transformation areas in the governmental regulatory environment, CSO outcries or media reports on social needs.

Stakeholder management and engagement processes are valuable resources to establish material social issues. Although five (83%) of the sampled retailers acknowledged the UN SDGs in their sustainability reports, their interventions lacked apparent, tangible efforts to end poverty and hunger in all its forms, to ensure prosperous and satisfying lives for all (previously disadvantaged) people or to foster perceptible inclusive societies and partnerships that enable and interlink the social agenda as

envisioned by the said goals. These overall shortcomings, gaps and limitations also go against the grain of what the CSR theoretical data advocate. The section below contextualises and triangulates the respective datasets of the study.

6.5 CONTEXTUALISATION AND TRIANGULATION OF DATASETS

The proposed management model for transformative CSR practices integrates and harnesses aspects of the following five datasets:

(a) Transformative CSR theories (Chapter 2)
(b) Transition and organisational change theories (Chapter 3)
(c) Leading international standards and South African statutes and regulations (Chapter 4)
(d) International CSR trends and perspectives (Chapter 5)
(e) The analytical data from sustainable development reporting of six businesses in the South African retail sector setting (Chapter 6).

The draft management model for transformative CSR practices was circulated to industry actors for consultative inputs and comments to verify and triangulate these different datasets. The consultation period was open for 30 calendar days.

This section is divided into two themes. In the first theme, the background is given on the four datasets (transformative CSR, transition and organisational change theories; international standards and South African legislation and policy; international CSR trends and perspectives; and sustainability report analysis), followed by the second theme, which sets out the first draft management model for transformative CSR practices.

6.5.1 The emergence of CSR theories

The emergent transformative thinking on a macro and micro theoretical level (see Chapter 2, section 2.3) is snowballing. The gist of core and sub-theories implies that in terms of corporate citizenship and accountability, a business accepts that it has a public responsibility and an onus in terms of social justice and its legitimacy to participate in resolving social issues, the attainment of universal rights, sustainable development and the common good.

6.5.2 Transition rationale

As revealed in Chapter 2, section 2.7, the rationale for a business's transition from conventional to transformative CSR practices should mainly be the limited scope and lack of tangible social change and a move towards greater responsibility and accountability of the board and executives. The transition should be underpinned by greater CSR oversight, stakeholder involvement and management, social justice and scalable social interventions. According to Visser (2014:4) and Smit (2019:4-5), shared social and economic benefits can be achieved if there is a consistent appetite by boards and executives to institutionalise transformative CSR practices and change society for the better.

6.5.3 Change management

Change management (see Chapter 3, section 3.3) premises around the review (evaluation), objective (purpose), organisation (planning) and implementation (action) of the strategic, tactical and operational processes of a business or a section thereof (Kirkpatrick, 2001:18-19; Paton & McCalman, 2008:3-4). The (re)evaluation of change largely reflects the objective(s) of the intervention and how it should happen in its applied context. Similarly, to achieve the change objective, significant consideration should be given to organising the change pathway and its implementation. It is accepted that change implementation and the management thereof are not homogeneous and largely depend on the business case; a business's maturity, readiness and culture; and its appetite to invest in tangible social change. Kotter (2012:23) asserts that even great leaders should follow a particular process or use certain international or domestic management tools to implement or manage change to be successful.

6.5.4 International standards

Several countries, including South Africa, adopted numerous international standards and implemented them either as a blend or as a standalone tool. In the analysis, there were several unclarities or discrepancies in terms of the content to confer in the sustainability report to satisfy the respective standards (see Chapter 1, section 1.1). What is clear from the leading international standards used in South Africa, namely the GRI standards, <IR> and the SDGs, is that the GRI standards sets clear criteria for compliance. The analysis

showed that there are groupings in the retail environment, such as in the financial and telecommunications clusters, with additional domestic standard requirements. Although the requirements of these authority bodies were not part of this study, it is essential to note that, firstly, several of these domestic regulatory requirements have their foundation in the South African Constitution as the supreme authority, the Companies Act and/or the King reports and, secondly, the additional domestic standard requirements have a primary influence on the annual integrated report.

6.5.5 The statutory and regulatory regime

As outlined in Chapter 4, section 4.3, the statutory and regulatory regime in South Africa forms a significant part of the country's transformation agenda. The law-making environment includes direct (although not explicit) and supporting/contributory CSR legislation. Both the direct and the contributory legislation have their basis in the Constitution of the Republic. To an extent, the Constitution sets the CSR tone (Chapter 2) through the Bill of Rights as part of the prescriptions for fundamental human rights and privileges. The direct CSR legislation references the B-BBEE Codes of Good Practice, the Generic Scorecard, as driven through the B-BBEE Act and specifically the Scorecard's socio-economic development compliance target. The Companies Act, as a driver of CSR, is largely executed by the board of directors and the social and ethics board subcommittee. The statutory regime also gave rise to several social transformation contributory legislation, such as the Labour Relations Act, the Basic Conditions of Employment Act, the Competition Act and the Consumer Protection Act.

The regulatory approach supports the statutory regime to transform socio-economic inequalities and accelerate the country's slow or underdevelopment. These programmes include, but are not limited to, the following:

- The ISRDP: aimed at attracting feasible institutions, sustainable economics, universal entry to social amenities and building rural communities that can attract and retain skilled and knowledgeable people equipped to contribute to the growth and development of a community
- The URP: introduced to address the underdevelopment and upkeep of the historical architecture and the townships that were spatially engineered and deserted by the apartheid government

- The IHRDS 2010-2030: aimed at the solidification of primary education and foundation programmes in areas such as science, technology, engineering, mathematics and languages
- the NDP: Vision 2030: contains a series of futuristic propositions on how to realise tangible social transformation, attain human rights and tackle poverty and inequality through the formation of social compacts.

6.5.5.1 Corporate governance and King reports

King IV (see Chapter 4, section 4.4.5) embedded all preceding King reports and considered the Africa 2063 Agenda, the NDP and the SDGs, among others, in its drafting. King IV promotes and reinforces sound corporate governance and legitimacy and advocates for greater transparency, an outcome-based approach, accountability and meaningful reporting to stakeholders. The underpinning philosophies of King IV are concepts such as sustainable development, corporate citizenship and stakeholder inclusivity. King IV sees a business as an essential part of the society on which it has an impact.

6.5.6 International trends

As confirmed in Chapter 5, in countries such as India, China, Poland, Germany, the UK, Brazil, the USA, Mozambique, Egypt and Kenya, the current trend shows great futuristic CSR optimism. In India (see Chapter 5, section 5.2.1.1), it is obligatory for businesses, including the retail sector, to have dedicated teams that formulate CSR-specific policies, strategies and targets for their CSR initiatives and set aside budgets to support them. It is also crucial that most Indian businesses recognise CSR as a deontological duty that offers an alternative to state socio-economic interventions. The Indian policy, in some variation, is one of the few international CSR legislations that is very explicit when addressing businesses' responsibility towards society. The Indian Companies Act, in its preamble, sets out clearly what actions constitute CSR interventions and what do not. Actions that do not constitute CSR are, for example, initiatives carried out to benefit employees of the business or initiatives undertaken as part of everyday business functions or typical business operational duties. The Act also prescribes a critical baseline area that needs intervention or business support. Lastly, the Act gives clear guidelines to the board of directors regarding the monitoring of CSR funds and expenditure; the board

is obligated to ensure that all CSR spend is committed to CSR activities within a specific three-year cycle or six months after such cycle concluded. Any unspent CSR funds shall be deposited in a separate account called the “Unspent Corporate Social Responsibility Account” and shall exclusively be used for that purpose.

Vietnam (see Chapter 5, section 5.2.1.2), a one-government state since 2007, introduced a CSR-driven socio-economic developmental policy called Vietnam Agenda 21. The government believes that a Western-style CSR framework would not be appropriate for its diverse cultural population and complexities. Since introducing several policies under the Vietnam Agenda 21, not much progress has been made, as these policies are seen as an adjunct matter or a competing priority.

CSR in China (see Chapter 5, section 5.2.1.3) has long been embedded in its cultural philosophy that businesses will be ‘doing well by doing good’. In recent years, the Chinese government has issued several directives targeting specific aspects of CSR, such as encouraging businesses to submit to ethics and social morality, act in good faith, and undertake and disclose socially responsible activities, as well as one of the first industry-specific CSR regulations. CSR initiatives are primarily driven by general social ills supported by mainstream CSOs.

With Poland’s entry (see Chapter 5, section 5.2.2.1) into the EU, it started to conceptualise a CSR policy and gradually embedded the concept into the business environment. In general, CSR initiatives in Poland are mainly driven by compacts made up of legal authorities, regulatory bodies, CSOs and businesses. Poland is one of the last European countries whose retailers work tirelessly to shake the frowned-upon practice of collecting surplus food that is sometimes expired or about to expire and offer it to the poor as a countable chartable act. However, sector-specific CSR initiatives are on the upsurge and driven by actors and stakeholders collaborating on different CSR initiatives.

In Germany (see Chapter 5, section 5.2.2.2), government, since 2013, has started to take a more significant interest in CSR by adopting and implementing the National Action Plan for Business and Human Rights. This action plan document emphasises the responsibilities and duties of both businesses and the state. The German government is on a drive to make CSR more visible, increase the transparency of its practice, adopt a

multi-stakeholder approach in the execution of the concept and provide a uniform analytical measure by stakeholders.

In the UK (see Chapter 5, section 5.2.2.3), its landmark Companies Act sets extensive guidelines and explicitly sets out directors' obligations regarding, among others, CSR reporting, stakeholder engagement in their CSR structures, content and implementation, and more significant consideration for businesses' impact on the broader community and ecology.

In Brazil (see Chapter 5, section 5.2.3.1), the authorities introduced the IBASE Hallmark to encourage businesses to report and postulate solutions for common social problems and track CSR activities through a Social Balance Sheet model. The introduction of international best practices and standards such as the GRI standards and <IR> continues to support the trajectory of CSR endeavours in Brazil. As a result, several businesses adopted CSR practice and its reporting requirements and incorporated CSR into their business strategies.

Current trends in the USA (see Chapter 5, section 5.2.3.2) suggest a spurt by businesses to align CSR activities to their strategy away from the public relations function. Furthermore, some businesses are moving towards measurable outcomes-based CSR strategies. There are shifts to move acts of alm more away from the publicity focus to a more impact-based intervention. It is also suggested that US businesses' current trend to include third-party assurance schedules or certificates in their CSR reports can only benefit businesses and increase the credibility of CSR reports.

On the African continent, in countries such as Mozambique (see Chapter 5, section 5.2.4.1) and Egypt (section 5.2.4.2), CSR trends indicate that, although mostly charitable actions, CSR is making inroads and is driven mainly by the private sector. In other countries, such as Kenya (section 5.2.4.3), evidence suggests that CSR is applied chiefly as a marketing tool and focuses on public relations exposure for the business.

The next section puts forward a first draft management model for transformative CSR practices. The first section sets out the governance structure, before concluding with articulating the elements of the proposed management model.

6.6 TOWARDS A MANAGEMENT MODEL FOR TRANSFORMATIVE CSR PRACTICES

More significant action rather than continued articulation of CSR intentions and strategy is required for a business to attain and manage a tangible, sustainable social impact and convert from a conventional to a transformative CSR practice regime. Notwithstanding, tangibility CSR interventions necessitate the simultaneous treatment of disadvantaged communities' social environment to enhance their well-being and economic support to amplify their entrepreneurial ability and opportunities. However, the drive of a business's socio-economic transformative agenda under the ambit of CSR depends mostly on its leadership style and appetite to effect meaningful social change or be seen as virtuous (Stephan *et al.*, 2016:1252). As was confirmed in Chapter 2, in order for society to change for the better, businesses should be pragmatic, open-minded and be/lead the change they want to see happen in society (Gass, 2010:10; Human, 2003:54). Furthermore, according to Visser (2006:31-40), Matten and Moon (2008:406) and Isa and Reast (2014:17), there is a current need to enhance the operational and measuring tools of CSR in an African context.

For the most part, boards have and are continuing to strengthen their governance frameworks and policies. Similarly, many boards are reasserting their governance roles and have clarified the responsibilities of subcommittees. However, based on the evidence of widespread sluggish CSR impact by businesses, many boards have realised that there is room for improvement if they fully institutionalise the CSR principles and objectives they set for themselves. More so, evidence suggests that stakeholder expectations and scrutiny have shifted over the years. Many contemporary stakeholders see boards of directors equally and, in some instances, even more, accountable than the business for the business's effectiveness and the overall governance process thereof.

The shift is real, significant and likely to amount to even greater board involvement in how CSR and governance issues are reviewed, organised and implemented and more active

oversight by the board or its subcommittees. Figure 6.3 shows the flow of the elements of the management model for transformative CSR practices.

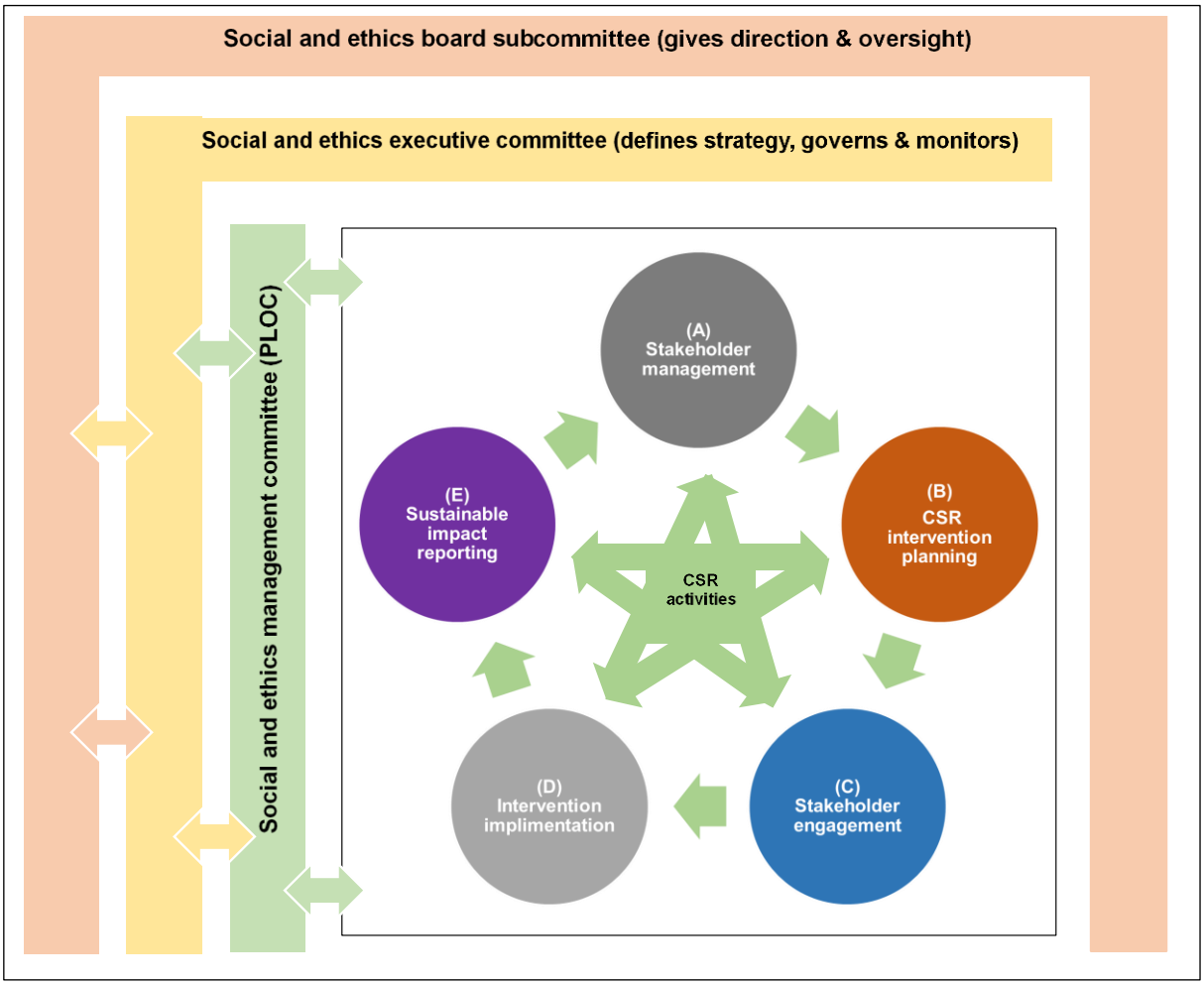


Figure 6.3: Proposed management model for transformative CSR practices

Source: Created by the researcher (2020)

The board's involvement, the executive or management in giving direction and oversight and monitoring the CSR activities of a business is not in dispute. Similarly, as reflected by this research, the conventional approach of CSR has not yet yielded the intended vigorous oversight results to meet most governmental transformation ideals. The proposed management model for transformative CSR practices aims to provide board members, executives, managers and implementers with a potential 'how-to' tool for expeditious and effective social transformation and reporting underpinned by leading contemporary standards and South African legislation and regulations. Transformative

CSR practices mainly oriented at social upliftment and the common good may help the board and management to enhance their social and ethics oversight, CSR practices and initiatives, and the mechanisms needed to realise the tangible, sustainable social impact. Considering the shift from conventional CSR practices to CSR practices that are more transformative, the lack of a model to manage transformative CSR practices may lead to a deficient or flawed governance process, duplications, inconsistencies or breaks in the CSR continuum. Such insufficiencies may lead to malfunction to enact CSR policies that the board and management have put in place.

Some elements of this model might exist within other models. However, those components may not have considered the slow pace in social transformation or been connected, aligned, rationalised and organised to provide the contemporary empirically based guidance that boards and management require and stakeholders expect. The proposed management model for transformative CSR practices provides businesses with an opportunity to address the needs mentioned above, thereby improving the executive's ability to accelerate social transformation and the board's ability to enhance oversight.

6.6.1 Governance structure

The starting point of governance is the governance structure or governance framework. The complete governance structure/framework of business is not in dispute and was not part of the scope of this study. The study's interest was largely on the social and ethics board subcommittee as a CSR oversight branch on behalf of the board. The study primarily focused on how the subcommittee gives direction and provides oversight over the CSR continuum elements in line with the vision of the Companies Act. Coupled with the Act, several thinkers concur that for CSR to have tangibility, it must form an essential part of the business's governance structures (see Chapter 2, section 2.4.1.2).

6.6.1.1 Elements of the management model for transformative CSR practices

In general, a model is a tool to assist management in establishing the respective process for a critical task within the business (Burnes, 2004; Maslow, 1995). A management tool can be a valuable means to review, objectivise, organise and implement tasks and present information systematically. A model is not proposed as a tool to make decisions for the business, but to assist the business in making informed step-based measurable decisions. It shows a set of proposed steps to be taken by management and executives

to manage tasks effectively and efficiently. The proposed management model for transformative CSR practices in Figure 6.3 comprises of macro and micro (sub-) processes. Each macro process (A, B, C, D and E) consists of subprocesses as set out below. Critical in managing the CSR task is how the business consults stakeholders, evaluates tasks, defines objectives, organises activities, allocates resources, implements CSR, meets timelines and communicates with social stakeholders. In terms of the proposed management model for transformative CSR practices, these activities should be primarily overseen/monitored by the escalating CSR management team and underpinned by the operational team's activities.

6.6.1.1.1 Corporate social responsibility management teams

As shown in Figure 6.3, the proposed management model for transformative CSR practices consists of three oversight/monitoring elements. They are the social and ethics board subcommittee, social and ethics executive committee and CSR management committee.

- Social and ethics board subcommittee

The subcommittee is mainly responsible for oversight and for monitoring the social impact of the business's CSR, investment activities and the spend of the 1% NPAT on socio-economic development, and monitoring stakeholder expectations and engagements as well as the quality of reporting to stakeholders in line with GRI standards' requirements on particularly social materiality of the sustainability report.

The process of monitoring and evaluating CSR interventions mainly entails a routine, scientific and systematic collection of information through the organisational structures and/or third parties to evaluate the progress and impact against set objectives. Monitoring and evaluation should start at the stakeholder engagement phase and continue until sustainability is assured; intervention is then concluded and handed over.

- Social and ethics executive committee

This committee is mostly a conduit between the board and management. Its role and responsibilities within the CSR realm are defining and refining the CSR strategy (with clearly defined key performance areas), overseeing and reinforcing governance, and affecting the social and ethics board subcommittee's direction.

- The social and ethics management committee

The CSR functions of the social and ethics management committee is firstly to plan, lead, organise and control resources. Secondly, the committee should bring together all managers responsible for giving effect to the overall activity inputs to CSR. In alignment with transformative CSR practice, the activities required for effective governance include establishing what facilitates the adoption and institutionalisation of the needs of stakeholders; applying appropriate international standards, statutes and regulations; developing a time-bound delivery schedule based on key performance areas; overseeing the impact pathway planning, implementation, assessment and copy tasting; and triangulating the CSR impact statement information provided for reporting and escalation to the board. The elements mentioned under section 6.5.2 are underpinned by the team executing the CSR activities.

6.6.1.1.2 Corporate social responsibility activities

The team executing the activities is the nuts and bolts of the CSR machinery of the business. It is responsible for consulting with social stakeholders, ensuring that the views and needs of society find a voice in the CSR strategy and, by implication in the strategy of the business, aligning the needs of society to the country's regulatory transformation agenda, formulating policy (with clearly defined key performance areas), defining the concept of each intervention, planning the intervention pathway and its implementation and reporting timeously to social stakeholders.

As articulated above, within each element, key aspects and activities (responsibilities) need to occur for the business's CSR continuum to be effective and realise tangible social transformation. Crucial to the outcome and impact of a business's overall CSR strategy is the CSR and investment team. Its team members are on the frontline of interactions and engagements with society. These activities are outlined as follows:

Activity A: Stakeholder management

In the CSR context, the process of stakeholder consultation needs to consider the materiality requirements of the concept, divided into three main themes: social, economic and ecological. The process starts with mapping the business's social stakeholders to better understand how the business's activities influence them and their needs (see Chapter 2, section 2.2.13). Once the social stakeholders are identified, it is essential to

prioritise the social stakeholders according to their needs and the urgency of those needs within the business's execution ability. This prioritising is by no means a reflection of the (non-)importance of that need to society, but must be seen as a reflection of the business's CSR resource capability.

The stakeholder management pathway (see Figure 6.4) sets out the planning, stakeholder identification and stakeholder analytical process. Monitoring of the implementation of the pathway items occurs throughout the process.

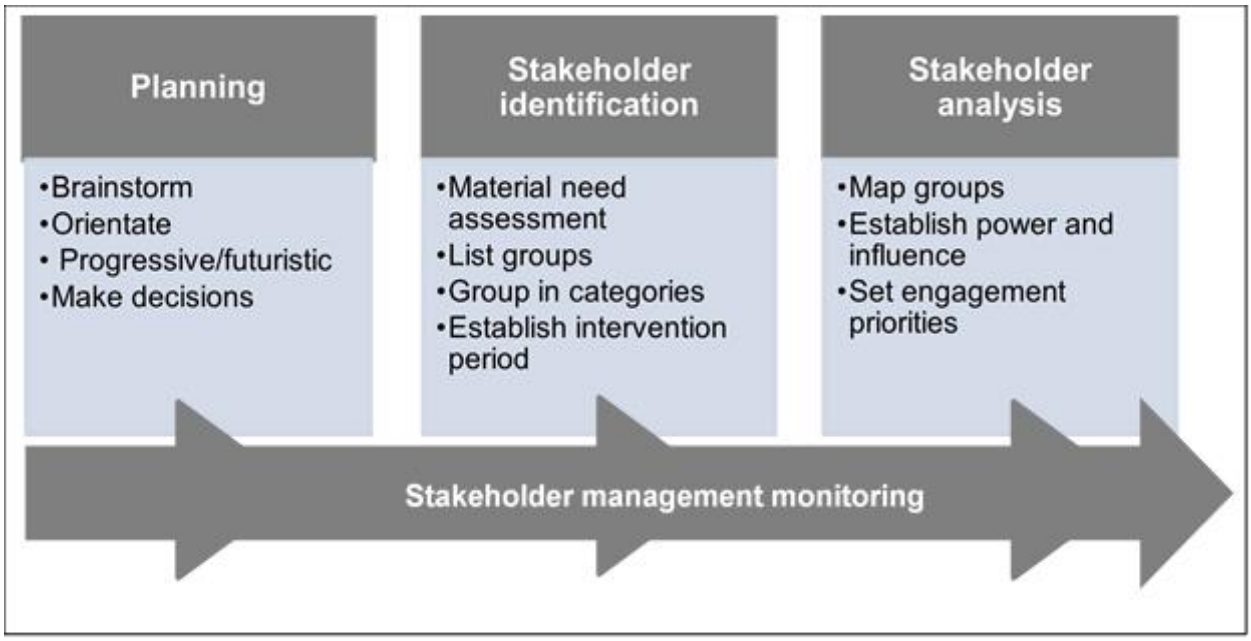


Figure 6.4: Stakeholder management pathway

Source: Created by the researcher (2021)

i) Planning

How planning is done differs from sector to sector and from business to business. However, to efficiently execute planning, specific baseline requirements must be incorporated. Planning represents the process of brainstorming about the activities and resources required to achieve the desired progressive objective, outcome or destination. The planning phase also embodies decision making regarding the orientation of resources, setting of a detour framework[27] and any supplementary plans that need to be developed.

[27] Detour framework implies the setting of a pre-set course of action that need to be taken when deviating from the set impact pathway

ii) Stakeholder identification

Stakeholder identification and the process of identifying their needs is a crucial initial phase. A comprehensive stakeholder identification process would ensure that potential distractors or beneficiaries are left behind as little as possible. Similar to in the planning process, stakeholders can differ from sector to sector and from business to business. Typically, stakeholders include, but are not limited to, individuals, groups and/or organisations that can affect or be affected by business activities. The stakeholders can be categorised, among other groups, into secondary, primary, direct, indirect, external, internal, senior or junior, and prioritised according to their importance to the business.

A material need assessment process could assist a business in prioritising (see Figure 6.5) the needs of stakeholders, ideally into short- or long-term interventions, by plotting the material topics into the colour blocks (the colours are optional).

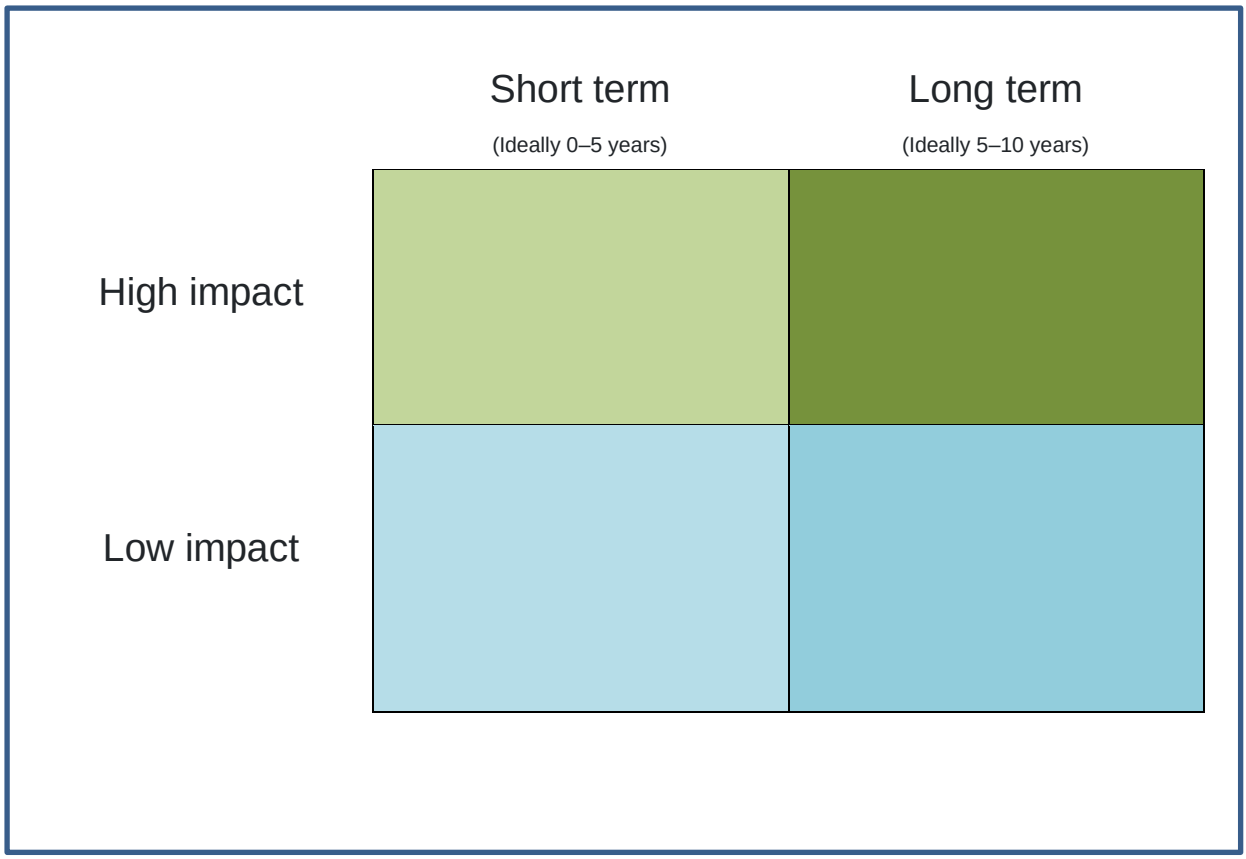


Figure 6.5: Prioritisation matrix

Source: Created by the researcher (2021)

The projected outcome of an intervention period can either be high, indicating an extensive social impact of either one or multiple stakeholder communities, or low, implying a narrow or individualistic approach, targeting an individual or individuals in a community instead of the community. Short-term interventions include those activities that could have a high or low impact and show results within one to five years. Those interventions prioritised as long-term are futuristic and could be prioritised to produce either high or low impact over five to ten years.

iii) Stakeholder analysis

It is critical to assess stakeholders' material needs and to analyse the likely reaction or response of the diverse stakeholders to various interventions. The stakeholder analytical process would also help identify the various stakeholders' power and interests and mitigate them accordingly. As determined in Chapter 3, section 3.4.4.1, several scholars

concur that stakeholder prioritising should be based on power, legitimacy and urgency. To execute this activity, the researcher considered and adapted the power interest matrix proposed by Blowfield and Murray (2014:2016) to establish the interest level. The researcher extended the matrix by including unpredictability and decided stakeholders (see Figure 6.6).

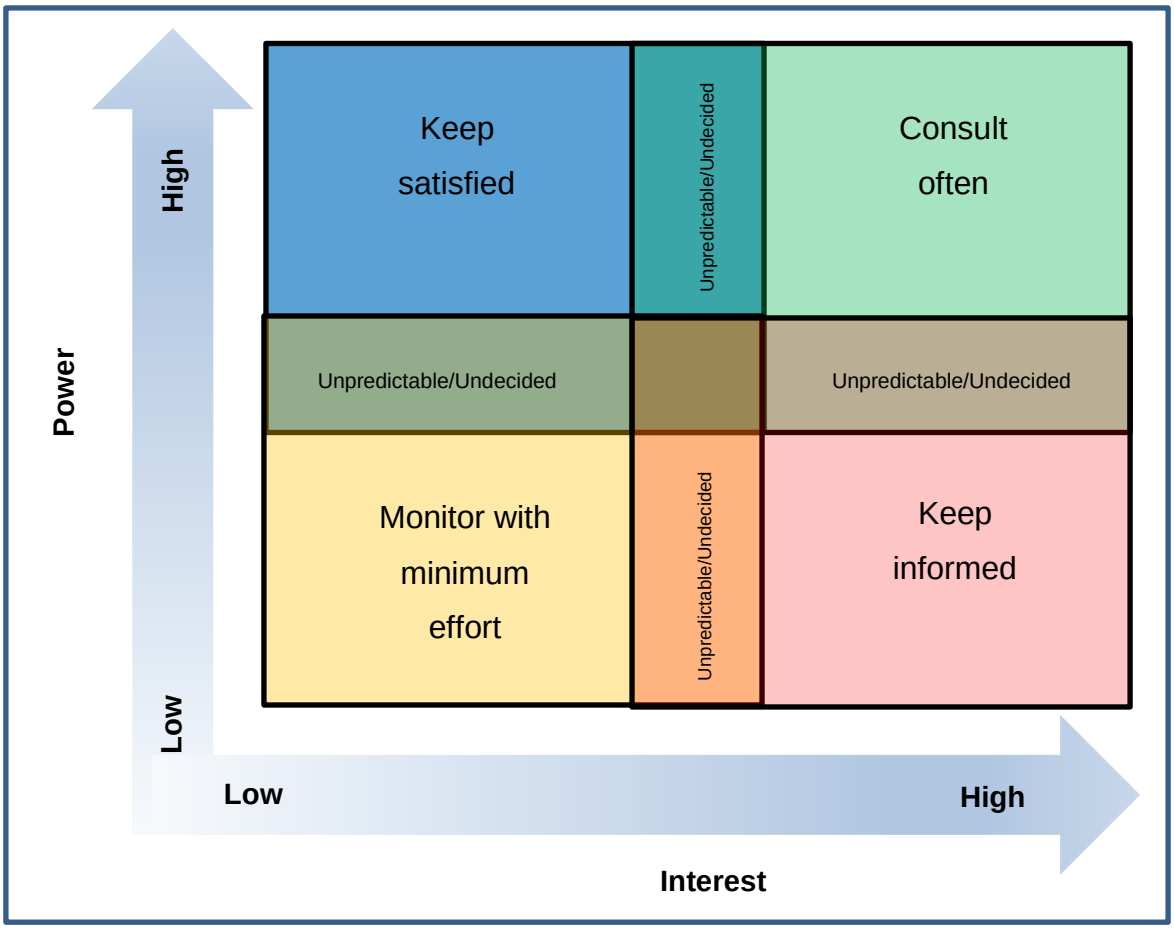


Figure 6.6: Power interest matrix

Source: Adopted from Blowfield and Murray (2014:206)

To determine the likely reaction or responses of the diverse stakeholders to various CSR interventions a business must consider the power and interest of its stakeholders.

- **High power/low interest (keep satisfied)**
  These are usually stakeholders who require less attention by maintaining a watchful balance between keeping them informed and not causing information overload.

- **High power/high interest (consult often)**
  These are stakeholders who need to be engaged often and managed closely. These are usually critical influencers regarding a specific material topic and the power to influence its outcome. Stakeholder categories in this group will require the most effort to keep satisfied.
- **Low power/high interest (keep informed)**
  High-interest stakeholders should be kept adequately informed regarding their material topic of interest. These stakeholders' interest is more often to see a positive outcome of what they commit to.
- **Low power/low interest (monitor with minimum effort)**
  These stakeholders would be satisfied with general information. In most instances, they feel a sense of information overload faster.
- **Unpredictable/Undecided (monitor closely)**
  These are stakeholders who require close monitoring and show signs of movement. They could become less or more powerful or lose or gain interested in an intervention, or they may become disgruntled or aggrieved for one or other reason. Spur-of-the-moment or slow onset interest groups also require close monitoring in this category to group them speedily to address their concerns.

iv) Stakeholder management monitoring

Stakeholder management monitoring forms part of an overall monitoring and evaluation regime that should be institutionalised. Close monitoring of activities and processes is advocated by legislation, academia, CSOs and international standards (see Chapter 3, sections 3.4.4.6 and 3.6). According to the dataset mentioned, monitoring of activities should be and is, to an extent, regarded as routine by most businesses. It is therefore accepted that monitoring does happen. The inclusion aims to enhance the CSR monitoring regime through the governance structures.

Lastly, as a separate process (see Activity C), a stakeholder engagement strategy should be developed that includes communication plans and interaction consultation agreements for each power interest category. The communication plans would ensure that each group receives the right information timeously before proceeding to the intervention planning phase.

Activity B: CSR intervention planning

Transformative CSR intervention premises that the planning is partly based on a variant combination of the stakeholder need analysis, the country's transformation agenda and the business's CSR resources. Planning the actions to meet the objective(s) of each intervention is critical to managing material issues and changing effectively and efficiently (see sections 2.3.2.2.1 and 2.3.2.3 in Chapter 2 and sections 3.2 and 3.3.1.1 in Chapter 3). CSR intervention planning to a large degree set the basis for what the social impact would look like once proposals are accepted by stakeholders and implemented. The stakeholder needs analysis is described as part of Figure 6.5. The statutory transformation drivers in Figure 4.1 were introduced and formed part of the socio-economic developmental statutory and regulatory building blocks (see Figure 6.7) to transform the entire social landscape of South Africa to the advantage and well-being of the previously disadvantaged. A brief, condensed overview of the statutory framework elements is given below to give context.

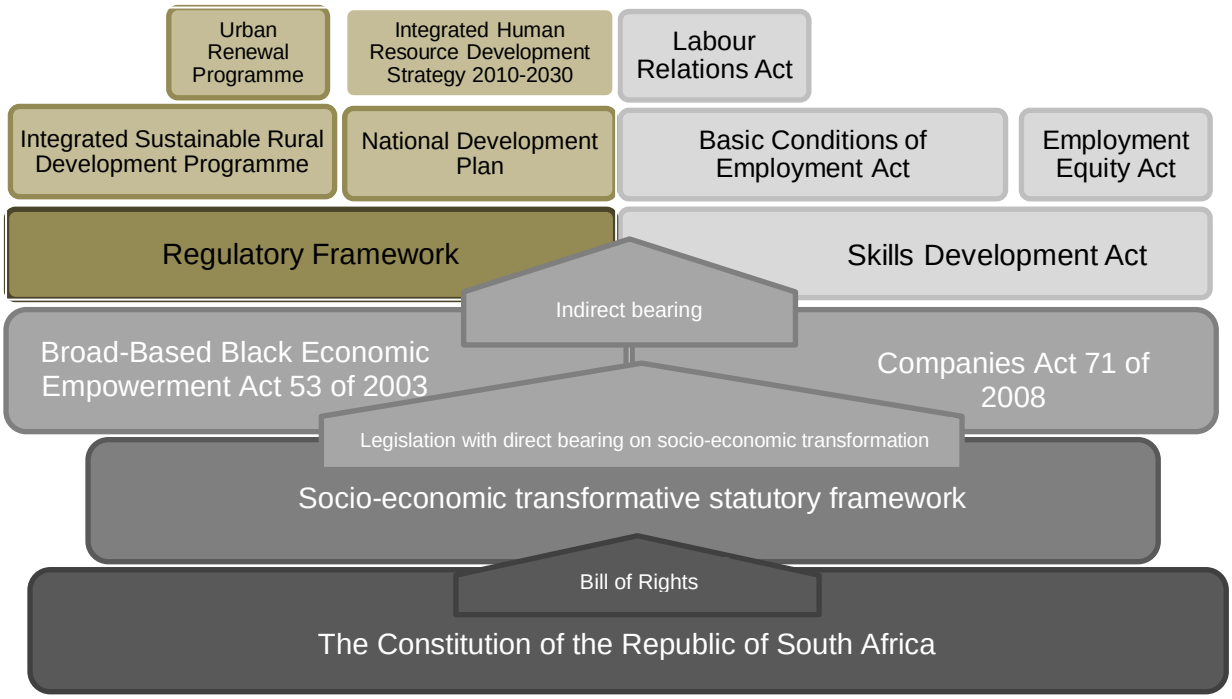


Figure 6.7: Statutory and regulatory framework

Source: Created by the researcher (2020)

The legislative regime in South Africa has been driving a considerable part of the country's transformation agenda (see Chapter 4, section 4.3). Some legislations have direct bearing, while others have, to an extent, indirect bearing on the country's transformation drive. Both those with direct bearing and those with indirect bearing have their foundations in the Bill of Rights and, by implication, the Constitution. The socio-economic development component of the B-BBEE Codes of Good Practice, the Generic Scorecard, is a significant driver and funding source for social transformation. The social transformation alignment and drive of the Companies Act are enacted mainly by the board and its social and ethics board subcommittee. The indirect statute regime includes, but is not limited to, the Labour Relations Act, the Basic Conditions of Employment Act, the Competition Act and the Consumer Protection Act.

There are also several regulations aimed at supporting the social transformation efforts of government. These programmes include, among others, the ISRDP, the URP, the IHRDS 2010-2030 and the NDP. When addressing a regulatory programme, it is imperative to articulate what aspects the intervention aims to address, instead of only mentioning the legislation and/or regulation.

For an intervention to have tangible transformative results and for adequate monitoring of the activities, the plan must include an impact pathway as a baseline planning course of action. The impact pathway elements should include, in no particular order, when, how and what changes the impact of the interventions will bring about and who will benefit from it, and clearly express the sustainability of the impact.

The most desired outcome of CSR for interventions undertaken by a business throughout all the datasets (chapters 2 to 5) is mainly achieving tangible, sustainable social impact. Suppose a business aspires to realise, accelerate or expeditiously advance socio-economic transformation as envisioned by the datasets. In that case, it is critical that the CSR function be part of the strategic planning of a business and for a business to do retrospection by reassessing, realigning, redefining, redesigning and restructuring its CSR operations to legitimise its transformative social actions (Blowfield & Murray, 2014:141; Visser, 2014:85). Table 6.7 sets out the impact pathway elements to be considered to answer when, what, who and how activities of each intervention impact the planning process.

Table 6.7: Impact pathway planning items and actions

I	**Implementation** Implementation is the process of turning the CSR strategy and formal plan(s) into action to realise strategic objectives and stakeholder expectations. The implementation process can also serve as an effective measuring tool for CSR interventions.
M	**Materiality and measurability** Materiality is a critical assessor of the extent of a business's transformative CSR practices. Materiality allows a business, in consultation with its stakeholders, to prioritise which material topics should be focused on in the short and/or long term and which interventions would make a low (narrow) or high (extensive) impact. These socio-economic developmental material topics should have clear objectives, indicators and milestones in order for their social impact to be objectively assessed and measured.
P	**Planning** Planning and organising refer to rationalising the CSR strategy and activities from the board level to the management and team members. Planning includes plotting and assigning the required resources to achieve the desired strategic CSR outcome(s) and social impact.
A	**Accountability and accounting** In CSR ethics and governance, accountability implies answerability, liability and the expectation to give report and account-giving to stakeholders. Accounting refers to the bookkeeping and financial implications of the CSR activities essential for financial assurance.
C	**Citizenry and community (beneficiaries)** Social stakeholders of business should be consulted and are eligible to benefit from operating rewards received by businesses in their milieu. Sustainable beneficiation of CSR interventions is the cornerstone of collaborative value creation through targeted socio-economic developmental impact. Set communication agreements with beneficiaries to align the expectations of all parties involved.
T	**Timeline and time-bound** Infinity or open-ended CSR interventions with no timeline may be neglected because there is no sense of urgency to reach set milestones, deadlines or targets. Intervention goals should be time-bound to assist in impact measurability and for a business to be held accountable.

Source: Created by the researcher (2020)

The impact pathway allows for clear periods of key actions. It allows for consultation with the citizenry and, based on the stakeholder engagement process, the drawing up of plans, and organising and timeously implementing the respective milestone objectives of each intervention. It also allows the planning to consider the GRI standards reporting

requirements in terms of materiality and measurability to hold businesses accountable for generic low-impact interventions and CSR financials.

Activity C: Stakeholder engagement

Once stakeholders have been analysed and their material interest established, engaging the respective stakeholders can begin. The team must develop a stakeholder engagement strategy for each material topic adapted from leading stakeholder engagement standards such as the ISO 26000 and AA 1000SES (see Chapter 3, section 3.4.4.2). A continued, prompt and open stakeholder engagement approach could leverage understanding dividends and maintain or enhance stakeholder relations. Similarly, relations with stakeholders could lead to the opposite effect if engagements are done poorly. Stakeholder engagement processes that produced high yields are those that, among others, are open dialogues and a process where stakeholders are treated and feel as if they are a genuine part of the business's decision making. Table 6.8 sets out a proposed stakeholder engagement template.

Table 6.8: Stakeholder engagement template

Intervention: ……...

Location: ……..…

Date: ……

*Direct stakeholder	*Indirect stakeholder	Engagement strategy	Follow-up strategy	Responsible person

Source: Created by the researcher (2021)

The headings direct and indirect can be reformulate and is only use as examples to reference stakeholders, and any terminology can be used to describe the chief or indirect

beneficiary or their representatives. The current stakeholder engagement strategy used by the business could be reviewed, aligned and used as the foundation, without becoming complacent, for smoother future interactions based on the proposed management model for transformative CSR practices. It is essential to stick to the agreed communication contractual obligations entered into during the consultation phases.

Activity D: Intervention implementation

The intervention implementation is mainly dependent on how CSR is structured and practised within a business. The implementation success of an intervention is mainly based on its commitment and motivation and the relations between the business, its stakeholders or stakeholder representatives (see Chapter 3, section 3.4.4.4). Furthermore, the UN SDGs encourage partnerships to strengthen the means of implementation and realise sustainable development (see Chapter 2, section 2.2.15). However, the principle of transformative CSR practices as proposed in the management model for transformative CSR practices remains.

Activity E: Sustainable impact reporting

A business primarily uses sustainability reporting to give an impact statement and a comprehensive non-tautological report-back to stakeholders interested in the social, economic and ecological activities (see Chapter 2, section 2.2.2; Chapter 3, section 3.4.4.5; and Chapter 4, section 4.4.5). Reporting to social stakeholders should occur in a clear, non-vague language, take a specific format and be circulated in written form at least once a year (GSSB 2016b). The GRI standards set out the frequency and form, which provides foundational starting points in GRI 101 for a business to document and monitor its social, economic and ecological impacts. Furthermore, GRI 102 sets out the general disclosure reporting requirements on relative information about the business and its reporting practices. In addition, a social impact statement could assist managers in reporting more accurately on the information concerning the social impact (see Chapter 2, section 2.2.2). Although the report-back guidance by the GSSB (2016b) is mainly non-financial, there is an increase in advocacy (see Chapter 2, section 2.5.5) and trend in parts of the world to report CSR financials in the sustainability report in a non-accounting but easy-to-summate format (see Chapter 5, section 5.2.1).

The next section presents the pre-test inputs and comments from industry experts to further enhance the draft management model for transformative CSR practices in the South African retail sector.

6.7 DRAFT MANAGEMENT MODEL FOR TRANSFORAMTIVE CSR PRACTICES: INDUSTRY EXPERTS' INPUT AND COMMENTS

As the first step in the pre-testing of the management model for transformative CSR practices, the researcher circulated an abridged version of the model and an open-ended questionnaire by email and hardcopy to 30 retail sector actors in the food, telecommunications and banking segments for their input and comments. The respondents could respond to the questionnaire from 12 April 2021 to 4 May 2021 (see Table 6.9 for the participation data matrix). In the second step of the pre-test phase, the responses to the circulated questionnaire were analysed using thematic analysis. Lastly, the responses also served as a triangulatory (in)validation and confirmation/veto against the datasets before compiling the final model, presented in Chapter 7.

To protect the identity of the respondents, a code was assigned to each respondent in the respective segments. Where verbatim references referred to the segment's name, such business name would be replaced by the segment code or paraphrased. For the retail food segment, the code RSF was assigned, for the telecommunications segment RST and the banking segment RSB. The numbers assigned to the abbreviated codes were in the order of responses received, i.e. RSF1, RSF2 and RSF3; the same process was followed in the telecommunications segment (RST1, RST2 and RST3) and the banking segment (RSB1, RSB2 and RSB3).

Table 6.9: Participation data matrix

Retail segment	Circulation	Responses	Male	Female	No reply	Declined participation
Food	10	3	3		6	1
Telecommunications	10	1		1	7	2
Banking	10	1		1	5	4

Source: Created by the researcher (2021)

As mentioned above, 30 participation requests were emailed and/or hand-delivered. Only five prospective respondents responded by the end of the closing date: three in the food

segment and one in the telecommunications and banking segments, respectively. Seven declined, and 18 did not respond.

6.7.1 Data: industry experts' input and comments

The questionnaire consisted of three open-ended questions based on the abridged draft management model for transformative CSR practices. The purpose of the questions was to elicit insight and pre-test the practicality of the management model for transformative CSR practices. Where no input or comment was given to a question (unanswered), it was regarded as the expert has no contributory insight to it. The questions asked and all the responses to them are presented in the following sections.

6.7.1.1 Testing executability

The first question aimed to determine whether the management model for management model for transformative CSR practices is executable. The question asked read as follows: *In your opinion, is the proposed management model for transformative CSR practices executable? If not, kindly elaborate.* The following responses were obtained:

6.7.1.1.1 Food segment

All the respondents in the food segment concurred that the model is executable. RSF1 was of the view that "a lot of work has gone into it", whereas RSF2 stated that the management model for transformative CSR practices "is executable on a clearly defined strategy and [it] also accommodates the society at large".

6.7.1.1.2 Telecommunications segment

RST2 responded "yes the model is executable".

6.7.1.1.3 Banking segment

Although RSB1 did not explicitly state whether the model is executable or not, the respondent did state that at a decentralised or branch level, social interventions are not necessarily restricted by a model, but "based on [the] area of need/assistance".

6.7.1.2 Testing for restrictions or shortcomings

The second question aimed to determine whether there were any restrictions or shortcomings in the existing draft management model for transformative CSR practices.

The question read as follows: *Are there any restrictions or shortcomings in the model? Please elaborate.* The following responses were obtained:

6.7.1.2.1 Food segment

Two of the three respondents had no comment on the question. RSF2 articulated the shortcoming that “there is no law that governs this model … it is voluntary … and [the] legislature can only guide CSR”.

6.7.1.2.2 Telecommunications segment

RST2 responded “none”, indicating that no restrictions or shortcomings could be identified by the respondent.

6.7.1.2.3 Banking segment

No shortcomings were identified.

6.7.1.3 Recommendations for further refinement

The third question aimed to determine whether there were any recommendations for further refinement of the management model for transformative CSR practices model. The question read as follows: *Do you have any recommendations or inputs to further refine or improve the model? Please provide details*. The following responses were obtained:

6.7.1.3.1 Food segment

RS1 alluded to positive changes deliberated at the legislative level for the future of the social and ethics board subcommittee. The respondent was of the view that most changes would be made in the Companies Act. RSF1 added that although the changes “might be after your studies”, it is significant to note that the role of the social and ethics board subcommittee would become more prominent in terms of these proposed changes. The subcommittee might have greater oversight authority than is currently the case, and its “role in sustainability will also be increased”. RSF2 responded with “commitment, transparency and perseverance”, implying that there needs to be greater dedication to transformation and a greater sense of trust between the business and its stakeholders through honest and open communication, and that it should continue to do the right thing despite increasing socio-economic complexities and delays towards greater impact.

6.7.1.3.2 Telecommunications segment

RST2 responded “none”, indicating no recommendations or inputs that would further refine or improve the model.

6.7.1.3.3 Banking segment

No recommendation was made by the segment.

The following section sets out the interpretations made of the above industry experts’ inputs and comments.

6.8 INTERPRETATION OF EXPERTS’ INPUTS AND COMMENTS

The inputs and comments solicitation from industry experts were intended to test the application readiness of the draft management model for transformative CSR practices and triangulate the datasets. It is generally accepted that change is considered imperative in building readiness to lessen uncertainty and increase the prospects of the potential application of a management model (Matos Marques Simoes & Esposito, 2014:326-328; Nordin *et al.*, 2012:108) (also see Chapter 3, section 3.4). Although all the respondents agreed that the model is executable, it only serves as validation of the study objective and is not a commitment to its application. Furthermore, one of the respondents concurred with several other CSR transformation advocates in the observation that the model proposed for a clearly defined CSR strategy (see Chapter 3, section 3.1) and the involvement of society (see Chapter 2, sections 2.2.13 and 2.2.14; Chapter 3, sections 3.3.1.1 and 3.4.4.2; and Chapter 4, section 4.4.4.1). Another input speaks to the value chain/continuum of the overall management of CSR activities in a business. This, to an extent, can be interpreted that if there is no CSR strategy in place or the strategy is unknown or not effectively communicated to all management levels in the business, the application of CSR could remain sporadic and reactive in some retail segments (see Chapter 2, sections 2.2.12 and 2.7).

When asked whether the model presented any shortcomings or restrictions, one of the respondents noted that CSR is voluntary not obligatory. This observation strengthens the review of aspects of the fiduciary duties of the board of directors in the Companies Act concerning CSR oversight (see Chapter 2, section 2.4.1.1 and Chapter 3, section 3.4.1). It also strengthens the argument of King IV to compel an ‘apply and explain’ approach to

sustainability reporting (see Chapter 4, section 4.4.5) and the general CSR international trend (see Chapter 5) for more significant legislative intervention in the overall oversight of CSR activities in order for businesses to do more, with agency, legitimacy and intent.

The recommendation made by one of the respondents highlighted the earlier observation made in so far as it denotes the fiduciary duties of the board of directors and refers to the Companies Amendment Bill of 2018 circulated for comments on 21 September of the same year (see Chapter 2, section 2.4.1.1). The amendments and/or their impact extent is unknown at this stage, but the general interpretation echoes the sentiment for greater CSR oversight.

6.9 CONCLUSION

In this chapter, the empirical data (official documents) were methodologically interpreted and analysed using qualitative data analysis. The data were sourced from publicly available sustainability reports as the documents in chief, and any supporting reports were analysed as part of the documents in chief.

As part of the pre-drafting process of the model, a brief summation was given of each dataset chapter, followed by the draft management model for transformative CSR practices. The draft management model for transformative CSR practices was then circulated to industry experts for their inputs and comments. These were analysed using thematic analysis and considered for the final draft of the management model for transformative practices.

The next chapter concludes the study and presents the final contribution of the study. It sets out the alignment of the study to its objectives, presents the final management model for transformative CSR practices, sets out the limitations of the study and provides some recommendations for its implementation and further research.

CHAPTER 7

TRANSFORMATIVE CORPORATE SOCIAL RESPONSIBILITY PRACTICES FOR THE SOUTH AFRICAN RETAIL SECTOR: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

Chapter 6 presented and outlined the empirical results and findings of the study. It presented an empirical analysis of publicly available company sustainability reports of South African retailers, the draft management model for transformative CSR practices, the inputs and comments from retail segment experts and an analysis of the findings.

In the first part of Chapter 6, the researcher gave a brief non-theoretical summary of the procedural groundwork of the initial analytical process, followed by an analytical framework to analyse six South African-based retailers' sustainability reports from 2017 to 2019. The sustainability reports served as data sources in chief, and any supporting reports were analysed as part of the sustainability report. In the last three sections, the researcher gave a synopsis and triangulation of the datasets, presented the draft management model for transformative CSR practices in the South African retail sector and analysed the inputs and comments of key persons in the retail sector.

In this final chapter, the researcher outlines the general and specific research objectives and their findings. In the latter part of the chapter, the researcher makes recommendations, giving areas for further and future research before giving a concluding summary of the study.

7.2 GENERAL RESEARCH OBJECTIVE

The general objective of this study was towards the development of a management model that could inform the South African retail sector to realise transformative CSR practices. To reach the said objective, the researcher contextualised specific and related terms and theories that set the foundation from which the datasets and the study were systematically constructed. The methodological literature review employed provided the theoretical framework and the basis from which the research techniques were developed to identify

gaps and limitations and an in-depth background understanding of conventional CSR practices. The gaps and limitations identified assisted in developing the management model for transformative CSR practices to assist the South African retail sector in its transition and application of more transformative, tangible and impactful practices.

7.2.1 Specific research objectives and findings

In the following sections, the researcher gives a synopsis of the findings of each objective as set out in Chapter 2 (Objective 1) to Chapter 7 (Objective 6).

7.2.1.1 Findings of Objective 1

Objective 1 was to contextualise CSR and explore specifically related terms and the different theories that exist in the scholarly domain of CSR, in general, and transformative CSR, specifically.

The study reaffirmed that there is yet to be an agreed definition of CSR. Considering the proliferation of CSR as a concept, the chapter expanded on the introductory outline by enunciating the specific terms used in the field of CSR and the study. This was followed by a succinct sequential synopsis of the emergence of CSR from the agrarian revolution to its articulation in 1953 by Bowen and the continued global theoretical evolution. The study found that several actors, such as the South African government, academia and CSOs, have been making significant contributions towards the continued evolution of CSR in the country. Although the concept of CSR has become increasingly recognised, as alluded to in Chapter 2, it is its application, tangibility, social transformation, sustainability and impact that are found to be failing the conventional CSR practice.

Notwithstanding the finding of operational failures and limitations of social transformation or the lack thereof, transformation supporters advocating for an honest review and introspection of the conventional CSR practice to transition to a more transformative one. Furthermore, it can be deduced that if businesses are spending the required 1% NPAT as required by the Amended Codes of Good Practice, the Generic Scorecard, on significant interventions, it could make a significant impact on socio-economic development. Furthermore, it was also found that the limitation in terms of how businesses report on their CSR interventions and accountability contributed significantly to the school of thought that is of the view that for the required social change to

materialise, greater scrutiny must be given to social transformation in South Africa. In short, it was found that the conventional CSR model has, with the available evidence, failed to achieve what it set out to accomplish.

7.2.1.2 Findings of Objective 2

Objective 2 aimed to analyse relevant theoretical and meta-theoretical perspectives and management models to organisational change and extract modalities to give effect to transformative CSR practices in the South African retail sector.

It was found that the TOC model can be a valuable instrument for instituting and handling business change if employed methodically and with vigour. Of critical use is that the TOC allows parameters to be set qualitatively and presented in terms of an outcome pathway or outcome map. This allows for easy management of the performance indicators.

The study also outlined the change management model and found that the board of directors has not only a fiduciary oversight duty to reinforce leadership, advance corporate governance, observe business trends and consider government policies, but also a duty to ensure socially, ethically and ecologically sound business activities that enhance transformation.

The study further revealed that businesses by nature operate in a constantly changing environment. It also found that a business's maturity level depends on its readiness to accommodate and absorb market and environmental shocks. The multi-faceted and multi-level nature of business readiness requires a great deal of coordination and synchronisation in assessing the relationship between the business's strategy, structure, system, style, staff and skills, while maintaining shared value in general and CSR impact specifically.

7.2.1.3 Findings of Objective 3

Objective 3 aimed to analyse the statutory and regulatory frameworks of CSR in South Africa

The statutory and regulatory literature review showed that the South African democratic regime is committed to contributing to the intent of CSR through a subtle legislation and policy regimen. This was evident in the country endorsing and incorporating critical

international and national standards and protocols in the legislative reforms and developing programmes and policies that seek to reverse past injustices and enhance socio-economic development and impact.

The foundation of the reversal of injustices endeavour is laid by the Constitution, which recognises discrimination against the previously disadvantaged through explicit articulation in the Bill of Rights. These natural, constitutional and statutory rights, which all non- and born South Africans must enjoy, should be protected and summate the effort to redress the socio-economic injustices brought on by the apartheid regime from 1910 to 1994.

Branching the Constitution, the study found strong conjunction between the B-BBEE Act, the Companies Act and other contributory legislation. As part of the B-BBEE obligations, the study found that businesses must provide previously disadvantaged black South African citizens greater participation in businesses and more significant benefit from their going concern. Therefore, through the 1% NPAT B-BBEE Codes of Good Practice compliance target, the government is placing a sizeable semi-mandatory obligation on businesses to engage significantly, tangibly and sustainably in socio-economic development. In addition, the study found that the Companies Act compels businesses through their board of directors to take a more significant role in implementing and overseeing CSR. It is also obligatory for the board to appoint a social and ethics board subcommittee to manage and oversee aspects of CSR within the business.

The study confirmed that several other acts and the regulative policy environment also significantly contribute to the statutory framework. It was found that several Acts endeavour to do away with any antagonistic labour practices, promote greater employee representation in collective bargaining, advance employment equity, eradicate business scheming and enhance the workforce skill levels. The regulatory environment encompasses aspects of the rural, urban and human developmental programmes, the NDP and King IV report, striving for improvement of the socio-economic conditions in rural communities, urban development and renewal, and the formation of social compacts. In combination, the NDP and King IV set out a series of proposals on how to effect social change, greater corporate governance, transparency and accountability, and encourage sound collective leadership at all levels of society and business to eradicate poverty and corruption.

7.2.1.4 Findings of Objective 4

Objective 4 aimed to determine global trends and perspectives relating to transformative CSR practices, in general, and in the retail sector, specifically.

The study found that the global textual evidence of CSR trends and perspectives on four continents, namely Asia (India, Vietnam and China), Europe (Poland, Germany and UK), the Americas (Brazil and US) and Africa (Mozambique, Egypt and Kenya), can generally be described as more evolutionary than revolutionary. It was found that although there was a general awareness of the concept on all the continents, some countries had slow uptake of the concept, while some had significant optimistic legislation. In contrast, others had no or feeble legislation in support or in obligation of the concept.

Notwithstanding the statutory interventions and the advancement by some business sectors, including the retail sector, it was established that most people across the different continents are still experiencing similar socio-economic challenges. The study broadly found the following:

- Policies that are directly addressing CSR and its interventions are mostly vague or non-existent.
- Businesses across the continents are not obligated to develop a CSR policy and/or make it public.
- CSR budgeting and expenditure compliance on most continents are non-existent, unassured or lacking.
- Globally, to an extent, CSR activities are still viewed as a charitable means and/or a publicity tool.
- There are no set CSR criteria in some countries for how, when and what information must be reported to stakeholders.
- Most legislative directives do not prioritise or emphasise stakeholder relation aspects, CSR transparency or ethical CSR conduct.
- There are insufficient academic, professional and career development of CSR on most continents, but more so in Africa.
- On most continents, CSR is self-regulated.

7.2.1.5 Findings of Objective 5

Objective 5 (a) aimed to investigate how transformative CSR is practised in the food, telecommunications and banking retail segments in South Africa and identify gaps and limitations to strengthen the development of a management model for transformative CSR practices in the South African retail sector.

The study found that the sampled South African retail sector segments continue to have, to some variant extent, similar application, management and social stakeholder reporting challenges. The intent of the GRI standards' requirements and the <IR> and SDG elements are in many instances lacking or overly fused that clarity of application becomes blurred. The study also found that there is a significant lack of articulation of forward planning of interventions. Consequently, various interventions are reported as infinity projects with no measurable lifecycle, milestones or clarity of their projected future impact.

The study found that cross reporting and mixed reporting were prevalent in the legislative aspects. It was found that under the B-BBEE generic compliance targets, content from the one Generic Scorecard element is put forward as the information of another. This was more evident under the skills development and socio-economic development elements. Furthermore, no clear evidence could be found in the sampled sustainability reports of how much money was contributed annually to socio-economic development targeting communities or how much money was spent or carried forward over the three years under review for the respective sampled businesses.

The study revealed that there is in general an overconcentration on education, which potentially excludes an array of possible other transformative social interventions set out by the Bill of Rights and other socio-economic-driven legislative and regulatory developmental objectives. South Africa has introduced a broad range of regulative policies. These policies range from efforts to develop and uplift rural communities and rejuvenate urban areas to eradicating social disparity. The study found that these policies also include a broad array of CSR intervention proposals for businesses to tap into to enhance and accelerate their socio-economic developmental impact.

The study found in the reporting of the sampled retailers that they have an adequate understanding of the importance of stakeholder management and engagement. Many businesses merely mention that stakeholders were consulted and engaged. What was

not apparent or clear was how stakeholders contribute to the material issues, how the material issues were prioritised and how the impacted stakeholders were engaged.

The study also established that the social and ethics board subcommittees' reports were equally narrow in articulating their oversight decisions. It was found that large parts of the sections that report on social and ethics board subcommittee activities in the sustainability reports primarily emphasise legislative roles and responsibilities and do not tell the reader much of their CSR oversight findings and decisions.

Reporting on socio-economic impact requires a systematic approach. The sustainability reports of all the sampled retailers lacked material topic chronology, sustainability and impact articulation, and measurability of material topics and their impacts and CSR funding arrangements. In addition, the study found that some sustainability reports mixed information of the whole African continent in one sustainability report intended for a South African audience, making it challenging to triangulate statutory and regulatory boundaries.

It was also determined that, in general, the sustainability reports of all the sampled retailers lacked progressive CSR trends. No evidence could be found of radical social development projects or a concrete progression towards tangible transformative CSR practices beneficial to the larger society.

Furthermore, despite a large proportion of the sampled retailers acknowledging the UN SDGs in their sustainability reports, their interventions lacked apparent, tangible efforts to end poverty and hunger in all its forms. They also do not ensure prosperous and satisfying lives for all previously disadvantaged people or strive to foster perceptible inclusive societies and partnerships that enable and interlink the social agenda envisioned by the said goals. These overall shortcomings, gaps and limitations also go against the grain of what the CSR theoretical data advocate.

Objective 5 (b) aimed to elicit inputs and comments from CSR experts within the retail segments to further improve the developed draft model.

The study found that it is putative that change is considered essential in building readiness to reduce uncertainty and to enhance the prospects of the potential application of a management model. Therefore, the aim of acquiring the inputs and comments from

CSR experts was primarily to determine the executability of the proposed model, establish restrictions or shortcomings and make further recommendations. These findings can be summarised as follows:

- The industry experts indicated that the model is executable.
- The solicited inputs and comments corresponded with two of the study's key findings that transformative CSR practices should include clearer defined CSR strategies and explicitly articulate the involvement of society.
- It was mentioned that CSR is voluntary – the response reinforces the advocacy for a review of the fiduciary duties of the board of directors and the application of the duties. It explains the approach in sustainability reporting by King IV.
- One of the recommendations underscores the importance of the board of directors. By implication, the social and ethics board subcommittee must follow the trajectory, trend or the socio-economic development agenda of the country, in general, and transformative CSR practices, in particular.

7.2.1.6 Findings of Objective 6

Objective 6 aimed to construct and present a management model for transformative CSR practices in the retail sector in South Africa and provide recommendations as the final contribution to guide the transition to and encourage transformative CSR practices in the retail sector in South Africa.

After the testing phase, no changes were made to the management model for transformative CSR practices. The researcher therefore presents a condensed practical management model for transformative CSR practices as the finding to the study objective. Chapter 6 presents the scientific presentation of the management model for transformative CSR practices (see Chapter 6, section 6.5).

Figure 7.1 sets out the governance structure or framework for the social and ethics board subcommittee's oversight pathway on the CSR continuum. The figure recapitulates the key roles and responsibilities of the social and ethics board subcommittee, the social and ethics executive committee and the social and ethics management committee. Figure 7.1

delineates the vision of the Companies Act vision and several CSR thinkers for greater oversight over CSR activities to realise tangible social transformation.

Figure 7.2 sets out the CSR activities in the CSR continuum. These activities are viewed as the nuts and bolts of the CSR machinery. With these actions, the management model for transformative CSR practices safeguards that there is equitable consultation with

Figure 7.1: CSR oversight and management

Source: Created by the researcher (2021)

social stakeholders and that their views and needs find expression in the CSR strategy of a business. It also allows for the alignment of the social material needs and a business's objectives and resources with the country's transformation agenda. It furthermore allows for the formulation of a plan with clearly defined performance indicators, defines the impact objective of each intervention, plans for implementation of such impact and gives a clear and explicit impact statement and report-back to social stakeholders.

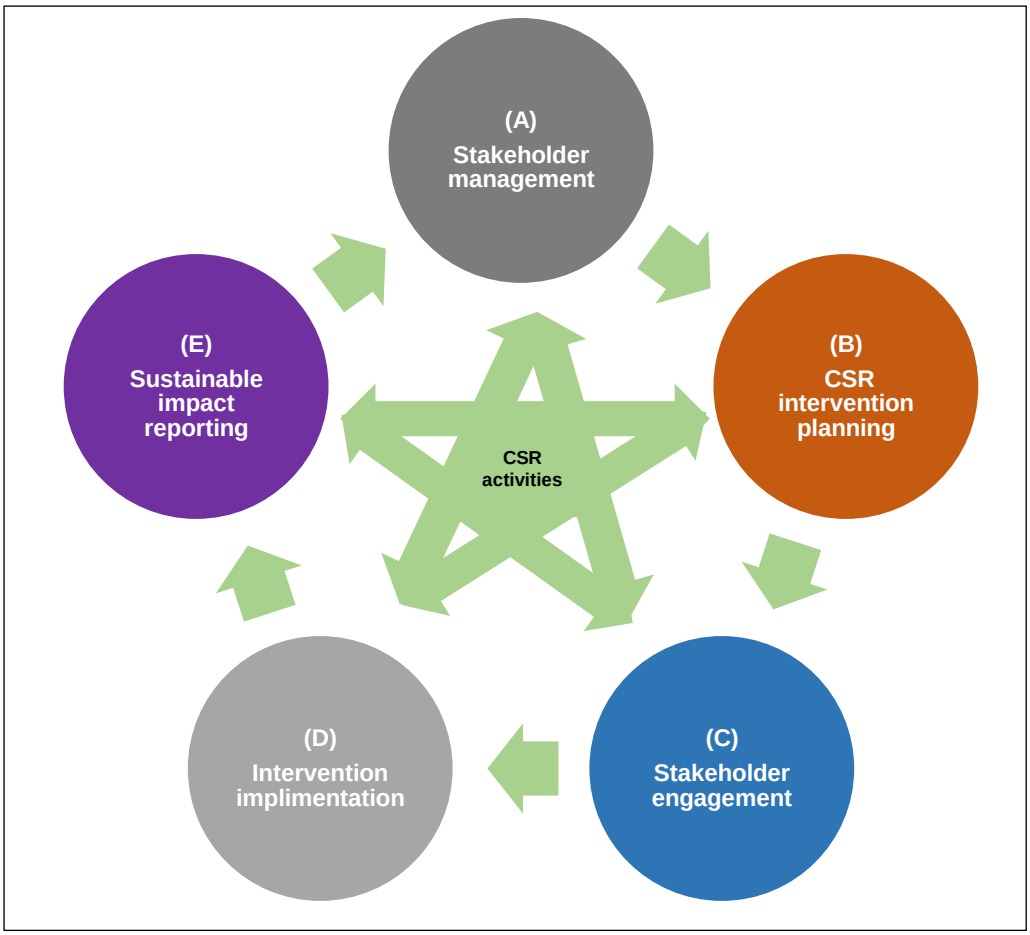


Figure 7.2: Elements of the CSR activities

Source: Created by the researcher (2021)

The *stakeholder management* process encompasses general CSR planning (see Figure 7.3). The golden thread in planning for CSR activities is based on the CSR strategy, which should include stakeholder identification, stakeholder analysis, material needs assessment and the business's intended impact.

Stakeholder identification needs to consider the materiality requirements of the concept. The process starts with mapping the business's social stakeholders to better understand how the business's activities influence them and their needs. Once the social stakeholders are identified, it is essential to prioritise the social stakeholders according to their needs and the urgency of those needs within the business's execution ability. This prioritising is by no means a reflection of the (non-)importance of that need to society, but must be seen as a reflection of the business's CSR resource capability.

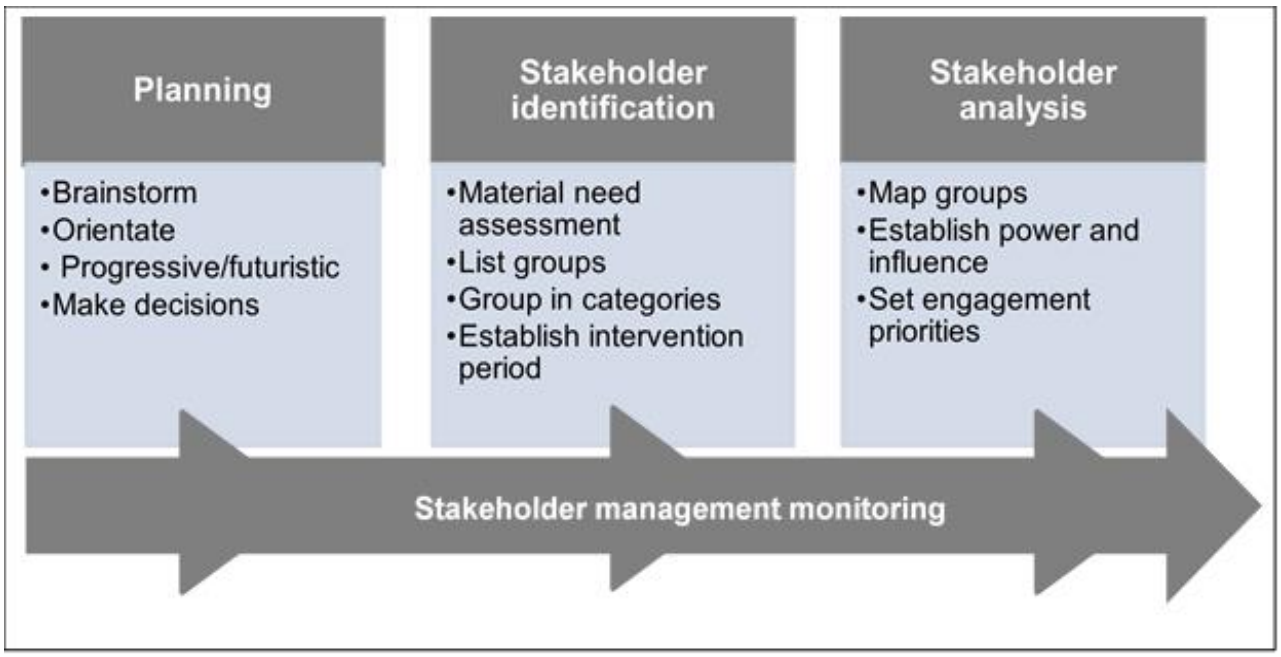


Figure 7.3: Stakeholder management pathway

Source: Created by the researcher (2021)

i) Planning

Planning represents the process of brainstorming on the activities and resources required to achieve the desired objective, outcome or destination. The planning phase also embodies decision making regarding the orientation of resources, the detour framework and the supplementary plans that need to be developed.

ii) Stakeholder identification

Stakeholder identification and material needs assessment is a crucial initial phase. A comprehensive stakeholder identification process would ensure that potential distractors or beneficiaries are left behind as little as possible. Similar to planning, stakeholders can differ from sector to sector and from business to business.

A material impact assessment process could assist a business in prioritising (see Figure 7.4) the stakeholder needs, ideally into short- or long-term interventions, by plotting the material topics into the colour blocks (the colours are optional).

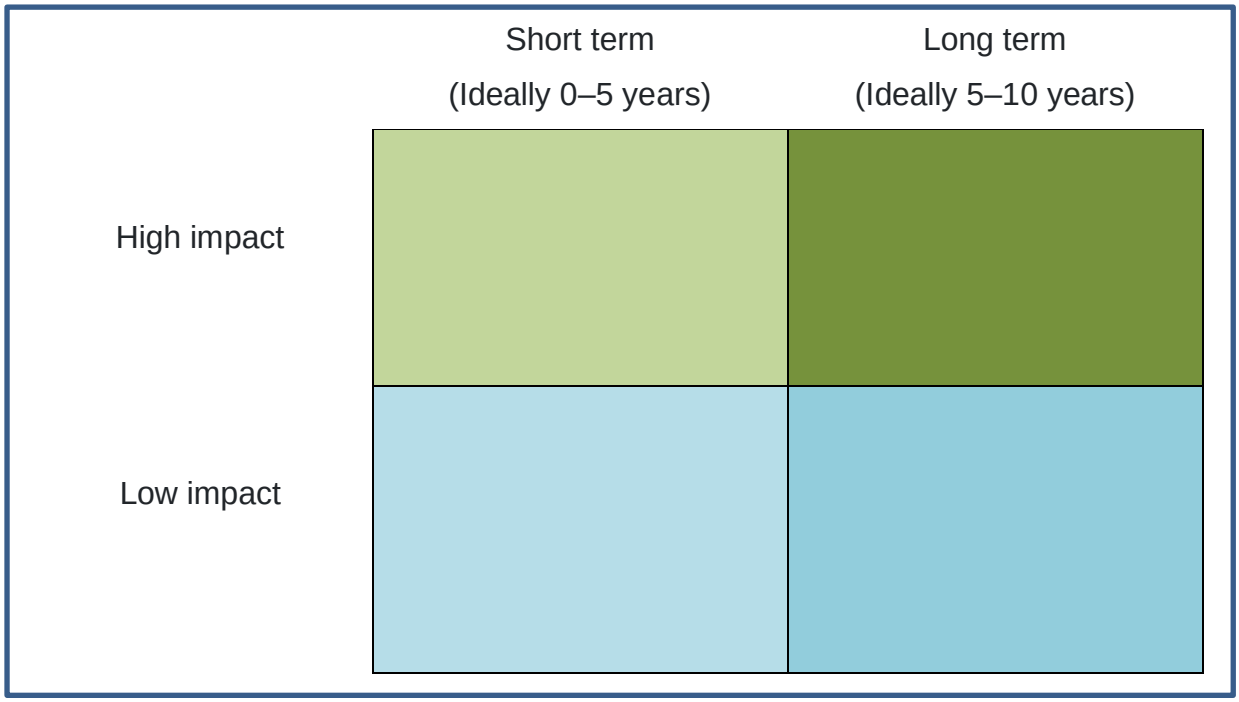


Figure 7.4: Prioritisation matrix

Source: Created by the researcher (2021)

The impact of the material topic prioritisation outcome can either be high, indicating an extensive social impact of either one or multiple stakeholder communities, or low, implying a narrow or individualistic approach, targeting individuals or individuals in a community instead of the community. Short-term interventions include those activities that could have a high or low impact and show results within one to five years. Those interventions prioritised as long-term are futuristic and could be prioritised to produce either high or low impact over five to ten years.

iii) Stakeholder analysis

It is critical to assess stakeholders' material needs and to analyse the likely reaction or response of the diverse stakeholders to various interventions. The stakeholder analytical process would also help identify the various stakeholders' power and interests and mitigate them accordingly. See Figure 7.5 and its explanatory notes below on executing this activity.

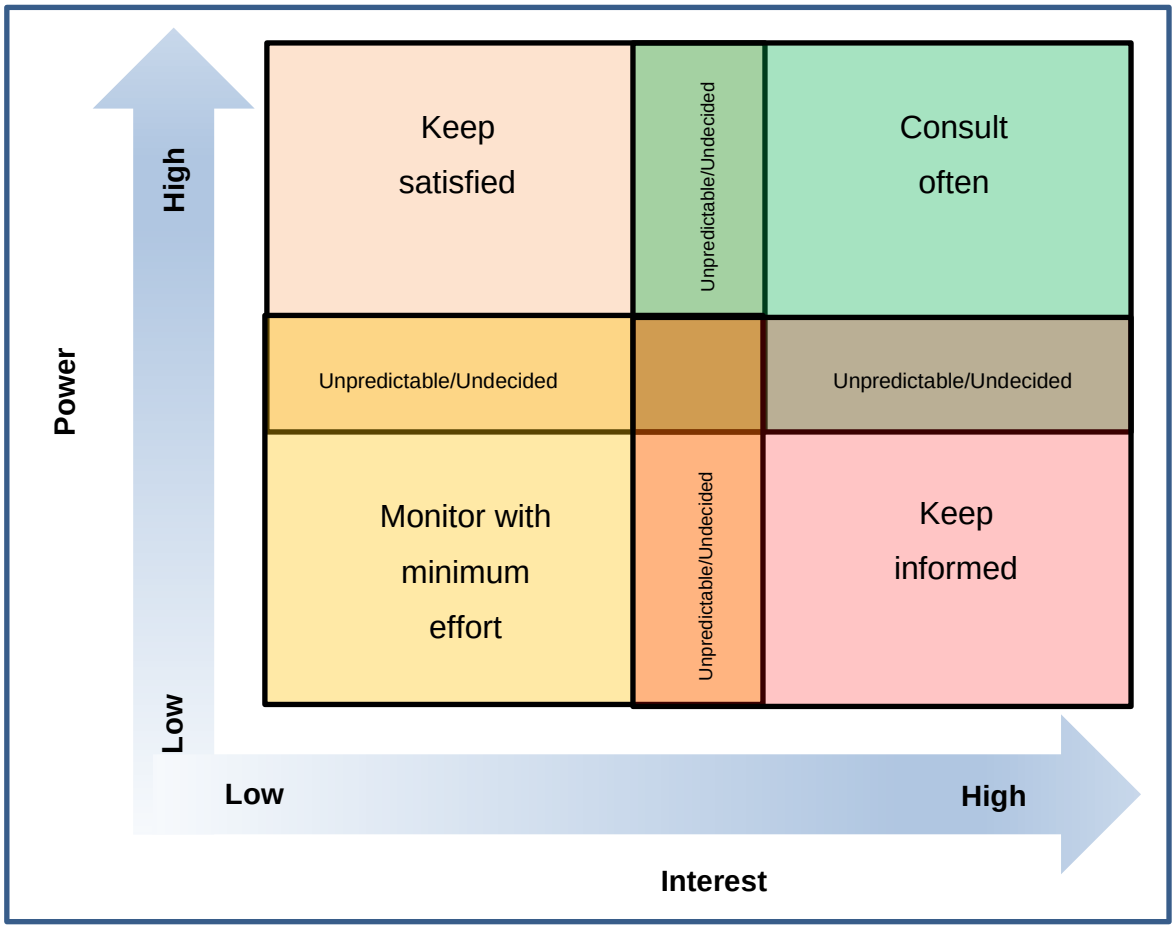


Figure 7.5: Power interest matrix

Source: Adopted from Blowfield and Murray (2014:206)

- **High power/low interest (keep satisfied)**
  These are usually stakeholders who require less attention by maintaining a watchful balance between keeping them informed and not causing information overload.
- **High power/high interest (consult often)**
  These are stakeholders who need to be engaged often and managed closely. These are usually critical influencers regarding a specific material topic and the power to influence its outcome. Stakeholder categories in this group will require the most effort to keep satisfied.
- **Low power/high interest (keep informed)**
  High-interest stakeholders should be kept adequately informed regarding their material topic of interest. These stakeholders' interest is more often to see a positive outcome of what they commit to.

- **Low power/low interest (monitor with minimum effort)**
  These stakeholders would be satisfied with general information. In most instances, they feel a sense of information overload faster.
- **Unpredictable/Undecided (monitor closely)**
  These are stakeholders who require close monitoring and show signs of movement. They could become less or more powerful or lose or gain interested in an intervention, or they may become disgruntled or aggrieved for one or other reason. Spur-of-the-moment or slow onset interest groups also require close monitoring in this category to group them speedily to address their concerns.

iv) Stakeholder management monitoring

Stakeholder management monitoring forms part of an overall monitoring and evaluation regime that should be institutionalised in most businesses.

Transformative CSR intervention planning (Activity B) assumes that the planning framework incorporates the stakeholders' material needs, the country's legislative and regulative socio-economic transformation agenda and the business's CSR strategy. During the intervention impact planning, businesses should consult the stakeholder community as beneficiaries to agree on which material needs would be prioritised in the short or long term and which interventions are intended to make a low or high impact. CSR intervention planning to a large degree articulates the critical components that set the basis for what the social impact would look like once proposals are accepted by stakeholders and implemented. Social impact planning would allow the intervention planners to set the impact pathway and planning with a desired outcome/destination in mind. The planning activity is done to align any expectations that might have been misaligned. Table 7.1 sets out a non-linear impact pathway planning with items and actions.

Table 7.1: Impact pathway planning items and actions

I	**Implementation** Implementation is the process of turning the CSR strategy and formal plan(s) into action to realise strategic objectives and stakeholder expectations. The implementation process can also serve as a great measuring tool for CSR interventions.
M	**Materiality and measurability** Materiality is a critical assessor of the extent of a business' transformative CSR practices. Materiality allows a business, in consultation with its stakeholders, to prioritise which material topics should be focused on in short- and/or long-term and which interventions would make a low (narrow) or high (extensive) impact. These socio-economic developmental material topics should have clear objectives, indicators and milestones that can be objectively assessed and measured.
P	**Planning** Planning and organising refer to rationalising the CSR strategy and activities from the board level to the management and team members. Planning includes plotting and assigning the required resources to achieve the desired strategic CSR outcome(s) and social impact.
A	**Accountability and accounting** In CSR ethics and governance, accountability implies answerability, liability, and the expectation to give report and account-giving to stakeholders. Accounting refers to the bookkeeping and financial implications of the CSR activities essential for financial assurance.
C	**Citizenry and community (beneficiaries)** Social stakeholders of business should be consulted and are eligible to benefit from operating rewards received by businesses in their milieu. Sustainable beneficiation of CSR interventions is the cornerstone of collaborative value creation through targeted socio-economic developmental impact. Set communication agreements with beneficiaries to align the expectations of all parties involved.
T	**Timeline and time-bound** Infinity or open-ended CSR interventions with no timeline can be neglected because there is no sense of urgency to reach set milestones, deadlines, or targets. Intervention goals should be time-bound to assist in impact measurability and for a business to be held accountable.

Source: Created by the researcher (2020)

The impact pathway allows for clear periods of key actions. It allows for consultation with the citizenry and, based on the stakeholder engagement process, the drawing up of plans, and organising and timeously implementing the respective milestone objectives of each intervention. It also allows the planning to consider the GRI standards reporting

requirements in terms of materiality and measurability to hold businesses accountable for generic low-impact interventions and CSR financials

Stakeholder engagement (Activity C) deals mainly with the consultation and communication aspects with the stakeholder groupings in a targeted manner. Through the targeted stakeholder engagement process, a business gets to know the stakeholders or their grouping and strategises on how to influence, negotiate or create dialogue channels best to meet their individual and/or overlapping needs. The team must develop a stakeholder engagement strategy for each material topic adapted from leading stakeholder engagement standards such as the GRI standards.

The success of intervention implementation (Activity D) is based mainly on the business's commitment and motivation to its relations, stakeholders or stakeholder representatives. Most of the leading international and domestic social standards encourage social compacts to strengthen implementation and realise sustainable development.

In terms of the GRI standards' requirements, sustainable impact reporting (Activity E) to social stakeholders should be in a clear, non-vague language, take a specific format and be circulated in written format at least once a year. Reporting should disclose relative information about the business's CSR practices and the progress and management of material topics.

7.3 RECOMMENDATIONS

The below items set out recommendations as the final contribution to guide the transition to and encourage transformative CSR practices in the retail sector in South Africa.

7.3.1 Recommendation 1

The practical implementation further enhances oversight and management. The board must consider to, instead of reporting on its legislative roles and responsibilities, set out in clear language its CSR objectives or priorities for a specific period based on social material issues advanced by the executive (see Chapter 6, section 6.3.2.1). It is therefore suggested that the executive CSR management team should translate those objectives or priorities into a CSR strategy. In contrast, the social and ethics management level must

set out the transformative CSR impact pathway plan showing the key performance indicators and milestones for those strategic items to be actioned.

7.3.2 Recommendation 2

Stakeholder management serves as the driver of the transformative CSR impact pathway plan. Identifying and consulting social stakeholders to ensure that those eligible to benefit from the financial rewards of a business in their milieu are reached (see Chapter 4, section 4.3.1.2 and Chapter 6, section 6.3.2.1). Furthermore, sustainable beneficiation of CSR interventions is the cornerstone of collaborative value creation through targeted socio-economic developmental impact. This is especially prudent because the study could not ascertain how all sampled retail segments came to focus most or all their investments in one ‘social issue’: education (see Chapter 6, section 6.3.4.2). In addition to the material issues sponsored by society, a selection of at least three items could also be made from the array of guiding transformation areas in the governmental regulatory environment, CSO outcries or media reports on social needs. It is recommended that greater intra-retail segment and inter-retail sector consultation take place. Considering sensitivities regarding competitive advantage, businesses within the retail sector should create social compacts that identify common material issues and find common ground on collaborating to achieve a common socio-economic objective.

7.3.3 Recommendation 3

As was established in Chapter 2 (sections 2.2.12, 2.3.1.2.1 and 2.3.1.3.3) and Chapter 3 (sections 3.3.1.1 and 3.6.2.1), it is evident that business planning and balanced judgements are done for different year periods to create short-term (0–5 years) and long-term (6–10 years) wins. Therefore, it is recommended that retail sector businesses enhance and align their CSR impact planning to general business planning practice to simultaneously address multiple socio-economic developmental material issues over different periods.

7.3.4 Recommendation 4

The empirical findings revealed that a community articulates and appraises its understanding of decision making and fairness of the implementation of an intervention through public discourse (Chapter 2, section 2.3.1.1.1). The study also established that by continuously engaging social stakeholders, a business could gauge the perceived impact of the implementation and the social changes the ongoing activities in a community reveal (see Chapter 3, section 3.2). The study also found that it is important to inform and include social stakeholders prior to and during the implementation of a CSR intervention (see Chapter 3, section 3.4.1.2). Therefore, it is recommended that ongoing socio-economic changes brought on by a CSR intervention be recorded and reported on more qualitatively and less quantitatively before and after implementing a CSR intervention to allow for multiple gauging of socio-economic impact. It is also recommended that a business' CSR team pays close attention to ongoing international and domestic trends, legislative environment/direction and sector setting for guidelines on engaging stakeholders continuously.

7.3.5 Recommendation 5

Sustainability reporting should follow a sequence of events. As was established in several countries, it is becoming a trend for companies to reveal how much money was contributed to CSR in a specific financial year under review, how much was brought forward from the previous year and how much would be carried forward to the next year (see Chapter 5, sections 5.2.1.1 and 5.2.1.3). The study also found that sustainability reporting principles are clearly articulated in the GRI standards. When mixed, diluted or incorporated with other standards, the use of the said standard becomes non-compliant (see Chapter 3, sections 3.4.1.2 and 3.4.1.5). Therefore, it is recommended that the GRI standards be applied as the sustainability reporting documents in chief to allow for inter- and intra-industry CSR practice evaluation and measurement.

7.3.6 Recommendation 6

The literature review revealed that an impact statement is a valuable complementary tool to the sustainability report to set out what the reason for the need/problem to be addressed was, what the response of a business was, what the progress or results are and how the results will be sustained into the future (see Chapter 2, section 2.2.1.2). The

study found in the same chapter and section that the focus of an impact statement is less on the report-back on the business's CSR activities but instead on the social outcomes or impacts. Therefore, it is recommended that businesses give an annual chronological impact statement within their sustainability report on the progression of specific interventions, setting its intended objective over a five- or ten-year period in line with the proposed prioritisation matrix in Figure 7.4.

7.3 AREAS OF FUTURE AND FURTHER RESEARCH

The following proposed studies could further enhance the management model for transformative CSR studies and potentially replicate its applicability to private and government sectors. Similar studies could be conducted to test the applicability of the management model for transformative CSR studies to other sectors, such as municipal-owned entities.

In-depth research could be conducted to explore the specific linkage between socio-transformative issues and CSR. A longitudinal study could also be conducted to assess whether the CSR interventions over the short and long term meet the desired tangible, sustainable social impact envisaged by the legislative, regulative and government policy agenda. Lastly, research can also be conducted to investigate the CSR performance of different sectors concerning their socio-economic transformation and developmental impact.

7.4 CONCLUSION

The literature study suggested that limited literature and research exist in the South African context regarding socio-economic transformation and CSR. The available literature evidence highlighted several milestones and challenges for businesses, legislators and communities as beneficiaries of CSR interventions. The study's primary objective was to propose a management model for transformative CSR practices in the South Africa retail sector. To achieve and support the primary objective, six chapters were advanced.

Chapter 1 provided an introductory overview of the study. The chapter outlined the research problem and questions and framed the procedural roadmap to achieve the

research objectives. Furthermore, the ethical considerations, potential limitations and study contribution were indicated. Chapters 2 to 5 set out the research datasets, starting with the theoretical background.

Chapter 2 expanded on the introductory overview provided in Chapter 1 by articulating the specific terms used in the realm of CSR and the study. Chapter 2 also provided a chronological synopsis of the emergence of CSR from the agrarian revolution around 8000 BC. The chapter further focused on the global evolution of CSR, followed by the operational failures and limitations of CSR and the basis for social transformation or the lack thereof. Lastly, the chapter concluded by highlighting the transition from conventional CSR practices to transformative CSR practices.

Chapter 3 provided a theoretical overview of transformative CSR and organisational change, with specific attention to the TOC, business leadership and change management aspects. The chapter also presented an outline of the roles and responsibilities of the board of directors and other stakeholder actors in business change. The last parts of the chapter articulated Kotter's eight-step change management model to guide the change progression to maturity and the McKinsey 7-S model as a tool to ascertain the business's readiness to introduce, implement and lock in change.

Chapter 4 presented the statutory prescripts, a contextual synopsis from the beginning of the 20th century until the democratisation of South Africa. Relevant transformative legislation aimed at advancing socio-economic development was placed in context. This was followed by a tabulation of contributory international and domestic socio-economic regulations and policies.

Chapter 5 presented the empirical results and findings of the study. It comprised an analysis of South African retailers' publicly available company sustainability reports over three years (2017-2019). This was followed by a draft management model for transformative CSR practices in the South African retail sector. The last section of the chapter analysed and discussed the input and comments of industry experts in terms of the management model.

Chapter 6 provided the empirical analysis of South African retailers' publicly available official sustainable documents using qualitative data analysis. The sustainability reports

made up the documents in chief, and any supporting reports were analysed as part of the document in chief of that business.

As part of the pre-drafting process of the model, a brief summation was given of each dataset chapter, followed by the draft management model for transformative CSR practices. The draft management model for transformative CSR practices was then circulated to industry experts for their inputs and comments. These were analysed using thematic analysis and considered for the final draft of the management model for transformative practices

The last chapter of the study (Chapter 7) concluded the study and presented the final management model for transformative CSR practices in the South African retail sector as the research objective stated in Chapter 1. The model is ready for application or can be used as a blueprint by retail sector companies to enhance CSR-driven socio-economic transformation and development.

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ANNEXURES

ANNEXURE A: REQUEST FOR PARTICIPATION

RST

Dear participant

You are invited to participate in a research study titled **"The South African retail sector: a management model for transformative corporate social responsibility practices"**. The study is being conducted by Niel Rooi, a PhD student at North-West University. Approval to conduct the research has been obtained from the Research Ethics Committee, Faculty of Humanities, North-West University (ethics number: NWU-00249-17-A7).

The study came about as the transformation voices in South Africa argue for a renewed trajectory in the conventional CSR practices to accelerate change and to transform the lives and well-being of the previously disadvantaged tangibly and sustainably. The advocates for transformative CSR practices believe that greater regard should be given to the CSR practice as a driver of socio-economic transformation in South Africa. Therefore, this study aimed to develop a management model that could inform the South African retail sector to realise transformative CSR practices.

The **draft management model for transformative corporate social responsibility practices in the retail sector** has been developed and is in the pre-test phase. This phase entails asking experts in the retail sector for their inputs and comments.

You have been invited/selected to participate due to your position and expertise. Participation is entirely voluntary. Information gathered during the research will be recorded for transcription purposes and used solely for this study. All efforts will be made to ensure the confidentiality of participants' personal information. You may withdraw from the study at any time, and your data will be destroyed. The questions will take approximately 20 minutes to complete.

The results will be used to refine the stakeholder-centric management model that could inform the South African retail sector to realise transformative CSR practices. The model could be of great advantage to businesses and the broader society. The participation benefits could include your contribution to knowledge generation and the prospects of a potential futuristic management model.

Should you require any further information, want feedback on the study or need to contact one of the researchers about any aspect of this study, please contact Neil Rooi at nielrooi.phd@gmail.com or 073 471 7471.

The next page set out the key elements of the proposed transformative CSR model.

ANNEXURE B: ABRIDGED TRANSFORMATION CSR MANAGEMENT MODEL

Transformative CSR model©

Figure 1: CSR oversight and management

CSR activity explanatory notes

The **stakeholder management (A)** process encompasses general CSR planning. The golden thread in planning for CSR activities are based on the CSR strategy which ought to include stakeholder identification, stakeholder analysis, material needs assessment and the businesses intended impact. Stakeholder identification ought to ensure that as few as possible distractors and legitimate beneficiaries are left behind. The material needs assessed must as far possible be based on the CSR strategy, available resources of the business and the time it might take to affect desired impact. Short term interventions are ideally between 0-5 years and long-term interventions between 0 and 10 years. It is also important to articulate the impact expectations – would it be low or high. Once stakeholders have been identified and their needs assessed it is then crucial to establish the power, legitimacy and urgency based on the power matrix recommended by Blowfield and Murray. The researcher included and underscoring the unpredictable and undecided stakeholders. These include but are not limited to stakeholders that becomes disgruntled or aggrieved or spur of the moment eruptions.

Figure 2: Elements of the CSR activities©

Transformative **CSR intervention planning (B)** assumes that the planning framework incorporates the stakeholder material needs, the country's transformation agenda and the business's CSR strategy. During the intervention planning, to effect social impact, businesses ought to consult the stakeholder community as beneficiaries to agree on which material needs would be prioritised in the short or long term and which interventions are intended to make a low or high impact.

Stakeholder engagement (C) deals mainly with the consultation and communication aspects with the stakeholder groupings in a targeted manner. Through the targeted stakeholder engagement process, a business gets to know the stakeholder or its grouping and strategise how to influence, negotiate, or create dialogue channel to meet their respective and or overlapping needs best. The team must develop a stakeholder engagement strategy for each material topic adapted from leading stakeholder engagement standards such as the GRI.

Intervention implementation's (D) success is based mainly on the business's commitment and motivation to and the relations between the business, its stakeholders, or stakeholder representatives. Most of the leading international and domestic social standards encourage social compacts to strengthen the intervention planning, the intervention implementation and to realise sustainable development.

In terms of the GRI requirements, **sustainable impact reporting (E)** to social stakeholders should be in a clear non-vague language, take a specific format, and be circulated in written format at least once a year. Reporting should disclose relative information about the businesses CSR practices and the progress and management of material topics.

Based on the above, please complete the questionnaire on the next page.

ANNEXURE C: QUESTIONNAIRE

Questionnaire

RST

The purpose of these questions is to elicit insight and pre-test the practicality of the management model for transformative CSR practices.

1. In your opinion, is the proposed transformative CSR management model executable? If not, kindly elaborate as to the reasons why.

2. Are there any restrictions or shortcomings in the model? Please elaborate.

3. Do you have any recommendations or inputs to further refine or improve the model? Please provide details.

Thank you for your time and valuable input.