

# Investigating the impact of responsible leadership on corporate social responsibility within a South African company: The case of Keypak

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It all starts here <sup>TM</sup>

## **ABSTRACT**

Corporate social responsibility (CSR) is a strategic concern that requires companies to accept their responsibility towards society. Within South Africa, the Broad-Based Black Economic Empowerment (B-BBEE) Codes of Good Practice provide a framework for the application of CSR, through the implementation of socio-economic development (SED) projects. The effective implementation of CSR is, however, influenced by the leaders within a company and responsible leadership (RL) has been identified as a new leadership orientation that could promote CSR through a stakeholder perspective.

The problem investigated was whether a selected company, Keypak, applies a stakeholder's perspective of RL in its implementation of CSR through SED-projects, with reference to Keypak itself and a specific community project they are involved in at the Getrudde Shoppe Early Childhood Development Centre (GSECDC) in the Nelson Mandela Bay Metropolitan Municipality (NMBMM). The concepts CSR, B-BBEE, SED and RL were firstly explored theoretically after which they were tested empirically within Keypak through the use of a mixed-method research design. A quantitative four-point Likert-scale was administered to a deliberate sample of twelve Keypak employees and eleven of them were interviewed through the use of a qualitative semi-structured interview guide. A qualitative semi-structured interview was also conducted with the Principal of the GSECDC.

The results of the empirical investigation firstly show that a stakeholder perspective of RL has been adopted by the Keypak leaders in their implementation of SED-projects as an application of effective CSR. They portray a positive attitude towards B-BBEE in having aligned their CSR activities with the Codes of Good Practice, to bring about maximum impact through this framework. Their commitment towards CSR is also seen specifically in the consistent support that they provide to numerous community projects, in particular the GSECDC.

The results further indicated that Keypak's leaders do display the five characteristics of RL and the four ways to implement a stakeholder perspective of RL identified by Waldman and Galvin (2008:330, 335). The leaders are said to have strong values and lead-by-example as they focus on the needs of others (internal and external stakeholders) with the intent of getting involved in meeting those needs to improve

society. Only a fairly small number of employees, however, are afforded an opportunity to participate in CSR activities and more could be done to empower and enable employees to be a part of Keypak's positive impact on the lives of people.

It is mostly believed that Keypak's commitment to and implementation of CSR is influenced by its RL. In particular there is a strong sense that the Keypak leaders consider the needs of stakeholders in the implementation of their SED-projects. This stakeholder's perspective of RL is believed to lead to the successful implementation of the SED-project at GSECDC and a positive impact on the Grade R learners and their parents.

Some recommendations have been made at the end of the study on how the Keypak leaders could continue to pursue such a leadership approach in their implementation of CSR.

## OPSOMMING

Korporatiewe sosiale verantwoordelikheid (KSV) is van strategiese belang vir privaatondernemings, van wie dit verwag word om hul verantwoordelikheid teenoor die gemeenskap te aanvaar. Wat Suid Afrika betref, word die Breë-Basis Swart Ekonomiese Bemagtiging (BBSEB) Kodes van Goeie Praktyk gesien as 'n raamwerk vir die implementering van KSV deur middel van sosio-ekonomiese ontwikkelingsprojekte (SEO). Die leiers in 'n onderneming beïnvloed wel ook die effektiewe implementering van KSV wat gelei het tot die ontstaan van verantwoordelike leierskap (VL), as 'n nuwe leierskapstyl wat veral KSV kan bevorder deur 'n belanghebbende perspektief.

Die spesifieke probleem wat hierdie studie ondersoek het was om vas te stel of die onderneming (Keypak) 'n belanghebbende perspektief toepas op VL volgens die manier waarop hulle KSV implementeer deur middel van SEO-projekte. Die studie maak verder 'n spesifieke verwysing na die impak wat die leierskapstyl het op 'n SEO-projek by Getrudde Shoppe Vroeë-kinderontwikkelingsentrum (GSVS) in die Nelson Mandela Baai Metropolitaanse Munisipaliteit (NMBMM). Die terme KSV, BBSEB, SEO en VL is eerstens verken deur 'n literatuurstudie, wat gevolg is deur 'n empiriese toets by Keypak deur die gebruik van 'n gemengde-metode navorsingsontwerp. 'n Kwantitatiewe vierpunt Likertskaal is voltooi deur twaalf van Keypak se personeel. Deelnemers aan die navorsing is deur die menslike hulpbronnebestuurder van Keypak vir die doel gekies. Die navorser het ook met elf van die twaalf individue 'n onderhoud gevoer, waartydens van 'n kwalitatiewe semi-gestruktureerde gids gebruik gemaak is. Verder is 'n onderhoud ook gevoer met die skoolhoof van die GSVS.

Die resultate van die empiriese ondersoek dui eerstens daarop dat die Keypak-leiers in hul benadering tot KSV n belanghebbende perspektief van VL aangeneem het in die implementering van SEO projekte. Hulle vertoon 'n positiewe gesindheid teenoor BBSEB deur die wyse waartoe hul KSV ooreenstem met die Kodes van Goeie Praktyk om te verseker dat die maksimum impak bereik kan word deur so 'n raamwerk. Keypak se toewyding tot KSV word ook gesien in die voortdurende hulp wat hulle aan 'n verskeidenheid van gemeenskapsprojekte verleen, veral aan die GSVS.

Die resultate dui verder daarop dat die Keypak-leiers die vyf karaktereienskappe van VL vertoon asook die vier maniere waarmee 'n belanghebbende perspektief van VL

geïmplementeer word soos geïdentifiseer deur Waldman and Galvin (2008:330; 335). Daar is vasgestel dat die leiers sterk waardes het en 'n voorbeeld stel met hulle fokus op die behoeftes van ander (interne en eksterne belanghebbendes). Die oogmerk van die leiers is om die samelewing te verbeter deur betrokke te raak by die vervulling van die gemeenskap se behoeftes. Slegs 'n klein aantal van die Keypak-personeel word egter die geleentheid gebied om betrokke te wees by die KSV-aktiwiteite en daar is dus ruimte om die personeel meer te bemagtig om hulle in staat te stel om deel te wees van die positiewe impak wat Keypak het op mense se lewe.

Die navorsing toon verder dat meestal geglo word dat Keypak se toewyding en implementering van KSV beïnvloed word deur hul VL. Daar is veral 'n sterk gevoel dat die Keypak-leiers die behoeftes van hul belanghebbendes in ag neem gedurende die implementering van die SEO-projekte. Daar word verder getoon dat die belanghebbende perspektief van VL lei tot die suksesvolle implementering van die SEO-projek by GSVS en dat die projek 'n positiewe impak het op die leerlinge en hul ouers.

Voorstelle word aan die einde van die studie gemaak oor hoe Keypak kan voortgaan om KSV te implementeer deur VL.

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This journey was ultimately a reality because of the inspiration and strength I received from my Heavenly Father. It was all for His glory and all by His Grace.

## SOLEMN DECLARATION

I, Jolandi Snyders, hereby declare that the work in this mini-dissertation is my own, that it is based on original research work conducted by me and that it has not been submitted elsewhere for the purposes of obtaining a degree or diploma, either in part or in full.

A handwritten signature in black ink, appearing to be 'J. Snyders', written in a cursive style.

Signature of student

Date: 22-03-2016

## **LIST OF ABBREVIATIONS**

BEE – Black Economic Empowerment

B-BBEE – Broad-Based Black Economic Empowerment

CSI – Corporate Social Investment

CSR – Corporate Social Responsibility

DTI – Department of Trade and Industry

GEAR – Growth, Employment and Redistribution Strategy

GSECDC – Getrudde Shoppe Early Childhood Development Centre

HR – Human Resources

LIMAT – Lingayas Institute of Management and Technology

NMBMM – Nelson Mandela Bay Metropolitan Municipality

NPAT – Net Profit after Tax

NWU – The North-West University

RL – Responsible Leadership

SED – Socio-Economic Development

SPCA – Society for the Prevention of Cruelty against Animals

SHEQR – Health and Safety, Quality Assurance Manager

UNISA – University of South Africa

WBCSD – World Business Council for Sustainable Development

## TABLE OF CONTENTS

<b>ABSTRACT</b> .....	<b>I</b>
<b>OPSOMMING</b> .....	<b>III</b>
<b>ACKNOWLEDGEMENTS</b> .....	<b>V</b>
<b>SOLEMN DECLARATION</b> .....	<b>VI</b>
<b>LIST OF ABBREVIATIONS</b> .....	<b>VII</b>
<b>CHAPTER ONE: ORIENTATION</b> .....	<b>1</b>
1.1 INTRODUCTION .....	1
1.2 PROBLEM STATEMENT .....	2
1.2.1 Research objectives .....	5
1.2.2 Research questions .....	5
1.3 THEORETICAL STATEMENTS.....	6
1.3.1 The need for a particular leadership style for corporate social responsibility .....	6
1.3.2 Socio-economic development as corporate social responsibility .....	7
1.3.3 The responsible leadership impact on corporate social responsibility .....	7
1.4 RESEARCH METHODOLOGY AND DESIGN.....	7
1.4.1 Research design.....	8
1.4.2 Historical research procedure .....	9
1.4.3 Case study procedure.....	9
1.4.4 Data collection .....	10
1.4.4.1 Quantitative data collection.....	10
1.4.4.2 Qualitative data collection.....	11
1.4.5 Sampling .....	12
1.4.5.1 Sampling at Keypak.....	12
1.4.5.2 Sampling at GSECDC .....	13
1.4.6 Data analysis.....	13
1.4.6.1 Quantitative data analysis.....	14
1.4.6.2 Qualitative data analysis.....	15
1.5 ETHICAL CONSIDERATIONS .....	16
1.6 SIGNIFICANCE OF THE STUDY .....	17
1.7 LIMITATIONS .....	18
1.8 CHAPTER LAYOUT .....	18
1.8.1 Chapter One: Orientation.....	18
1.8.2 Chapter Two: Corporate Social Responsibility, B-BBEE and Responsible Leadership.....	19

1.8.3	Chapter Three: Empirical research findings – Impact of responsible leadership on Corporate Social Responsibility: The case of Keypak.....	19
1.8.4	Chapter Four: Conclusions and Recommendations.....	19
1.9	CONCLUSION.....	20

## **CHAPTER TWO: CORPORATE SOCIAL RESPONSIBILITY, B-BBEE AND**

<b>RESPONSIBLE LEADERSHIP .....</b>	<b>21</b>	
2.1	INTRODUCTION.....	21
2.2	DEFINING CSR, B-BBEE and RESPONSIBLE LEADERSHIP.....	21
2.3	THE EVOLUTION OF CSR IN SOUTH AFRICA.....	24
2.3.1	Understanding B-BBEE .....	25
2.3.2	B-BBEE as an application of CSR .....	26
2.4	THE RELATIONSHIP BETWEEN CSR AND B-BBEE .....	27
2.4.1	Socio-economic development and CSR.....	28
2.5	CONTEXTUALISATION: CSR STRATEGY AND IMPLEMENTATION IN SOUTH AFRICA.....	30
2.5.1	CSR as a strategic concern to companies .....	31
2.5.2	CSR Strategy and Implementation.....	33
2.6	CSR AND LEADERSHIP .....	35
2.6.1	Responsible leadership and CSR .....	37
2.6.2	Stakeholder perspective of responsible leadership .....	39
2.7	CONCLUSION.....	43

## **CHAPTER THREE: EMPIRICAL RESEARCH FINDINGS - IMPACT OF RESPONSIBLE**

<b>LEADERSHIP ON CORPORATE SOCIAL RESPONSIBILITY: THE CASE OF KEYPAK .....</b>	<b>45</b>	
3.1	INTRODUCTION.....	45
3.2	BACKGROUND INFORMATION ON KEYPAK.....	46
3.3	BACKGROUND INFORMATION ON THE GETRUDDE SHOPPE EARLY CHILDHOOD DEVELOPMENT CENTRE (GSECDC) .....	48
3.4	BIOGRAPHICAL DATA .....	49
3.5	QUANTITATIVE AND QUALITATIVE RESEARCH FINDINGS.....	51
3.5.1	Research question one.....	54
3.5.2	Research questions two and three.....	57
3.5.3	Research question four.....	62
3.5.4	Getrudde Shoppe Early Childhood Development Centre Interview .....	64
3.6	CONCLUSION.....	67

## **CHAPTER FOUR: CONCLUSIONS AND RECOMMENDATIONS .....**

4.1	INTRODUCTION .....	69
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4.2	OBJECTIVES .....	70
4.2.1	Findings on Objective one .....	70
4.2.2	Findings on Objectives two and three .....	72
4.2.3	Findings on Objective four .....	75
4.3	CONCLUSION.....	76
4.4	RECOMMENDATIONS .....	78
4.5	FINAL CONCLUDING REMARKS .....	80
<b>LIST OF SOURCES .....</b>		<b>82</b>
<b>ANNEXURE A: PERMISSION TO CONDUCT RESEARCH .....</b>		<b>92</b>
<b>ANNEXURE B: INFORMATION-GATHERING GUIDE .....</b>		<b>93</b>
<b>ANNEXURE C: QUANTITATIVE LIKERT-SCALE QUESTIONNAIRE .....</b>		<b>95</b>
<b>ANNEXURE D: QUALITATIVE INTERVIEW GUIDE - KEYPAK .....</b>		<b>99</b>
<b>ANNEXURE E: QUALITATIVE INTERVIEW GUIDE - GSECDC .....</b>		<b>101</b>
<b>ANNEXURE F: QUANTITATIVE QUESTIONNAIRE DATA CAPTURED .....</b>		<b>104</b>
<b>ANNEXURE G: DECLARATION OF LANGUAGE EDITING .....</b>		<b>105</b>

**LIST OF TABLES**

**Table 1-1: Responsible Leadership Principles ..... 3**

**LIST OF FIGURES**

**Figure 3-1: Gender representation..... 49**

**Figure 3-2: Number of years employed at Keypak ..... 50**

**Figure 3-3: Hierarchical employee levels ..... 51**

**Figure 3-4: Average response rate per research question based on gender ..... 52**

**Figure 3-5: Average response rating for years of service per research question .... 52**

**Figure 3-6: Average response rating per research question based on employees' hierarchical level..... 53**

**Figure 3-7: Average response rate per research question..... 54**

**Figure 3-8: Frequency of rating responses for Research Question One ..... 55**

**Figure 3-9: Frequency of rating responses for Research Question Two ..... 57**

**Figure 3-10: Frequency of rating responses for Research Question Three..... 60**

**Figure 3-11: Frequency of rating responses for Research Question Four ..... 62**

# CHAPTER ONE: ORIENTATION

## 1.1 INTRODUCTION

According to the World Business Council for Sustainable Development (WBCSD), corporate companies' social responsibilities are expected to improve the quality of life for people while contributing to economic development (Lehmann *et al.*, 2010:155). Within the South African context specifically, it has been contended that sustainable development and corporate social responsibility (CSR) can be achieved through the Black Economic Empowerment (BEE)<sup>1</sup> framework. As stated by the African Institute of Corporate Citizenship, BEE is "an integral part of CSR in South Africa"; it is also regarded as a legally guided CSR practice (Chahoud *et al.*, 2011:38-39). As such, it provides a structured opportunity through which companies can make a positive social impact on society (Kloppers, 2014:66, 75). The Broad-Based Black Economic Empowerment (B-BBEE)<sup>2</sup>, Act 53 of 2003, specifically created a platform for the implementation of CSR within companies with the inclusion of the socio-economic development (SED) element on the B-BBEE scorecard.

However, the implementation and practice of CSR and SED pose numerous challenges to the business environment, which has led to the need for a shift in the mind-set of managers. Future leaders, who are to occupy managerial roles within companies, are therefore expected to think in new ways (Waddock & McIntosh, 2009:298). Leadership has furthermore been identified as a driver for the effective implementation of CSR (Christensen *et al.*, 2014:168). Pless *et al.*, (2012:52) state that leadership is regarded as "essential for advancing" the effective implementation of CSR.

There is an emerging realisation that a new type of leadership is required within the field of CSR due to the additional expectations it places on companies beyond their own profit maximisation. In particular, the need for responsible leadership (RL) and strategic CSR have been identified as creating a link between the implementation of CSR and individual leadership characteristics (Filatotchev & Nakajima, 2014:289). To this effect,

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<sup>1</sup> BEE does not refer to a specific act but to the concept and initiative implemented by the South African government, namely the economic empowerment of black people

<sup>2</sup> B-BBEE refers to The Broad-Based Black Economic Empowerment Act No 53 of 2003 and its subsequent amendments such as The Broad-Based Black Economic Empowerment Act No 46 of 2013.

the aim of this research was to explore the correlation between RL and CSR through SED-projects initiated by one South African company, namely Keypak.

Chapter One consists of an overview and methodology as guides which will provide the focus and locus of the research study. Firstly, the problem statement, leading from the orientation is established; thereafter, the research objectives, questions and theoretical statements follow. These sections explain what the research aimed to achieve, after which details are provided of the methodology of the study. This chapter also includes a brief overview of the intended literature review (historical procedure), providing context to the study, as well as details of the specific approach for the empirical investigation (case study procedure); including the data collection, sampling and data analysis approaches of the study. The chapter concludes with sections on the ethical considerations, the significance of the study, limitations of the study, and the chapter layout.

## **1.2 PROBLEM STATEMENT**

In the light of South Africa's socio-economic challenges, companies should consider their roles in creating sustainable economic opportunities for unemployed citizens. B-BBEE, viewed as "an adapted version of CSR", has become a means by which to manage a company's responsibility towards society through SED-projects (Kloppers, 2014:60). The application of B-BBEE within companies therefore gives guidelines to private company initiatives in line with a CSR approach to transformation and development (Kloppers, 2014:75, 77). To this end, the implementation of SED-projects becomes an important consideration by the managers and leaders of a company.

It has further been shown that management and leadership have a particular influence on CSR (Pless *et al.*, 2012:52; Van den Ende, 2004:28) and, as a result, on SED-projects. Definite forms of leadership that are more inclined to promote the process and development of CSR have therefore been identified, in particular a new leadership orientation and approach, namely responsible leadership (RL) (Christensen *et al.*, 2014:170, 172; Du *et al.*, 2013:158).

Authors Maak and Pless (cited in Blakeley & Higgs, 2014:561) define RL as a *values-based and principle-driven relationship between leaders and stakeholders who are connected through a shared sense of meaning and purpose ... achieving sustainable value creation and responsible change.*

Rooted in stakeholder theory, RL is formed on the basis of the responsibility that company leaders have towards a broader set of key stakeholders (Blakeley & Higgs, 2014:561). Waldman and Galvin (2008:330-331) particularly identified two perspectives of responsible leadership, namely an economic perspective and a stakeholder perspective. The latter perspective is the focus of this study and Waldman and Galvin further identified four ways in which corporate leaders can pursue a stakeholder perspective. This perspective and the four ways are mentioned in summary form in this chapter (Table 1-1) and the subsequent paragraphs, but is further explored in Chapter Two (see item 2.6.2). The stakeholder perspective, in particular, has a responsive or a proactive approach to CSR (Pless *et al.*, 2012:59-60).

**Table 1-1: Responsible Leadership Principles**

<b>ECONOMIC PERSPECTIVE (limited)</b>	<b>STAKEHOLDER PERSPECTIVE (extended)</b>
Leaders are to think in a calculable manner.	Values are the guiding principles by which responsible leadership is pursued.
Develop reward and monitoring systems that will ensure a calculable value add for shareholders strategically.	Leaders act with integrity through business practices relating to environmental and societal issues.
Leaders predominantly are responsible to the company’s shareholders.	Leaders are responsible to a broader set of stakeholders beyond the company shareholders.
Serve broader stakeholders only when shareholders could gain value.	Leaders consider and react in a balanced manner in response to the needs of each stakeholder group through specific actions and decisions.
Strategic thinking from leaders should focus on those actions and decisions which will ensure a better return on investment for shareholders.	Leaders are concerned about the importance of each need because of a strong values base.

Source: Compiled from Waldman and Galvin (2008).

Furthermore, Waldman and Galvin (2008:335) identified four ways in which company leaders can pursue this stakeholder perspective, namely:

1. Leaders show commitment to CSR by consistently leading community projects, thus leading-by-example.
2. Leaders incorporate the values of stakeholders, such as social benefits in the company's vision and purpose.
3. Leaders help employees implement socially responsible values, strategies and goals to balance stakeholders' needs with shareholder needs.
4. Leaders empower employees, as a stakeholder group, to be involved in CSR practices and decision-making.

It cannot, however, be summarily assumed that the stakeholder perspective is part of responsible leadership in practice. Research by prominent authors Blakeley and Higgs (2014:560) and Pless *et al.*, (2012:60) has indicated that, even though studies have indicated a possible relationship between RL and CSR, insufficient empirical evidence exists to substantiate the relationship in practice. Therefore, further research and investigation are required for a more comprehensive understanding of the relationship, as well as on how leaders within companies act responsibly.

Taking into consideration the need for a different leadership approach towards CSR, as identified by the above scholars, and the lack of empirical data about RL in practice and the role of B-BBEE as an application of CSR within the South African context, the researcher explores these pertinent concepts in this research study. The focus, in particular, was on establishing the presence of a stakeholder perspective of RL orientation that has a potentially positive effect on a company's commitment to CSR and its subsequent positive impact on society. The researcher therefore explored and identified the company's level of commitment and attitude towards CSR, B-BBEE, and in particular SED, within its organisational context.

This study, by implication, investigates the two construct variables, RL and CSR activities, by investigating the effective leadership approach to a company's CSR. Furthermore, the study investigates the company's involvement in a specific identified community project, in order to establish the extent of the SED impact through a stakeholder perspective of RL as identified by Waldman and Galvin (2008:330).

The problem that was investigated was therefore whether the selected South African company, Keypak, applies Waldman and Galvin's stakeholder perspective of RL in their implementation of CSR through SED-projects in the company, with specific reference to

the community project at the Getrudde Shoppe Early Childhood Development Centre (GSECDC) in the geographical area of the Nelson Mandela Bay Metropolitan Municipality (NMBMM). Subsequently, following from this problem statement, the research objectives and research questions are described.

### **1.2.1 Research objectives**

The main objective of the study was to determine the extent to which Keypak displays a RL approach towards CSR within the South African context as applied to community projects. Within this framework, the sub-objectives are to:

- i. Conceptualise CSR within the context of Keypak in the NMBMM, with specific reference to its commitment to B-BBEE through SED contributions and involvement with community projects as an application of CSR.
- ii. Explore how effective, leaders in Keypak in the NMBMM, implement CSR during community projects with respect to the five characteristics identified by Waldman and Galvin (2008:330-331) for a stakeholder perspective of RL.
- iii. Explore how leaders within Keypak pursue a stakeholder perspective of RL through the application of the four ways identified by Waldman and Galvin (2008:335) in reference to the community projects.
- iv. Establish the extent to which Keypak's stakeholder perspective of RL, as identified by Waldman and Galvin (2008:330) influences its commitment to CSR, B-BBEE and SED within the geographical area of NMBMM, with specific reference to the GSECDC project.
- v. Make recommendations based on the analysis of the research data with respect to the impact that Keypak's RL has on the effective implementation of CSR.

### **1.2.2 Research questions**

From the objectives, this study considers how the leadership approach of Keypak influences decision-making and the implementation of CSR and SED-projects. The study also establishes whether the application of CSR, through the SED-projects, is leading to change that impact on society and ensures a better life for the communities within the NMBMM. The study therefore endeavours to find answers to the following questions:

- i. How do Keypak approach CSR and Do Keypak leaders show a commitment towards B-BBEE, and SED-projects as an application of CSR, with reference to their involvement in community projects?
- ii. Do Keypak's leaders display the five characteristics of RL characteristics, which portrays a stakeholder perspective of Waldman and Galvin (2008:330-331) associated with the effective implementation of CSR during community projects?
- iii. Do Keypak's leaders apply the four ways identified by Waldman and Galvin (2008:335) towards stakeholder perspective of RL with respect to the community projects?
- iv. Is Keypak's commitment to CSR, B-BBEE and SED influenced by how the Are Keypak's leaders' are implementing the stakeholder perspective of RL within the community project at GSECDC?
- v. What recommendations can be made based on the analysis of the research data with respect to the impact of Keypak's RL approach on the effective implementation on CSR?

### **1.3 THEORETICAL STATEMENTS**

Theoretical statements form the basis for the study, and have led to the particular focus and objectives of this study; thus, they are a guide throughout the research. The theoretical statements refer to each of the variables in the relationship to be investigated, namely, the need for a particular leadership style for CSR, considering SED as a CSR action, and the impact of RL on CSR and SED. The subsequent theoretical statements are further explored in Chapter Two.

#### **1.3.1 The need for a particular leadership style for corporate social responsibility**

It has been determined that effective leadership is essential in order to understand the effective implementation of CSR (Pless *et al.*, 2012:52). However, strategic management and leadership have been challenged by the increased focus and importance of CSR (Lehmann *et al.*, 2010:153). Van den Ende (2004:28), states that CSR can only be implemented effectively if it receives complete support and involvement from all managers within the company. It could therefore be said that company leaders will have to think and even lead in new ways (Waddock & McIntosh,

2009:300, 304), which has led to the recent emergence of a new style of leadership, namely RL (Blakeley & Higgs, 2014:560).

### **1.3.2 Socio-economic development as corporate social responsibility**

Kloppers (2014:75) contends that “CSR has become a fundamental part of the corporate mandate and that the role of the private sector in transformation and development is ever increasing”. By implication, Kloppers states that such an “intensified focus on CSR led to the inclusion of SED” as an element on the B-BBEE scorecard. The introduction of the B-BBEE Codes of Good Practice is therefore “an intervention aimed at improving the socio-economic position of black South Africans”. To this effect, the B-BBEE framework “has raised awareness about corporate social obligations and established a platform from which business can launch their CSR initiatives and contribute to sustainable development” (Kloppers, 2014:60,66).

### **1.3.3 The responsible leadership impact on corporate social responsibility**

Studies have indicated that responsible leaders are essential within companies to ensure a greater level of commitment to CSR. Identified as an orientation towards leadership that has developed within the field of CSR, responsible leaders are required for CSR to advance and for companies to become corporate citizens by leading change towards specific values and practices (Blakeley & Higgs, 2014:561). Responsible leaders will therefore “take a more active role as citizens in society and in the fight against some of the most pressing problems in the world” (Pless *et al.*, 2012:52). Waldman and Galvin (2008:327) further assert that responsible leaders are at the heart of effective leadership for CSR. From this can be deduced that SED, as a component of CSR, also stands to gain much from RL.

The exposition of the research methodology and design that follows provides a methodological framework for the research conducted for this mini-dissertation.

## **1.4 RESEARCH METHODOLOGY AND DESIGN**

Research is the systematic search for information, to obtain knowledge about a specific subject in a scientific manner. Objective methods and procedures are thus used to investigate the chosen topic, and the relevant constructs related to the topic towards finding practical solutions (LIMAT, 2005:1; Welman *et al.*, 2005:2). Welman *et al.*,

(2005:2) explain that the rationale for the objective methods and procedures used to gain an understanding of the subject matter is the research methodology of the study. The research methodology therefore outlines the processes, practices, tools, techniques and, as such, the methods employed during the research study (Babbie & Mouton, 2001:56; Pascal, n.d.:97; Schurink, 2010:428). Furthermore, the research design of a study indicates the actions to be taken practically in conducting an empirical investigation. It determines the specific methods by which the research will be executed, and provides the outline and structure of the plan to be followed throughout the study. The research design identifies the specific tools and techniques by which the theoretical statements of the study will be explored (Onwuegbuzie & Leech, 2005:279; Schurink, 2010:425).

#### **1.4.1 Research design**

The two dominant research design methods that are employed within any scientific research study would be either quantitative or qualitative in nature (Mouton *et al.*, 2006:579). Considering the research objectives, questions and purpose of this study, the most appropriate approach for the research was a mixed method (including both quantitative and qualitative methods – see items 1.4.4.1 and 1.4.4.2) in order to conduct an investigation, which could lead to an accurate understanding of the correlation between the constructs (van Dijk, 2015:30-31). Mixed-method research is described as “the systematic combination of qualitative and quantitative methods in research” as a means to generate different types of data which could enhance the quality of the study (du Plessis & Majam, 2010:456, 459). Utilising such a method will therefore ensure an approach that will produce the most compatible data in response to the nature of the research questions that requires both analysis and in-depth study, thus incorporating qualitative and quantitative techniques. The mixed method guaranteed a more real reflection and application of the considered variables in practice. It therefore led to more comprehensive evidence, compared to what a single method could produce (du Plessis & Majam, 2010: 456, 459, 464; van Dijk, 2015:30-31). The quantitative and qualitative data aim to collectively gain greater clarity on the correlation between the two variables, RL and CSR through SED-projects.

The required historical and case study procedures, as well as the data-collection means, selection of a relevant sample and data analysis will now be discussed.

### **1.4.2 Historical research procedure**

A literature review is the foundation from which the research topic is to be analysed and is defined as a “structured evaluation and classification of what reputable scholars previously have written on a topic” (Majam & Theron, 2006:605). The purpose of the literature review, as a historical account of the topic, is therefore to provide a summary of the information that already exists (Schurink, 2010:422). Such an overview places the study within its broader context and emphasises the importance of the study with respect to the on-going dialogue on the subject in a reflective manner (Schurink, 2010:422; Tlhoalele *et al.*, 2007:561). The literature review of this research has investigated the concepts to be explored in this study, namely B-BBEE as an application of CSR through SED and the stakeholder perspective of RL.

Through the literature review, the researcher thus aimed to prove the facts and ascertain the evidence (Majam & Theron, 2006:603, 605; Workman, 2016:online) so as to indicate the effect that RL has on the implementation of CSR through SED-projects. The correlation between the two variables, RL and CSR, has thus been explored theoretically in view of the literature evidence that leadership affects the effective implementation of CSR. The literature that has been reviewed to gain a theoretical understanding of the two constructs included books, journal articles, government reports and academic writings. Posthumus (2007:579) states that the researcher must ensure that “the literature review is focused, reasonably complete, and balanced”. From this understanding, the theoretical evidence leads to the focus and direction of the empirical study that tested the evidence of a stakeholder perspective of RL within Keypak’s CSR activities through SED-projects. The literature review, from the historical research procedure, was used as the foundation from which the structured Likert-scale questionnaire and semi-structured qualitative interview guide were developed which was implemented through a case study procedure in this research.

### **1.4.3 Case study procedure**

A case study procedure is utilised for this study as a means to analyse the specific context (Webb & Auriacombe, 2006:599) of the selected company, Keypak. Formally, a case study is defined by Yin (cited by Lubbe, 2003:7) as “...an empirical inquiry that investigates [the] context”. A case study approach would typically therefore focus on a single entity, investigating one specific pre-identified company (Guercini, 2014:664;

Punch, 1998; Webb & Auriacombe, 2006:600). Through such an approach the researcher conducted an intensive exploration, which produced in-depth knowledge and comprehensive understanding of the variables and its reality within the company that was investigated (Fidel, 1984:274; Punch, 1998). Thus, the researcher engaged with Keypak's employees (the respondents) as the case of this study to ensure a focused, measurable study investigating their experiences and views. This approach ensured that the study provided a comprehensive and conclusive analysis of data by which to verify the extent to which a stakeholder perspective according to Waldman and Galvin (2008:330) of RL is applied.

#### **1.4.4 Data collection**

Gatekeepers within Keypak ensured that the most relevant and appropriate employees and managers participated in the study. Auriacombe and Mouton (2007:451) explain that gatekeepers are those in charge and that the researcher must receive permission from the gatekeepers (see Annexure A) to continue with the research. Keypak's Health and Safety, Quality Assurance (SHEQR) Manager and Human Resources (HR) managers were the gatekeepers who assisted the researcher with access to the relevant Keypak employees and managers for the questionnaire completion, as well as information about the community projects. The success and effectiveness of the data-collection process were determined by "the researcher's ability to build up and maintain relationships and agreements with gatekeepers and participants" (Schurink, 2010:429). Therefore, it is of vital importance that the researcher negotiates the access as well as research relationship with the gatekeepers. The data-collection process, in particular, was conducted through the quantitative and qualitative data-collection methods.

##### **1.4.4.1 Quantitative data collection**

A structured questionnaire, in the form of a Likert-scale (see Annexure C) was utilised to collect the quantitative data, with the intent to determine the current nature and standing of both variables (RL and CSR) within the sample, delivering statistical findings through numerical data (van Dijk, 2015:5). Sequentially, the quantitative analysis was placed first in the time order towards testing the research questions and therefore establishing the relationship between the variables. The quantitative analysis as such laid the foundation for further, more in-depth investigation qualitatively. The use of a structured questionnaire as a quantitative research method ensured that the data collected were

objective and useful, especially when the target participants are well chosen (Jarbandhan & Schutte, 2006:672).

One quantitative Likert-scale questionnaire with sections, to test each research question separately, was developed. The Likert-scale approach determined Keypak's leadership orientation and its CSR application through SED contributions made with specific reference to a stakeholder's perspective of RL according to Waldman and Galvin (2008:330). Each participant was given a set of 19 statements to which they chose one of four responses, as per a pre-determined four-point rating scale (Unisa, 2013:65). For each statement they were required to indicate whether their response was strongly agree (1), agree (2), disagree (3) or strongly disagree (4) with the statement by making an 'X' in the most appropriate box with respect to the situation currently in Keypak. The use of a four-point scale forced participants to either take a positive or negative response for each statement, preventing them from taking a neutral stance (Asun *et al.*, 2015:2). A structured questionnaire of this nature "enhanced the objectivity and supported statistical analysis" (Unisa, 2013:65). This approach is therefore the starting point in determining the degree to which a RL orientation with a stakeholder perspective is applied within Keypak leadership.

#### 1.4.4.2 Qualitative data collection

A qualitative research approach aims to achieve an in-depth description within a particular situation and social setting (Auriacombe & Mouton, 2007:443; LIMAT, 2005:5; Webb & Auriacombe, 2006:591). Through personal semi-structured interviews, reliable and valid information can be gathered about the concepts (Jarbandhan & Schutte, 2006:675). In a relatively open and unstructured way, new insights, on the extent of the variables within the selected company, will therefore be gained in a more descriptive manner. For the purposes of this research, semi-structured interviews were, firstly, conducted with the selected employees of Keypak to establish the reasoning and substantiation behind Keypak's leadership's CSR actions, decision-making processes and the company's real commitment to contribute towards improving the lives of community members through SED contributions towards community projects. These interviews therefore identified why and how decisions about CSR and SED are made by considering the impact of a stakeholder perspective of RL. Secondly, a semi-structured qualitative interview was conducted with the Principal of the GSECDC to explore the

impact of this community project of Keypak, through its responsible leadership approach.

An initial semi-structured interview (see Annexure B) with the HR Manager enabled the researcher to gather information about the community projects that Keypak initiated as CSR activities through SED contributions. Further interviews with those employees who completed the Likert-scale questionnaire and the Principal of GSECDC were conducted. These were guided by a set of four semi-structured questions (see Annexures D and E) to gather additional data towards answering the research questions. The focus was to gather information that verified how decisions were made about community projects. The interviews took place face-to-face, at the convenience of the employees identified by the gatekeepers of Keypak, and with the Principal of the GSECDC.

#### **1.4.5 Sampling**

The population from which a sample is drawn consists of all the elements within a certain context relevant to the study. From the population the researcher will identify a selection, known as the sample of the study, which will become the potential subject for the research. In determining the population and sample, the specific attributes of the subjects which the researcher requires for the study must be clarified (Burger & Silima, 2006:658). In order to adequately explore the correlation between a company's RL orientation and its CSR through SED contributions, the population of the study was, firstly, Keypak being a corporate company, and, secondly, the SED community project at the GSECDC, which was used as the focus to determine the impact of Keypak's CSR in the educational sector.

##### **1.4.5.1 Sampling at Keypak**

To determine the sample, deliberate sampling, also known as non-probability sampling, was used and the researcher used personal judgement in making the final selection of the most appropriate and relevant case for the study, namely Keypak (LIMAT, 2005:15). The selection of all the participants in the study was conducted on the bases of deliberate sampling, having identified those individuals who best represented the company with respect to its CSR activities. Geographically, and for ease of access, the research took place at the head office of Keypak within the NMBMM. An initial semi-structured interview was conducted with the HR Manager (see Annexure B) who was

identified as the most appropriate individual to be interviewed to gain information about the context and specific community projects. She is directly involved in the decision-making and implementation of SED contributions through community projects. The HR Manager together with the SHEQR manager was identified as the gatekeepers who assisted with the selection of the twelve employees as respondents for the quantitative and qualitative questionnaires.

The selection of appropriate and relevant employees and managers of Keypak was crucial to obtain an adequate amount of data. Through deliberate sampling the gatekeepers determined the sample by selecting those employees who are directly involved in the various CSR initiatives. For an accurate reflection of the variables at the request of the researcher, employees at different levels within the company were selected to participate in the study. The participants were representatives of different hierarchical levels within the company, with various types of access to information, including functional managers, supervisors, general employees and specialists who are involved in the CSR and SED-projects of the company. The sample of employees within Keypak was therefore identified by the gatekeepers as the most suitable to provide descriptive detail about the company's CSR and SED-projects.

#### 1.4.5.2 Sampling at GSECDC

Through the assistance of the gatekeepers at Keypak, the researcher identified the GSECDC as the most relevant community project to investigate the impact of the SED-projects. The Principal of the GSECDC was selected as the only respondent at the school because Keypak's project for the Grade R learners is communicated and channelled directly through him. This approach is consistent with the principles of a non-probability sampling technique, which deliberately identified and selected the SED-project most suitable for the purposes of the study.

#### 1.4.6 Data analysis

Data analysis must be conducted in a structured and orderly manner by organising the data systematically through the best means pertaining to the nature of the collected data. This will ensure that the researcher can make sense of the responses received in order to derive meaning from the total data collected (De Vos, 2011:397; Maboe, 2009:68). The analysis of the qualitative data provides context and more in-depth

understanding of the quantitative data. To some extent, data collection and analysis took place simultaneously, which could improve the quality of the data and the analysis (Schurink, 2010:430). In order to answer the research questions the collected data from both the structured questionnaires (providing quantitative data), and the interviews (providing qualitative data) were analysed (see items 1.4.6.1 and 1.4.6.2). The quantitative and qualitative data were analysed separately but the research findings from the analysis are reported on collectively in generating an overall analysis of the situation within Keypak pertaining to the research questions.

#### 1.4.6.1 Quantitative data analysis

Appropriate statistical tools are required to accurately analyse quantitative data to ensure an analytic approach to understanding and interpreting the collected data (Lutabingwa & Auriacombe, 2007:529). The quantitative data collected through the structured Likert-scale questionnaire enabled the researcher to depict the responses of the sample numerically, which allows for a statistical analysis of the relationship between the variables to answer the research questions (Jarbandhan & Schutte, 2006:671). Such an analysis was used to establish initial insight about the possible correlation between the two variables.

For the purposes of this study a descriptive statistical approach was used in analysing the data as a means to summarise the responses of each item linked to a specific research question. Descriptive statistics is a means of describing quantitative data (De Vos, 2011:251), defined by Welman *et al.*, (2005:231) as being “concerned with the description and/or summary of the data obtained for a group of individual units of analysis”. To this effect the averages and percentages of response frequencies were calculated and presented through graphs, pie charts and tables.

Each respondent's answer based on the available options from the forced four-point Likert-scale gave the researcher an indication of their perception of the specific item. In order to answer the research questions the averages of responses for a group of questions per pre-determined sections have determined the overall response for each research question (Bertram, 2012:2). The quantitative data analysis was done by the researcher with the assistance of a Mathematics professor from the Nelson Mandela Metropolitan University. The formulae that function within the Microsoft Excel

programme were used during the analysis to determine the averages and depict them graphically.

#### 1.4.6.2 Qualitative data analysis

Analysing qualitative data requires of the researcher to apply subjective logic when interpreting the data, in order to understand the interaction between the subjects and their social setting (Cloete, 2007:513). The subjects within this study are employees, managers and leaders employed by Keypak, an institution where they operate as their work social setting. In addition, the Principal of the GSECDC participated in the study to understand the experienced impact that Keypak's activities had through their contributions to the Grade R learners at the school.

The gatekeepers at Keypak gave the researcher access to information about the CSR activities through written data and allowed time for a more in-depth interview to gain more detailed information about the activities. Webb and Auriacombe (2006:598) further assert that the data collected should be described and analysed "from the point of view of those being studied". Such an analysis of the variables of the study (RL and CSR through SED) could therefore lead to the discovery of new ideas and unknown realities about the relationships of the variables to one another within that particular context (Mouton *et al.*, 2006:580). The data collected qualitatively consisted of "narrative descriptions, explanations and/or predictions of processes [of CSR and SED as well as the] outcomes and impacts of [CSR and SED] events and developments". Furthermore, it included the "thought and behaviour patterns [of the leaders], related to [the CSR and SED] matters under consideration" (Schurink, 2010:430).

The data consisted of face-to-face responses to a set of semi-structured questions that guided the researcher in the process of gathering the additional information to explain the context of the study. The analysis of qualitative data was used to substantiate the quantitative evidence and required identifying specific key elements of information that directly links to each research question.

The following ethical considerations were upheld during the gathering and analysis of the data:

## 1.5 ETHICAL CONSIDERATIONS

Integrity and honesty build trust, which highlights the importance of ethical considerations for the study. The potential negative influence or perceived negative consequences of the study on those who will be participating must be addressed. Ways to ensure ethical practices, procedures and action are to be determined prior to the start of the study. The researcher therefore ensured that she operated on a basis of openness and honesty. The ethical considerations were considered due to the potentially intrusive nature of research studies that involve people. Factors such as “fairness, honesty, openness of intent and disclosure of methods” are crucial (Lutabingwa & Nethonzhe, 2006:701). These authors contend that the purpose and use of the research data must be clearly communicated to the participants, who should be respected and trusted for their integrity.

Lutabingwa and Nethonzhe (2006:697) identified four specific areas of ethical considerations to be taken into account, namely informed consent for voluntary participation; potential harm to participants; deception; and privacy. The researcher requested voluntary participation from Keypak employees, managers and the Principal of the GSECDC, and in no way forced anyone to participate. To enable potential participants to make an informed decision, the researcher provided the gatekeepers with a letter that described the purpose of the study, the research methods that would be utilised, and the details of what was expected of them (Babbie & Mouton, 2005:546). Diener and Crandall (1978) emphasise certain principles that should be followed to protect participants from harm, such as communicating any foreseeable risks associated with the study. The respondents were allowed to consider whether they wanted to disclose sensitive information, such as the leadership behaviour of managers.

The researcher relied on input and advice from trusted friends and knowledgeable colleagues in the industry to test the measuring instrument (structured questionnaire) to ensure that the questions asked, and the manner in which they are asked, sought to find the outcomes needed for the study alone so as to not jeopardise the participants and/or the company in any way. Therefore, the researcher ensured that Keypak provided consent for the disclosure of any sensitive information. The researcher disclosed only such information as agreed upon. Communicating the benefits and significance of the study furthermore ensured that Keypak gave their full support

throughout the duration of the research process. To this effect, Auriacombe (2010:481) states that the importance of establishing trust between the researcher and the participant could result in an increased response rate.

The Research Ethical Committee of The North-West University (NWU) was formed in order to serve as the gatekeeper of ethical considerations in research. Postgraduate students are expected to complete a Research Ethical Application Form before they commence with their research projects. The form outlines the scope of the research and to what extent ethical considerations should be taken into account with regard to people, animals, etc., to ensure that the proposed research was conducted in an ethical manner. The Research Ethical Committee of the NWU approved the research after the form was completed.

## **1.6 SIGNIFICANCE OF THE STUDY**

Firstly, the significance of the study captured the importance of CSR practices as a means to improve the lives of communities in the geographical area of the NMBMM. As former South African President Thabo Mbeki (2002) stated: “A global human society based on poverty for many and prosperity for a few, characterised by islands of wealth, surrounded by a sea of poverty, is unsustainable”. Secondly, it is believed that the outcome of this research will make a contribution to the concept of RL within CSR, through the application of SED contributions by Keypak in the geographical area of the NMBMM. The research outcomes could, thirdly, be a valuable source of information and new knowledge for managers within the company. The results of this research will therefore be shared with the gatekeepers, which could lead to managers rethinking their commitment to CSR and SED, their inclination towards being good corporate citizens, and how their RL approach influences CSR and SED-projects. Keypak could thus gain more insight into CSR, and in particular SED practices, which could be utilised as sources of information to be considered in strategy formulation, income generation approaches, communication, and marketing plans. In addition, this study could finally assist and aid future researchers in further investigating the potential impact that leadership have on CSR and SED contributions.

## **1.7 LIMITATIONS**

The major limitation in this research study was the inability to test the reliability and validity of the Likert-scale questionnaire. As a result, it was not possible to use the questionnaire to conduct a full statistical analysis of the relationship between RL and CSR activities within Keypak. Such an analysis would have necessitated administering the questionnaire to at least 50 employees within Keypak as advised by the Statistical Consultation Services Office of NWU. This was, however, not possible as the gatekeepers of Keypak identified only twelve prospective respondents from Keypak's employees. In order to overcome this limitation, the researcher used the quantitative data to gain initial insight into employees' perception of B-BBEE, SED, CSR and RL within Keypak, followed by qualitative semi-structured interviews that focused on the same questions as the quantitative questionnaire, therefore enabling the researcher to gain a better and more in-depth understanding of the reasons behind the Keypak employees' perceptions of the concepts.

Feedback from Keypak employees during the qualitative interviews and other conversations with the gatekeepers also highlighted that employees who participated did not fully understand the terminology used in the Likert-scale questionnaire. Some of the statements used in the questionnaire were beyond their comprehension. The qualitative interviews therefore furthermore enabled the researcher to ensure that participants understood the concepts and statements before they answered the questions. Due to these limitations the study is viewed as a pilot study investigating the impact of RL on CSR within a specific South African company. The analytical results of this study therefore cannot be used to draw any inferences in terms of the industry, but can be used as a base study from which the concepts can be explored further.

## **1.8 CHAPTER LAYOUT**

### **1.8.1 Chapter One: Orientation**

Chapter One consists of an introduction and orientation, the statement of the research problem including the research objectives and research questions, the central theoretical statements, the research methodology and design, ethical considerations, the significance of the study, and its limitations. Chapter One sets the framework for the study that guides all decisions for all aspects of the research study. It sets the stage for

what is to be explored in the chapters that follow. The chapter concludes with a chapter layout and a conclusion.

### **1.8.2 Chapter Two: Corporate Social Responsibility, B-BBEE and Responsible Leadership**

Chapter Two commences with defining CSR, B-BBEE and RL, followed by the evolution of CSR in South Africa. Thereafter an understanding of B-BBEE is created leading into a section explaining B-BBEE as an application of CSR. The chapter continues with a discussion about the relationship between CSR and B-BBEE, with a specific focus on SED. Furthermore CSR strategy and implementation are contextualised within South Africa, looking into CSR as a strategic concern to companies and the strategy and implementation of CSR. Leadership is identified as a key component for the effective implementation of CSR. Chapter Two thus deals with the role leadership plays in effective implementation of CSR with specific reference to RL, emerging as a new leadership approach for CSR. It also includes details of the stakeholder perspective of RL before concluding.

### **1.8.3 Chapter Three: Empirical research findings – Impact of responsible leadership on Corporate Social Responsibility: The case of Keypak**

This chapter, firstly, provides background information about Keypak and the GSEDC. It then reports on the biographical data of the employees who participated in the study. Thirdly, it presents the research findings from the data collected through the quantitative questionnaire and semi-structured interviews and provides an analysis of the data per research question. It also relates theory to practice, by ensuring that the research questions were answered.

### **1.8.4 Chapter Four: Conclusions and Recommendations**

In concluding the study, this chapter discusses the findings of the study per research objective, and draws conclusions from the results. Thereafter recommendations are made to the Keypak leaders and, lastly, the chapter provides a few final remarks in closing.

## **1.9 CONCLUSION**

This chapter presented the orientation and the methodological framework within which the research is undertaken. It referred to the problem and theoretical statements, the research methodology and design, the ethical considerations, and the significance and limitations of the study. It concluded with a chapter layout and a conclusion. Chapter Two that follows provides a contextualisation of the key concepts.

## **CHAPTER TWO: CORPORATE SOCIAL RESPONSIBILITY, B-BBEE AND RESPONSIBLE LEADERSHIP**

### **2.1 INTRODUCTION**

The purpose of this chapter is to provide a theoretical framework from existing research and knowledge about the concepts of CSR, B-BBEE and RL as a means to address these challenging concepts. It commences with defining the three concepts to gain a good grasp and understanding of the concepts with a more comprehensive investigation of each concept to follow later in the chapter. Secondly, the evolution of CSR in South Africa is explained, leading into a discussion to develop an understanding of B-BBEE. Thereafter follows a section about B-BBEE as an application of CSR, and to show the link between CSR and B-BBEE, and the relationship between CSR and BEE including a section discussing SED and CSR. As will be shown subsequently, the reality within the business landscape is that CSR is not implemented as it could be. In order to illustrate this lack of implementation, CSR is contextualised within present-day South Africa and unpacked as a strategic concern for companies. This is followed by the strategy and implementation of CSR with specific reference to leadership having been identified as a key driver of CSR. Finally, this chapter concludes with a specific emphasis on RL as a new leadership style suggested for effective implementation of CSR through a strategic perspective.

### **2.2 DEFINING CSR, B-BBEE and RESPONSIBLE LEADERSHIP**

The key terminologies used in this study are CSR, B-BBEE and RL explored in terms of the possible relationship between them within the South African context. Defining a term enables one to gain a greater understanding of what is meant by it and this section provides definitions for each term as a foundation to establish the relationship between them. Over the years CSR has been defined in numerous ways, to the extent that no one definition exists. Various aspects of the complexity and nature of CSR are captured in every definition, and it is therefore not possible to confine it to a single definition or as being one simple concept. CSR as a concept is therefore considered to be constructed by and through many influences, ways of thinking and involving different notions that result in a variety of different activities and responsibilities that a company could adopt (Blowfield & Murray, 2008:12, 15-16; Coombs & Holladay, 2011:4).

By investigating various definitions some keywords pertaining to the nature of CSR can be identified such as actions, operations, responsibility and relationship with stakeholders (working with; interactions with; and imposed by) (Banerjee, 2008:60; Blakeley & Higgs, 2014:561; Du *et al.*, 2013:155; Kloppers & Fourie, 2014:3420; McElbaney, 2009:31; Sabir *et al.*, 2012:835).

It is therefore evident that in order for CSR to be understood within a company the leaders need to acknowledge that they can make a difference by considering what they are responsible for, and who their main stakeholders are in relation to their responsibilities. CSR therefore involves actions to the benefit of others that are focused on making a positive impact on those individuals or the environment. Considering the South African context, for the purposes of this study, the following CSR definition, published by the International Organisation for Standardisation, is used.

*The responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that: contributes to sustainable development, including health, and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the company and practised in its relationships* (Kloppers & Fourie, 2014:3420).

This proposed, chosen definition has particular relevance and significance for South Africa, and has been approved by the South African National Standard and the King III Report (Kloppers & Fourie, 2014:3420).

BEE was especially introduced as a means to respond to and attempt to rectify the legacy that apartheid left. When implemented, it seeks to address education, inequality and poverty through economic access for previously disadvantaged black South Africans (GTZ & Bertelsmann Stiftung, 2007:126; Ponte *et al.*, 2007:945-948). BEE is officially defined by the Department of Trade and Industry (DTI) as “an integrated and coherent socio-economic process that directly contributes to the economic transformation of South Africa and brings about significant increases in the numbers of black people that manage, own and control the country’s economy, as well as significant decreases in income inequalities” (Alessandri *et al.*, 2011:233; Krüger, 2014:81).

Kloppers and Fourie (2014:3419-3420) assert that BEE is “one of the cornerstones of development in South Africa”, to the benefit of local communities. This is accomplished through economic empowerment initiatives implemented by means of socio-economic strategies (Krüger, 2014:83). The Broad-Based Black Economic Empowerment (B-BBEE), Act 53 of 2003 requires intentional action from the private sector as it aims to promote equality by increasing the active participation in the economy for black people who are struggling due to previous economic exclusion (Kloppers & Fourie, 2014:3419). It is believed that a “historic change initiative”, such as BEE, will not amount to much unless it is supported and driven by strong leadership (Macaux, 2012:451), and RL has been identified as strong leadership. Blakeley and Higgs (2014:561) in particular assert that responsible leaders are required to lead change in order to reach an advanced level of CSR implementation. There are two suggested definitions for RL that capture the key essence of what it entails to be a responsible leader. Maak and Pless (2006 cited in Maak, 2007:334) define responsible leadership as:

*... the art and ability involved in building, cultivating and sustaining trustful relationships to different stakeholders, both inside and outside the organization, and in co-ordinating responsible action to achieve a meaningful, commonly shared business vision.*

Blakeley and Higgs (2014:561) expand on this definition by adding that responsible leadership is a:

*...values-based and principle-driven relationship between leaders and stakeholders who are connected through a shared sense of meaning and purpose through which they raise to higher levels of motivation and commitment for achieving sustainable value creation and responsible change.*

The sections that follow continue to explore these three concepts in greater depth, leading towards a clear understanding of the relationship between CSR, B-BBEE and RL in a South African context. These sections also attempt to indicate that RL has an impact on the successful implementation of CSR through B-BBEE.

## 2.3 THE EVOLUTION OF CSR IN SOUTH AFRICA

The South African national government started to play an increasingly visible and important role in CSR development since 1994 through the institution of certain policies and legislation (Nyahuye, 2012:34). Mossman (2010:15) explains that “the history of apartheid in South Africa and some policies that followed have left peculiar marks on South Africa’s CSR” and according to Acutt (2003:9), CSR evolved into a more multi-stakeholder engagement approach that includes an emphasis on participation from communities. When CSR was first introduced in South Africa in 1976, the focus was on voluntary initiatives, in the form of corporate social investments (CSI) mostly as philanthropic (charity) contributions by a company mainly aimed at uplifting the employees and their families (Acutt, 2003:9; Malm, 2012:12; Nyahuye, 2012:34).

It is in particular believed that South Africa has done more than many other nations, “to legislate on social issues” (Nyahuye, 2012:34). Visser (2005 cited in Mossmann, 2010:84) asserts therefore that “the South African government was an early promoter of CSR”, which is evident through the introduction of the King Report on Corporate Governance in South Africa in 1994 (King I), that was published by the King Committee, formed in 1992. Through the principles of the report, companies are encouraged to adopt a leadership role that considers the needs of all stakeholders in terms of “compliance, sustainability, responsibility and accountability” as guidelines through which social development challenges can be solved (Littlewood & Holt, 2013:8; Mossmann, 2010:84). Government has been shown to be proactive in influencing business to commit to their social responsibility through a regulatory framework. To this end, numerous pieces of legislation have been promulgated which sought to ensure that businesses have a significant impact on “the nature and extent of CSR practice” as their contribution towards “socio-economic advancement” (Nyahuye, 2012:25) and include, among others, the following:

- a. Labour Relations Act No. 66 of 1995,
- b. Basic Conditions of Employment Act No. 75 of 1997,
- c. Employment Equity Act No. 55 of 1998,
- d. Skills Development Act No. 97 of 1998,
- e. Black Economic Empowerment Act No, 53 of 2003 and
- f. Cooperatives Act No. 14 of 2005 (Littlewood & Holt, 2013:8; Marx, 2012:4).

These laws, in different ways, seek to heighten a company's awareness of their societal responsibility towards economic development and social transformation (Littlewood & Holt, 2013:8). Other programmes introduced by the South African government that highlighted CSR, include the Reconstruction and Development Programme (RDP), as well as the Growth, Employment and Redistribution strategy (GEAR) as a means towards involving companies actively in finding "solutions to societal struggles" (Marx, 2012:7). Although all of these legal instruments, programmes and strategies in some way or another contribute to CSR, it seems that the Broad-Based Black Economic Empowerment Act No 53 of 2003 (hereinafter referred to as: B-BBEE Act) and its subsequent amendments such as the Broad-Based Black Economic Empowerment Amendment Act No 46 of 2013, and Codes of Good Practices have made the greatest impact and contributions to CSR in South Africa (Kloppers & Fourie, 2014:3420; Littlewood & Holt, 2013:4,10).

### **2.3.1 Understanding B-BBEE**

The B-BBEE Act was introduced by the South African government in 2003, under the African National Congress led by President Thabo Mbeki, and implemented by the DTI. "Our country requires an economy that can meet the needs of all economic citizens – our people and their enterprises – in a sustainable manner. This will only be possible if our economy builds on the full potential of all persons and communities across the length and breadth of this country", states the DTI (Ponte *et al.*, 2007:940). The hope is that the implementation of B-BBEE could lead to equitable income distribution through an increased economic growth rate and increased employment opportunities for black individuals (Kloppers & Fourie, 2014:3419). To this effect, it is in the wake of transformation after apartheid that the government chose to actively encourage the implementation of BEE, as the means through which to stimulate economic growth (Alessandri *et al.*, 2011:232). It is believed that by means of a dedicated B-BBEE strategy, economic empowerment of black people could potentially "facilitate growth, development and stability in our economy" (Krüger, 2014:81). Therefore it is evident that BEE seeks to advance the interests of black South Africans defined as Africans, Coloureds and Indians (Ponte *et al.*, 2007:940).

The inclusion of BEE as a core development component within South Africa has, however, placed significant pressure on the business environment of private

companies. It is said to have had a crucial impact, as a “major driver” of business, becoming a mandatory practice and core requirement to comply with for any company that plans to do business with the public sector (Mossmann, 2010:85). To guide the change in business practice for every corporate company and to ensure a tangible impact through BEE activities, the DTI introduced certain standards and targets through the Codes of Good Practice (Marx, 2012:5).

The Codes of Good Practice include a generic B-BBEE scorecard that is used to measure BEE through standard definitions and targets by using a point system (GTZ & Bertelsmann Stiftung, 2007:131; *Ponte et al.*, 2007:944). The DTI identified a specific classification framework within which a company’s B-BBEE status can be measured (Business Partners:online). The scorecard is measured on five elements, as per the amendments that came into effect in May 2015 that together constitute a company’s BEE status, namely: ownership, management control, skills development, enterprise and supplier development, and socio-economic development (Werkmans Attorneys, 2014:14). A company’s BEE status is determined through a rating that indicates the company’s BEE contribution level (GTZ & Bertelsmann Stiftung, 2007:131; Werkmans Attorneys, 2014:10). To this effect, from the initial implementation in 2003 which mostly provided a voluntary guideline to encourage BEE, the government introduced these new requirements to direct the way in which the private sector conduct business with the government (Alessandri *et al.*, 2011:238).

All of this effort by the government has made BEE an unavoidable business practice that South African companies have to consider and implement (GTZ & Bertelsmann Stiftung, 2007:131). Within the South African context, companies are encouraged and to some extent obligated to bring their CSR activities in line with the B-BBEE Act (Mossmann, 2010:20). Despite the pressure on companies to adhere to the Codes of Good Practice, B-BBEE has to be implemented in such a way that it can be a source of transformation within South Africa, as an application of CSR, as explained in the next section.

### **2.3.2 B-BBEE as an application of CSR**

The requirements set out in the B-BBEE Codes of Good Practice, known as the BEE framework in South Africa, has placed a significant level of pressure on companies in the private sector to engage in CSR activities (Kloppers & Fourie, 2014:3420). It is in

particular regarded as an application of CSR due to its somewhat voluntary and semi-mandatory nature, in that it is not legally binding, even though it holds inevitable business challenges and opportunities for companies. Alessandri *et al.*, (2011:230) further support this by stating that B-BBEE contributions are regarded as a means to facilitate social benefits from economic activities as CSR actions. This is highlighted in particular in the overall goal of black economic empowerment which includes addressing the “socio-economic challenges” within South Africa (GTZ & Bertelsmann Stiftung, 2007:123, 126). It is believed that the effective implementation of the B-BBEE Act throughout South Africa could stimulate “growth in financial sustainable enterprises” as a means to fight major socio-economic challenges.

To this effect, South Africa’s civil society and businesses within the private sector have adopted B-BBEE as their primary and preferred means by which to define and implement CSR activities (Littlewood & Holt, 2013:4, 10). BEE as an application of CSR comes into effect by considering social investment as “an enterprise’s contributions to society and community that are extraneous to its regular business activities” (Kloppers & Fourie, 2014:3420). Having regard to the core components as explored above, it would now be appropriate to relate to the relationship between CSR and B-BBEE, having indicated in passing above that they are inextricably linked. To what extent this inextricability is conducive to CSR and sustainable development, will depend on whether (theoretically) a sound relationship ought to exist between these core components.

## **2.4 THE RELATIONSHIP BETWEEN CSR AND B-BBEE**

The African Institute of Corporate Citizenship states that B-BBEE is regarded as “an integral part of CSR in South Africa” (Chahoud *et al.*, 2011:38). In particular they mention that collectively B-BBEE and CSR as a means to sustainable development could facilitate the goal of alleviating poverty. Kloppers (2014:21) asserts that reducing poverty became a core pursuit of the South African government at the fall of apartheid with the aim to “improve the quality of life for all South Africans”. To bring about such change, companies in the private sector must show commitment and support to implement CSR through B-BBEE (Kloppers, 2014:59-60).

There is some evidence indicating that an effective, intentional link between BEE and CSR would ensure that CSR becomes strategically integrated, through a holistic

approach, with the core business of the company. This has the potential to lead to better collaboration between government and the private sector as a means to addressing social inequality and poverty (GTZ & Bertelsmann Stiftung, 2007:123). Alessandri *et al.*, (2011:243) for example, believe that it is possible for a company to implement mutual beneficial CSR actions, that do not only facilitate social good in a community but does so in a way that the company can gain economic benefits. This, however, according to Alessandri *et al.*, (2011:243), requires of managers to earnestly and intentionally pursue CSR in a meaningful and strategic way, by showing a true and even personal commitment to some of the very real and pressing socio-economic challenges within South Africa. A B-BBEE action or contribution is therefore regarded as a CSR activity if it entails an optional action, beyond a legal requirement with the purpose of enhancing social welfare and sustainable economic access. Through the B-BBEE framework, companies are enabled to have an increased commitment to CSR activities. It is therefore noted that BEE could extensively contribute to improving the socio-economic situation in South Africa by addressing economic inequality (Alessandri *et al.*, 2011:243; Kloppers, 2014:71).

BEE, as a guided CSR practice, provides a framework through which companies can consider the potential contribution they can make towards social change (Chahoud *et al.*, 2011:40). The B-BBEE Act and Codes of Good Practice thus created a platform for the implementation of CSR within companies. This focus on CSR is specifically evident with the inclusion of the socio-economic development (SED) element within the Codes of Good Practice that provides a structured opportunity through which companies can make a positive social impact on society (Kloppers, 2014:66,75).

#### **2.4.1 Socio-economic development and CSR**

South Africa still battles to rid itself of the legacy of an unbalanced economy with numerous social problems and inequality. Unemployment that leads to households living below the poverty line and low levels of education, causing illiteracy, both increasing the number of street children and homelessness, are some of the pressing issues facing the South African society (Mossmann, 2010:86; Nyahuye, 2012:25). Barbarinde (2009:366 cited in Nyahuye, 2012:25) notes that “South Africa still remains a profoundly divided society”. This reality creates an expectation and demand on the

whole of society, government, non-government institutions, and non-profit companies, but especially the private sector to find solutions (Van den Ende, 2004:82).

It is said that the South African socio-economic context thus requires companies to include poverty eradication as a core part of its CSR strategy (Bester & Cronjé, 2014:218). Society has subsequently turned to the business environment to find solutions to the country's inequities (Warhurst, 2005:152). The government also formulated a BEE strategy that defines B-BBEE as "an integrated and coherent socio-economic process"... initiated and governed with the intent to "directly contribute to the economic transformation of South Africa" (Van der Merwe & Ferreira, 2014:544). The government aims to advance social and economic justice through the B-BBEE Act, by empowering previously disadvantaged South Africans. The hope is that this attempt would lead to socio-economic transformation. In this sense BEE is considered an effective means of upliftment through the SED element included in the B-BBEE scorecard (Kloppers, 2014:58, 60).

According to Code Series 700: Measurement of the SED element of B-BBEE Act; "Socio-Economic Development Contributions consist of monetary or non-monetary contributions actually initiated and implemented in favour of beneficiaries by a Measured Entity [private company] with the specific objectives of facilitating sustainable access to the economy for those beneficiaries" (South Africa, 2007:74). Kloppers (2014:79) asserts that the SED element is particularly concerned with the development of communities, as the beneficiaries of the SED contribution, to the extent that the community is regarded as a stakeholder of a company. It is therefore said that the community is affected by the actions and decisions of the company in some or other way, whether directly or indirectly. Particular emphasis is placed in the SED element on "contributions made to programmes which are aimed at the development of women, youth, people with disabilities, and people living in rural areas". The support provided through SED contributions includes "skills development for unemployed persons and adult basic education and training" (Kloppers, 2014:76)

In the light of the need for improving the quality of life for people in all facets of human development the SED element also creates space to encourage healthcare support as well as culture, art and sport development. It is clear from the above explanation that the SED element on the B-BBEE scorecard is government's intentional approach, albeit

indirectly through the private sector, to facilitate “sustainable access to the economy” for “previously disadvantaged Black persons” (Kloppers, 2014:71, 76). The B-BBEE scorecard is used to calculate the extent to which a company complies with the standards set out in the B-BBEE Act by being measured against a specific target. The scorecard allocates 5 points for companies who meet the compliance target, of making SED contributions amounting to 1% of net profit after tax (NPAT). The overall criteria set for compliance are the “annual value of all Socio-Economic Development Contributions...made by the Measured Entity as a percentage of the target” (South Africa, 2015:48).

As an application of CSR, the SED element is considered as a means of “empowerment of marginalised South Africans” and such a goal can only be achieved effectively if “institutional structures exist which would provide assistance to businesses in their efforts to contribute to empowerment” (Kloppers, 2014:78). In this sense CSR can no longer be isolated within a single division or department, but must become a core component of a company’s value system incorporating social impact as a strategic deliverable (Filatotchev & Nakajima, 2014:293; Van den Ende, 2004:73-75). Hinson and Ndhlovu (2011:340) contend that the institution of the B-BBEE Act is placing a great demand on businesses to be actively involved in achieving development goals.

The previous paragraphs have shown that a relationship does exist between CSR and B-BBEE. What follows is an exploration of CSR strategy and implementation in South Africa.

## **2.5 CONTEXTUALISATION: CSR STRATEGY AND IMPLEMENTATION IN SOUTH AFRICA**

In the National Development Plan (NDP), the South African government envisions its commitment to transformation and development in what has been named the 2030 vision. It states that “by 2030, we seek to eliminate poverty and reduce inequality...our plan is to change the life chances of millions of our people, especially the youth; life chances that remain stunted by our apartheid history” (South Africa, 2013:2). Yet, high levels of inequality still remain within South Africa’s education and health systems as well as with respect to employment impacting on the welfare of people. The socio-economic challenges mentioned stem from the forced unequal development that took

place during apartheid; which brought about deep-seated inequalities in numerous areas (South Africa, 2013:16).

Within the South African context, the government and public sector therefore regard CSR as a driver for “post-apartheid socio-economic transformation”, inevitably closely linked to the country’s history with respect to its transition through apartheid into democracy (GTZ & Bertelsmann Stiftung, 2007:126-127). The South African private sector thus has a responsibility to play in addressing the challenge of national development by demonstrating a commitment to CSR (Mossmann, 2010:85). Through CSR, businesses thus have the obligation and opportunity to deal with these issues by becoming dedicated to respond to the pressing challenges. This crisis in society will be unavoidable without the continued contributions from business in creating a sustainable future (Ackers, 2009:2). These concerns inevitably also have a negative impact on both business and the economy and it is therefore imperative for both business and government to find ways in which these challenges can be overcome (Proudly Mindset, 2013:1).

From the chosen South African definition of CSR (see item 1.2) it is clear that CSR requires companies to pay attention to the needs of multiple stakeholders and not only to the needs of their shareholders (Christensen *et al.*, 2014:172). Shareholders are therefore no longer the only or most important focus in determining a company’s outcomes and success. Where profit maximisation and growing shareholder wealth were the main goals for companies to achieve in the past, present-day CSR suggests otherwise (Pedersen, 2006:138). It is imperative for a corporate company to have an accurate understanding of present-day CSR in order to commit to it and accept it into corporate strategy. Generating such an understanding is especially vital considering that it is widely believed that companies do have a strategic responsibility towards society; even said to be a “steward of society”, according to Blowfield and Murray (2008:10). The next section elaborates on the importance of approaching CSR in a strategic manner.

### **2.5.1 CSR as a strategic concern to companies**

CSR has become an undeniably strategic concern for all companies, one which cannot be ignored and that influences companies’ operations in numerous ways. Companies have a responsibility towards society far beyond their own economic interests and

company managers and leaders need to be cognisant of how their actions and beliefs impact on the effective implementation of CSR. It is therefore inevitable for companies to accept that in today's society they have to engage with the community in which they operate (Lehmann *et al.*, 2010:154). The growth of CSR as a business practice has developed in such a way that it is no longer a question of whether a company should invest time and resources into responsible activities but more so "how deeply an organisation should become involved in it" (Van den Ende, 2004:28). Other authors state that companies need to consider ways of improving their actions (Sabir *et al.*, 2012:835); and that corporate leaders must be aware that those actions have an impact on people and the environment for which they should take responsibility (D'Amato *et al.*, 2009:11).

There is even reason to believe that companies could use their power and influence to "create a better world" (McElbaney, 2009:31). According to the World Business Council for Sustainable Development (WBCSD), a company's social responsibility is expected to improve the quality of life for people while contributing to economic development (Lehmann *et al.*, 2010:155). Pedersen (2006:138) calls this the "zone of discretion" and states that it reflects decision-making processes towards making a difference in society more so than the goal of profit maximisation. It is important to note that this includes activities also beyond a company's legal obligation, stating that business has a role to play in society through the combination of economic, ethical and discretionary responsibilities towards their relevant stakeholders (Christensen *et al.*, 2014:171; Coombs & Holladay, 2011:6; Sabir *et al.*, 2012:833).

CSR has therefore become a core component of a company and should carefully be considered in relation to a company's goals and operations. Many corporate companies, are accepting their responsibility towards society; to the extent that CSR is becoming a component of their core values, principles and corporate strategy (Muethel, 2013:209). McElbaney (2009:36) therefore asserts that it is not a matter of whether a company should practise CSR, but finding ways to integrate it into business strategy and daily operations in a smarter and more strategic manner. To this effect, CSR needs to move beyond CSI; *ad hoc*, once-off donations and activities towards a broader responsibility to its stakeholders, by promoting the goals and needs of employees, community members, non-profit institutes and society at large. Such CSR practices must also move

beyond mere compliance and involve a company's willingness to consider its relevant stakeholders (Filatotchev & Nakajima, 2014:292).

Stakeholder theory gained increased attention, highlighting the importance of being aware of and responding to the demands made by key, relevant stakeholders. From a stakeholder theory perspective the understanding is that companies form an integrated part of society and they should view themselves as such (Pedersen, 2006:138-139). Being defined as "groups and individuals who can affect, or are affected by, the achievement of an organisation's mission", stakeholders are said to "form a link between the aims and ambitions of the organisation and the expectations of society" (Maon *et al.*, 2009:8). A stakeholder is regarded as key and relevant to the company if their interests align with those of the company (Sabir *et al.*, 2012:836). Littlewood and Holt (2013:9) emphasise that the B-BBEE Act influences the interaction between South African companies in the private sector, typically for profit companies, and various social enterprises as well as the "wider social sector". Social enterprises and the wider social sector have subsequently become key stakeholders for companies in the light of their responsibility towards the social well-being of society. There is a crucial element of multiple stakeholder engagement that must take place, during which the company should identify the most prominent social issues affecting their relevant stakeholders.

Subsequently, a change in the way that the private sector operates is required; as well as in the attitude of leaders, government and society towards transformation. This implies the need for a different corporate strategy that incorporates CSR (Mossmann, 2010:iii; Van den Ende, 2004:6), which has led to a greater interaction, communication and even collaboration between businesses and the government as well as society (GTZ & Bertelsmann Stiftung, 2007:126; Mossmann, 2010:iii). In such an instance a B-BBEE transaction will be regarded as a "value-creating CSR activity" (Alessandri *et al.*, 2011:235, 238). A CSR strategy alone without an attempt to achieving it will merely remain a strategy with no effect on sustainability. The next paragraphs devote attention to these important aspects.

## **2.5.2 CSR Strategy and Implementation**

An optimal level of CSR according to McWilliams and Siegal (cited in Waldman *et al.*, 2004:3) can be reached, which reflects both profit maximisation and satisfying stakeholders' demands. This is crucial considering that the future survival of any

company in today's society is directly related to how they respond to and attempt to satisfy the demands from key stakeholders (Sabir *et al.*, 2012:836). The implementation of CSR activities has therefore shifted toward "more explicit commitments in response to stakeholder pressures" in comparison to what previously was merely ad-hoc, uncoordinated and voluntary actions (Maon *et al.*, 2009:5). Behaviours and actions of company leaders should include contributions to society that address both social and environmental issues in an attempt to improve society (Christensen *et al.*, 2014:171; Coombs & Holladay, 2011:6; Pedersen, 2006:138). Maon *et al.*, (2009:8) suggest that managers must make decisions about the nature and extent of their responsibility towards their stakeholders. Each company needs to conceptualise in what way they could improve the quality of life for key stakeholders, and how their company in return could contribute to the development of the economy in which they operate. Once a company has identified who their main stakeholders are to whom they have a responsibility, specific actions should be taken to respond to those responsibilities and stakeholders, through the company's operations. They should implement needed responsible business practices, which can respond to problems within the social and economic context (Littlewood & Holt, 2013:2; Van den Ende, 2004:6).

A company's business processes must furthermore be considered in order to successfully integrate CSR as a sustainability challenge. Companies must therefore develop a CSR strategy that best fits the company's vision, through the implementation of a unique set of CSR activities (Klettner *et al.*, 2014:149). Some, however, believe that a gap still exists between the principle of CSR and the actual implementation thereof, in particular due to how difficult it could be to operationalise CSR (Pedersen, 2006:138). Muethel (2013:209) in particular contends that even though company leaders set their own responsibility goals they still struggle to achieve them, or, according to McElbaney (2009:30) employ CSR activities that are completely disconnected from the company's goals. CSR has thus become a "complex management challenge" and requires strategic planning (Sabir *et al.*, 2012:837). Christensen *et al.*, (2014:165) also assert that although CSR is concerned with "corporate actions, it is the individuals within firms who actually create [and] implement the CSR activities". On an individual level, leadership is in particular an important factor that has an influence on and the ability to shape a company's strategy and change its operations (Du *et al.*, 2013:156) as discussed in the next session.

## 2.6 CSR AND LEADERSHIP

There are research findings which evidently show that successful and effective CSR is dependent on the nature of leadership within the organisation (Christensen *et al.*, 2014:1). D'Amato *et al.*, (2009:9), confirm this concept by stating that leadership has an essential role to play in the implementation of CSR; a role that can only be realised by means of leaders who encourage effective CSR practices (Torres-Baumgarten & Yucetepe, 2009:220). Acutt (2003:2) asserts that leaders and managers have to show responsibility for "the poor, the vulnerable, and the oppressed" as well as an overall responsibility for the future, progress and well-being of society. Thus there is a call for companies and their leaders to become more responsible, to portray values and behaviours that will develop ethical business practices (Blakeley & Higgs, 2014:560; Hind *et al.*, 2009:8). Maak (2007:329) explains this responsibility as an increasing demand from society on companies and their leaders to be accountable for their actions; the latter being required to take a more active role in responding to the challenges that people and environments are faced with. In responding to the challenges, leaders must take on a "more socially responsible role" (Karp, 2003:16), with leadership that is committed to considering the common good of people in order to contribute to making a positive difference, through organisational changes, towards the betterment of the world (Maak, 2007:329; Molteni & Pedrini, 2009:28; Waddock & McIntosh, 2009:300, 305).

The commitment and attitude of the individuals within the company is, in particular, a key driver to the effective implementation of CSR (Chen & Hung-Baesecke, 2014:212). As such, it has been determined that the personal characteristics and traits of leaders are among of the drivers for the implementation of CSR (Christensen *et al.*, 2014:168). A leader will also need to take note of the contextual and organisational factors that has a bearing on the effective implementation of CSR; and as such CSR is creating new challenges for leaders and managers (Lehmann *et al.*, 2010:153). Leaders of companies, today and in the future, operate within a changing environment which requires an effective leadership approach that will be very different to how leadership was approached in the past.

General Montgomery defines leadership as "the capacity and will to rally [people] to a common purpose". John Maxwell continues also to state that "a leader...knows the way,

goes the way, and shows the way” (Forbes, 2012: online). It is the role of the leader to ensure that the goals set for the company is achieved, they formulate the strategies and operations within which they lead and their choices will inevitable be guided by their own values and personality (Christensen *et al.*, 2014:168). Some of the traits of leadership that separate leaders from non-leaders include, among other; drive, motivation, purpose, integrity, confidence, courage, cognitive ability and the ability to inspire others (Christensen *et al.*, 2014:173; Giltinane, 2013:1). Leadership, however, is constructed by more than just individual traits as it influences through attitudes, behaviours and situational factors (Appelbaum *et al.*, 2015:4; Nasomboon, 2014:77). This has led to the discovery and development of various leadership styles each with their own characteristics, approaches and impact on people and outcomes. These include, among others, servant leadership, transformational leadership and distributive leadership (Christensen *et al.*, 2014:170 & 172; Du *et al.*, 2013:158). The leadership styles within a company contribute significantly to its ability to encourage business practices in a more socially responsible manner (Du *et al.*, 2013:165; Torres-Baumgarten & Yucetepe, 2009:220).

Hanson and Middleton (2000, cited in D’Amato *et al.*, 2009:9) assert that CSR activities are complex at times and therefore require specific skills and competencies. It has been noted in particular that the “personal traits, values and characteristics”, of top leaders and managers within companies are determining factors in the formulation of their CSR strategy (Christensen *et al.*, 2014:173). McElbaney (2009:32) urges that it is the responsibility of senior leaders and managers to develop a company with a true commitment to CSR. It is the leaders who are able to create a clear vision that includes CSR demands from stakeholders; doing so in a manner that ensures that the CSR activities strategically reflect the core values of the organisation. Leadership within companies therefore necessitates the “balancing [of] competing demands and engaging people in collective goals that damage neither people nor environments” says Hind *et al.*, (2009:8). Waddock and McIntosh (2009:308) further assert that future leaders will need to develop traits and characteristics, uncommon to today’s leaders. As a result, significant research has been conducted to investigate the factors that affect managerial approaches to CSR and specific leadership styles have been said to have a particular impact on a company’s CSR activities. Effective leadership in uncertain and ambiguous environments, caused by the new pressure of implementing CSR, deals with the specific challenge of “reconciling the diversity of interests, needs, and demands of

multiple stakeholders” (D’Amato *et al.*, 2009:10) which is essential in the responsibility of a company towards society.

This requires the personal transformation of managers and leaders; those who are able to bring about the correct business actions and practices to be responsible leaders (Macaux, 2012:466). Maak (2007:329-330); suggests that the effective implementation of CSR, in light of its complexity and challenges “requires responsible leaders...with responsible mind-sets who care for the needs of others and act as...responsible citizens”. Such leaders have a true nature and character of responsibility in showing a very high regard for others (Christensen *et al.*, 2014:169). Waldman and Galvin (2008:327) contend that responsible leaders are at the heart of effective leadership for CSR.

### **2.6.1 Responsible leadership and CSR**

CSR could bring about transformation through leaders who introduce certain CSR-related values into business practices that could shape the culture of the organisation. To this effect responsible managerial business practices involves CSR activities “beyond mere compliance” (Filatotchev & Nakajima, 2014:291). Doh and Quigley (2014:258) also highlight that responsible leaders will not just aim to rectify harm that was caused by the company’s actions, but move towards making a positive difference in society, by doing good. Responsible leaders are courageous with the ability to establish a new vision for the role that businesses need to adopt in today’s society (Waddock & McIntosh, 2009:307).

A responsible leader is said to have specific characteristics, unique to its commitment to CSR and have certain roles that it will perform in order to effectively lead and implement CSR activities (Blakeley & Higgs, 2014:560; Cameron, 2011:26). Responsible leaders are able to influence the behaviours and thoughts of others to ensure an increased support and commitment to CSR within an organisation (Blakely & Higgs, 2014:560). Among others, such leaders have the ability to listen and care for people and in response align “different values into a common vision” (D’Amato *et al.*, 2009:11). Other characteristics include a greater awareness of society, and the needs of people as well as a motivation to respond to those needs with empathy by engaging in CSR activities.

Waldman and Galvin (2008:328) in particular identified two perspectives of responsible leadership, namely an economic perspective and a stakeholder perspective, each characterised by specific principles. A leader would therefore embrace either one of these different leadership perspectives in their approach towards responsible leadership. The economic perspective is known as a limited view (focusing on responsibility to shareholders only) whereas the stakeholder perspective is regarded as the extended view (focusing on responsibility to a broader set of stakeholders beyond the company shareholders). The stakeholder perspective and the four ways in which corporate leaders can pursue the stakeholder perspective are explained in the following paragraphs.

Waldman (cited in Doh & Quigley, 2014:255) argues against the economic perspective stating that responsible leaders cannot be so rigid, and must include a multiple stakeholder approach accurately reflected in its CSR strategy and decision-making. The latter stakeholder perspective of responsible leadership as explained subsequently forms the basis of this research. The current realities facing business leaders are that competing needs and demands of stakeholders need to be balanced as they interact and engage society towards creating collective goals for improvement (Hind *et al.*, 2009:8). The specific focus of the stakeholder perspective of responsible leadership, as reflected in the problem statement for the study, has been chosen on the basis of its relevance with respect to the effective implementation of a CSR strategy. Through the preceding sections of this chapter it was evidently shown that CSR in today's society is reflected in its intentional response to the needs of multiple stakeholders. The application of CSR through the B-BBEE framework also supports this focus on the need for multiple stakeholders. As stated by Alessandri *et al.* (2011:235, 238), engagement with multiple stakeholders is crucial to identify the key relevant stakeholders and their needs. To this effect, the Codes of Good Practice encourage interaction between private sector companies, social enterprises like non-profit organisations, and society. The B-BBEE Act has also led to greater interaction, communication and collaboration between the private sector and Government (GTZ & Bertelsmann Stiftung, 2007:126; Mossmann, 2010:iii). In addition, it is noted from the CSR definition used for the purposes of this study that companies must pay attention to the needs of multiple stakeholders and not only to the needs of their shareholders (Christensen *et al.*, 2014:171). These statements evidently support the chosen focus on the stakeholder's perspective instead of the economic perspective of responsible leadership for the

purposes of this research. The stakeholder perspective, in particular, has a more responsive and/or proactive approach to CSR (Pless *et al.*, 2012:59-60). Such an approach is ideal in that the demand for CSR comes from stakeholders, both internal and external to the company (Sabir *et al.*, 2012:833).

The next section elaborates on the stakeholder perspective of responsible leaders, especially as it forms part of the scientific analysis of this mini-dissertation and carries an impact on what constitutes responsible leadership as an approach to the implementation of CSR.

### **2.6.2 Stakeholder perspective of responsible leadership**

Responsible leaders are said to have the capability to “build and sustain a business that is of benefit to multiple stakeholders” (Maak, 2007:329). From a stakeholder theory perspective responsible leaders should aim to create value networks consisting of connections between a company and their stakeholders (Doh & Quigley, 2014:258; Maak, 2007:330). Such leaders show a level of responsibility towards, and relationships with a broader set of stakeholders, in comparison to a pure leader to subordinate relationship (Du *et al.*, 2013:156). This section deals with the components of the stakeholder perspective of RL as identified by Waldman and Galvin (2008:330-331), reflected in Table 1-1 (see item 1.2).

#### **a. Values are the guiding principles by which responsible leadership is pursued**

Freeman and Auster (2011:15) indicate that values indeed are “central to the idea of responsible leadership”, and refer to both organisational and individual values. A responsible leader is inspirational and visionary because of his/her high values-base, consequently formulating a values-based vision that considers the values and needs of relevant and diverse stakeholders. A leader is recognised as a responsible leader in the specific values that he/she holds, particularly with respect to decision-making (Waldman, 2011:81).

#### **b. Leaders act with integrity through business practices relating to environmental and societal issues**

A CSR focus within a company and the resulting activities are especially encouraged by ethical leaders. It is believed that such leaders will lead with integrity; having “the

capacity and the will to lead from a principled and holistic stance” (Waddock & McIntosh, 2009:307). To some extent these leaders live and work according to high moral standards with a sense of obligation towards doing that which is regarded as right and proper. Authenticity is thus an important quality required of responsible leadership, to ensure that they will act upon that which they value, and ensure that the vision is achieved and shared among stakeholders (Freeman & Auster, 2011:15). They lead in such a way as to maximise “the social and business returns of their CSR” (Du *et al.*, 2013:165).

### **c. Leaders are responsible to a broader set of stakeholders beyond shareholders**

Various authors have indicated that a responsible leadership approach to CSR is “rooted in stakeholder theory” and leadership should be approached within that context (Blakeley & Higgs, 2014:561; Du *et al.*, 2013:158). The focus of such a notion is that leaders within companies, who seek to effectively implement CSR, are responsible for addressing the needs of a wider spectrum of stakeholders and not only its shareholders (Blakeley & Higgs, 2014:561). A responsibility towards a “broader set of stakeholders [includes] employees, customers, environmentalists and the broader community in which the firm operates”.

It is crucial that responsible leaders seek to intentionally cultivate ethical and mutual beneficial relationships with all relevant stakeholders (Du *et al.*, 2013:561; Maak, 2007:332). This requires the skill of “building and sustaining social and moral relationships” (Cameron, 2011:28). It is a requirement for the successful contribution of business to the common good in society, to consider to whom they are responsible and what their responsibility is towards them (Doh & Quigley, 2014:258; Maak, 2007:330). This will lead to a company becoming a “trusted business in society” that receives stakeholder goodwill (Maak, 2007:330).

### **d. Leaders consider and react in a balanced manner in response to the needs of each stakeholder group through specific actions and decisions**

Leaders should operate with a sense of justice and accountability towards economic, environmental and social responsibilities by recognising the needs of global and local stakeholders within those spheres (Doh & Quigley, 2014:258; Cameron, 2011:26). In this manner the leader, through relationship building with various stakeholders, is able

to facilitate proactive dialogue on those actions of the organisation that are most likely to affect the stakeholder. Engaging with the most relevant stakeholders will ensure that the CSR strategy, and resulting changes in business practices are effective, through “balanced and fair decisions” in responding to the needs of and problems in the society (Blakeley & Higgs, 2014:562; Doh & Quigley, 2014:259). Such a perspective regards the needs of all these stakeholders as important and a company’s decision-making and resulting actions must take it into account (Waldman & Galvin, 2008:330). This focus forms the core of what is regarded as a stakeholder’s perspective of responsible leadership (Waldman & Galvin, 2008:330). The latter authors assert that “it’s a question of finding the appropriate balance and trying to create value for all of our stakeholders”.

**e. Leaders are concerned about the importance of each need because of a strong values base**

Responsible leaders are moral actors who focus on the needs of others “above their own”; being highly values-based they are intentional in “establishing values and ethical principles” that will guide a leader’s decision making process (Groves & LaRocca, 2011:38). This includes considering business practices that are environmentally sustainable and being a facilitator of peace as well as acting in a socially responsible manner (Freeman & Auster, 2011:15). It is evident therefore, as stated by Waldman and Galvin (2008:330), that responsible leaders “have a strong sense of values concerning the importance of the needs and interests of a wide variety of individuals for whom the leader’s actions and decisions may affect”. These leaders are motivated out of a call to serve the relevant stakeholders identified with a need to be fulfilled. Ultimately such behaviour will be “principle driven and ethically sound” and is crucial to ensure effective CSR implementation (Pless *et al.*, 2012:53-54). Therefore, according to Pless *et al.*, (2012:54) responsible leadership that focuses on the extended stakeholders’ views will endeavour to create social value for society by considering multiple stakeholder needs strategically. To this effect, Waldman and Galvin (2008:335) identified four ways through which a corporate leader can pursue this stakeholders’ approach. These four ways, linked to the former paragraphs (item 2.6.2), were therefore also selected to make up the basis of this research and they behave a brief description of each in the following paragraphs.

**i. Show commitment to CSR by consistently leading community projects, thus leading-by-example**

Macaux (2012:452) asserts that a responsible leader is an individual with the ability to bring a personal sense of responsibility in line with the situation or context within which he/she finds themselves. The leader, as an individual, is therefore bound to have a great sense of self-awareness, and the ability to manage the diversity of different situation and needs (Blakeley & Higgs, 2014:563).

**ii. Incorporate the values of stakeholders, such as social benefit in the company's vision and purpose**

Waldman and Galvin (2008:328) suggest that the company's vision, purpose and mission should be defined in the light of the needs and desires of its relevant stakeholders. Maak (2007:330) asserts that a stakeholder's perspective brings about new challenges for organisational leaders who would need to find ways to develop a complex "web of sustainable relationships". They would have to navigate through this web, and engage in conversation with various diverse stakeholder groups in an attempt to create meaning and trust. To this extent, it can be said that "responsible leadership creates a shared sense of meaning and purpose through which they raise one another to higher levels of motivation and commitment for achieving sustainable values creation and social change" (Pless, 2007:438). Such a vision is created to stimulate a shared sense of identity between the company and identified stakeholders "that advances both economic success and societal well-being" (Groves & LaRocca, 2011:39; Waldman, 2011:80).

**iii. Help employees implement socially responsible values, strategies and goals to balance stakeholders' needs with shareholder needs**

Hind *et al.* (2009:9) suggest that integrating responsible business practices and decisions requires company managers to include it in the daily practices of a company which requires six critical characteristics, three of which relate specifically to a stakeholder's perspective, namely:

- a. Developing an understanding of the role of “government, business, social partners, non-governmental organisations and civil society” as various players in society and “how they interact with each other”.
- b. Creating strategic networks and alliances by building internal and external partnerships.
- c. Identifying the key, relevant stakeholders and building intentional relationships with them through dialogue and interaction to balance demands.

A responsible leader must have regard for and show a sense of accountability towards and serving stakeholders beyond their shareholders. This highlights the importance of not merely focusing on profit maximisation but to consider the social responsibility of a company towards society (Doh & Quigley, 2014:259). The leader must be confident and portray an open and transparent utilisation of company resources “to bring about [social] benefit” that will facilitate trust between the company and stakeholder (Blakeley & Higgs, 2014:562; Doh & Quigley, 2014:259).

#### **iv. Empower employees, as a stakeholder group, to be involved in CSR practices and decision-making**

Chen and Hung-Baesecke (2014:211) suggest that an effective CSR initiative requires employees to be actively involved in CSR activity. They believe that participation is vital for successful implementation. Through such employee participation CSR becomes an integral part of a companies’ corporate actions based on its culture and values and not just a response to stakeholder demands.

## **2.7 CONCLUSION**

CSR has in particular become an increasingly important matter over the years, and an aspect of business operations that all companies must consider. Research has indicated that leadership is a driver for the effective implementation of CSR, and in the light of this a new type of leadership has emerged known as RL. CSR requires leaders to implement strategies that consider the needs of others outside the company through RL which considers how best their company could address those needs. Companies and their leaders have to take to heart that poverty and unemployment will remain unless an intentional effort is made to bring about much needed transformation. Within

the South African context specifically, it is contended that CSR can be achieved through B-BBEE.

This chapter explored the relationship between CSR, B-BBEE and RL in an attempt to indicate whether a positive correlation exists among the three concepts. It showed how B-BBEE could be considered as an application of CSR, in particular through the SED element on the B-BBEE scorecard. Companies must, however, carefully and intentionally consider how they implement CSR activities and make SED contributions, to ensure that it is both in line with the company's strategy and vision as well as addressing the needs of their key stakeholders. It is suggested that a RL style with a strategic perspective will be a key driver in ensuring the effective implementation of CSR towards the betterment of society and specifically improving the quality of life for people. Companies need to recognise that they have a responsible role to play in the growth and development of South Africa's economy.

The next Chapter (Chapter Three) presents the empirical findings of the research.

# **CHAPTER THREE: EMPIRICAL RESEARCH FINDINGS - IMPACT OF RESPONSIBLE LEADERSHIP ON CORPORATE SOCIAL RESPONSIBILITY: THE CASE OF KEYPAK**

## **3.1 INTRODUCTION**

The purpose of this study is to investigate the impact of RL on CSR within a South African company. The relationship between the two concepts was explored theoretically in Chapter Two, which indicated that the effective implementation of CSR could be positively influenced by a stakeholder perspective of RL. The theory furthermore established that within the South African context, companies implement SED-projects, an element on the B-BBEE scorecard, as an application of CSR. As indicated in Chapter One, however, limited empirical evidence exists of this relationship in practice. The empirical investigation into CSR within Keypak therefore focused on the company's SED-projects implemented over the period of two years in 2014 and 2015. The relationship was tested empirically within Keypak by means of a quantitative four-point Likert-scale questionnaire completed by twelve employees followed by qualitative semi-structured interviews with eleven of those employees through a case study procedure. Furthermore, the impact of RL on CSR activities through SED was explored through a qualitative interview with the Principal of the GSECDC, one of the CSR activities of Keypak.

Chapter Three reports on the empirical research findings for both the quantitative and the qualitative data collected. The quantitative data are represented through the use of percentages and average ratings showed as graphs and pie charts, whereas the qualitative data are presented thematically, in a way that brings greater depth of understanding to the quantitative data. The four sections of the quantitative Likert-scale questionnaire (see Annexure C) each represented a specific research question. The four-point rating scale as discussed in Chapter One, forced participants to either choose a positive (1 – strongly agree, or 2 – agree) rating or alternatively a negative (3 – disagree, or 4 – strongly disagree) rating preventing them from selecting a neutral response. Similarly, the qualitative interview consisted of four main questions, each relating to the four research questions (see Annexures D & E). The research findings are structured and presented per research question, starting with background information on Keypak and its SED-projects, and with background details on GSECDC

followed by a biographical data discussion, and a presentation of the quantitative and qualitative research findings.

### **3.2 BACKGROUND INFORMATION ON KEYPAK**

Keypak is a manufacturing concern in the NMBMM that is still owned and managed by the founder of the company since 1990. Keypak, “your one stop packaging company” specialises in the manufacturing of “corrugated, solid board and litho laminate cartons” (Keypak, 2016:online). The company supplies to the whole of South Africa, from its head office and factory based in Port Elizabeth, with sales offices in Cape Town, Johannesburg and Oudtshoorn (Keypak, 2016:online). Currently the Port Elizabeth branch employs more than 400 staff members and has been involved in CSR for about ten years. The company shows a commitment to CSR through various company policies, such as an occupational health and safety policy, a quality and food safety policy and a child labour policy to fulfil their legal responsibility. Keypak developed an ethical trading policy statement, which states that “Keypak operates on sound business and ethical principles... [and] is committed to uplifting the community in which [they] work and live through [their] Corporate Social Responsibility programme”. They also endeavour, as far as possible, to ensure that “suppliers also act in a responsible and ethical manner” (Keypak, 2009:1).

For at least the past ten years the company has actively been involved in various community projects as their CSR initiative. An initial interview with the gatekeepers of the company indicated that Keypak mostly responds to the needs that the senior managers become aware of within key interest groups that they have identified. In recent years their commitment to CSR activities has been a direct application of the B-BBEE Act, and in effect many of their projects count towards their SED score on the B-BBEE scorecard. As explained in Chapter Two, item 2.4.1, the DTI developed a B-BBEE scorecard with standard targets, through a points system by means of which a company’s BEE status is determined. Through various activities and financial contributions a company can score points separately for each of the five elements on the scorecard. The total number of points scored will determine the company’s overall BEE status which range from a level one to a level eight. The maximum points, that a company can score for the SED element is five, which is equal to making a monetary contribution of 1% of the company’s NPAT. For the past two years Keypak scored the

full five points on their B-BBEE scorecard for SED. Through the interview with the gatekeepers it became evident that Keypak does not limit them to the required 1% NPAT contribution necessary to score the full five available points on the scorecard for SED. They do invest in projects that earn them their full five points, but have also identified activities to which they are committed beyond the 1% margin. The latest overall B-BBEE certificate indicates that Keypak's total B-BBEE score earned them a level six BEE status.

The most significant CSR activities that the company has engaged in consistently since 2011 are subsequently mentioned and briefly referred to:

- a. A soup kitchen for the Adcock van der Vyver Old Age Home once a year: In 2014 and 2015 as their 67 minutes' community activity on Nelson Mandela Day, Keypak management and many of the employees held a soup kitchen for the Adcock van der Vyver Old Age Home.
- b. Sponsorship for the Keypak Soccer Team: Keypak also started their own soccer team, on the recommendation of one of the company managers. The company assists the soccer team with entry fees to tournaments as well as sponsoring their gear, such as soccer jerseys.
- c. Puzzles for Schools: Puzzles used to be one of Keypak's products that they manufactured and sold; the product line, however, was discontinued and the excess stock has been donated to various schools over the last two years. The puzzles have contributed to Keypak receiving their full five points for the SED element on the B-BBEE scorecard.
- d. A bursary programme for employees' children: Employees are given the opportunity annually to approach the Keypak management for financial support to assist their children to complete school or further studies. There are specific conditions that the employees and children must adhere to, such as the child's school attendance and grades (academic performance) as well as the work performance and attendance of the employee.
- e. Supporting the GSECDC monthly: Another major contribution to Keypak's SED contribution is their support of the GSECDC. On a monthly basis Keypak buys groceries for GSECDC and pays for the lawn to be cut. Yearly they also arrange a Christmas celebration for the learners. Keypak has a direct relationship with the Principal of the school, with whom they communicate about the monthly grocery

needs. The groceries are used to prepare food for the children at the school, and they also support the school with a specific contribution monthly to ensure that the school gets what it needs, such as cutting of the lawn. The GSECDC was identified by the researcher as the specific community project to establish the extent of the development impact through a stakeholder orientation to RL.

It is interesting to note that although Keypak is involved in these listed community projects, as their application to CSR through the SED element on the B-BBEE scorecard, they do not make any reference of their community activities in any report or on their website.

### **3.3 BACKGROUND INFORMATION ON THE GETRUDDE SHOPPE EARLY CHILDHOOD DEVELOPMENT CENTRE (GSECDC)**

Keypak has been involved in the GSECDC since the beginning of 2011, at which point the school (then named the Govan Mbeki Educare Centre) was an initiative of the Port Elizabeth Childline and Family Centre/Eastern Cape (PE Childline), then known as the Port Elizabeth Child and Family Welfare Society. The centre was established for 120 children in September 1996. Since then, on 19 December 2012, PE Childline's name changed to Uviwe Child and Youth Services (Uviwe:online). At the end of 2011, however, it became known to Getrudde Shoppe Primary School that PE Childline was no longer able to sufficiently support the Centre. At this point a teacher from Getrudde Shoppe approached Childline, requesting to take over the ownership of the school, including occupancy of the building and paying the salary of the practitioner who was working in the centre. Before acquiring the use of the Govan Mbeki Educare Centre, Getrudde Shoppe did not have a dedicated Grade R class. The children in the community were cared for by numerous community crèches, known by the Department of Education as attached components of the school.

The Govan Mbeki Educare Centre, now known as the Getrudde Shoppe Early Childhood Development Centre (GSECDC), is still accommodated on the original property, in a different location than the Getrudde Shoppe Primary School. However, the Centre is a formal part of Getrudde Shoppe Primary School, and managed by the same Principal, who was appointed in this capacity in 2013. At the start of 2016, the Centre had 111 learners enrolled, with three full-time teachers. The Principal did inform Keypak in writing of the name change, yet Keypak still refers to the school as Govan

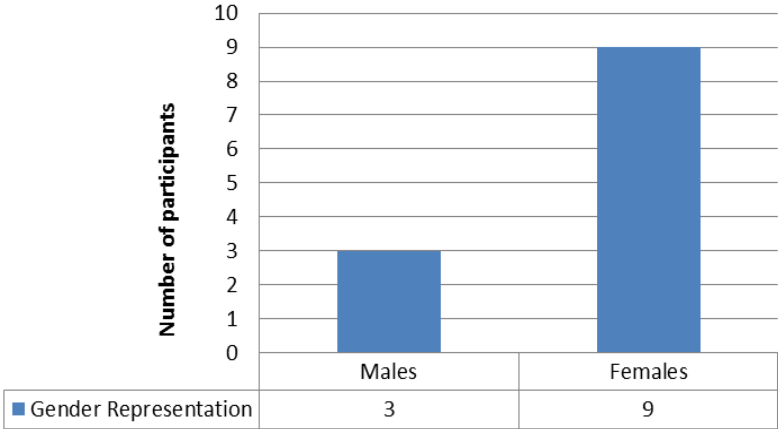
Mbeki Educare School. For the purposes of this dissertation, the current name (Getrudde Shoppe Early Childhood Development Centre) is used. Keypak’s community project at the GSECDC is used to investigate the effective implementation of an SED activity as an application of CSR to determine the impact of Keypak’s RL.

The research findings in the following paragraphs commence with a presentation of the available biographical data of the respondents at Keypak deemed most relevant by the researcher. This is followed by a quantitative and qualitative data analysis of the responses to the four research questions, and qualitative data analyses of the responses by the principal of the GSECDC, one of Keypak’s CSR activities.

**3.4 BIOGRAPHICAL DATA**

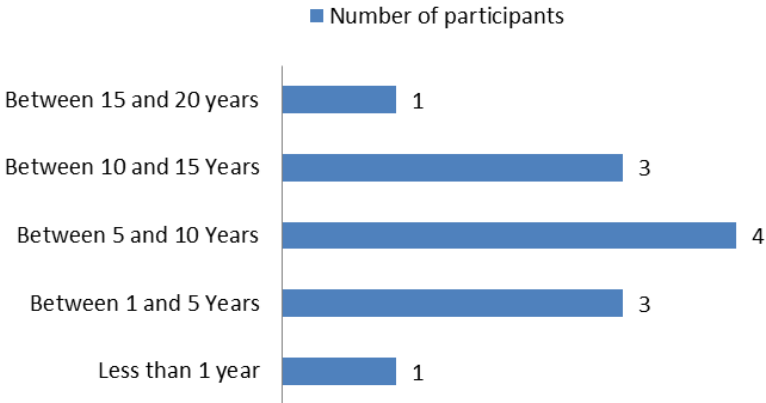
The twelve participants were chosen by the gatekeepers of Keypak based on their involvement with and knowledge of the SED-projects implemented by Keypak. The number of participants was also selected by the gatekeepers on the basis of their involvement in Keypak’s CSR activities. These participants represented different hierarchical levels ranging from functional managers, supervisors, general employees and speciality functions from various departments within Keypak. The departments range from accounts, to production, to HR and each employee participated voluntarily by completing the Likert-scale questionnaire as well as by being interviewed by the researcher. Their identities will remain anonymous throughout the report of the research findings, in line with the ethical considerations as discussed in Chapter One, item 1.5.

**Figure 3-1: Gender representation**



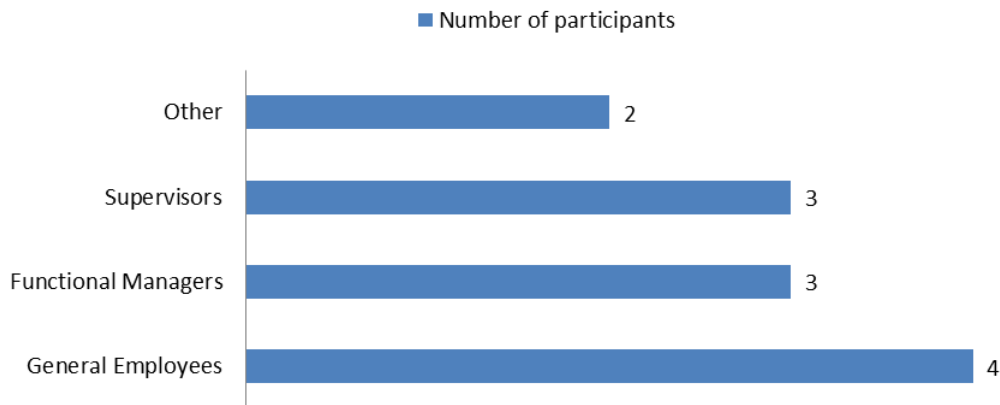
The majority of the participants were females (9) with only three male participants. It could be stated that three times as many females participated in the CSR activities than males. There are no notable differences in average response ratings between males and females with respect to the various research questions, but it is worthy to note that females responded more positively than the males. A comparison of the average response rating per research question based on gender is depicted in item 3.5 of this chapter.

**Figure 3-2: Number of years employed at Keypak**



The distribution of employees, who participated in the study, with respect to their length of employment with Keypak, shows that those employees who are involved in Keypak have varying lengths of service to the company. Only one employee who is involved in their CSR activities has been with Keypak for less than a year, and only one has been with Keypak for more than fifteen years. A third of the participants have been with the company between five and ten years as midpoint, while 25% (3 participants) respectively have been employed by Keypak between ten and fifteen and between one and five years each. The number of years employed by Keypak does not seem to have influenced the employees average response rates, as no notable patterns were found (see explanation in item 3.5).

**Figure 3-3: Hierarchical employee levels**



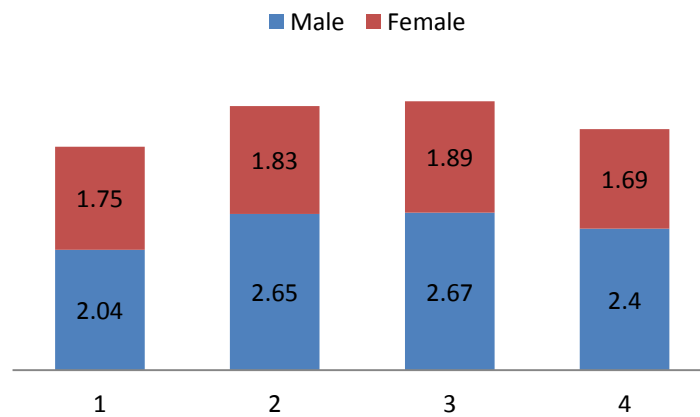
An equal number of supervisors and functional managers participated, namely three participants in each category, with four general employees and two participants classified as “other”, who both are involved in specialised departments such as IT and sales. The research findings per research question in the sections to follow indicate the notable differences in response ratings for each hierarchical employee level.

### **3.5 QUANTITATIVE AND QUALITATIVE RESEARCH FINDINGS**

The quantitative data (see Annexure F) are predominantly represented in pie charts and bar graphs, to indicate the overall responses from the twelve Keypak employees who participated in the study. The frequency of rating responses is used to indicate the overall perception of the employees in relation to each research question. Furthermore, the overall average response rate per research question is compared with individual scores and specific mention is made of those scores that differ significantly from the average rating. A rating of 1 indicates that respondents strongly agree with the research question, while a rating of 2 indicates that the respondents agree with the statement. Any score above 2 (namely 3 and 4) will lean more towards a negative response rating where participants disagree with the statements.

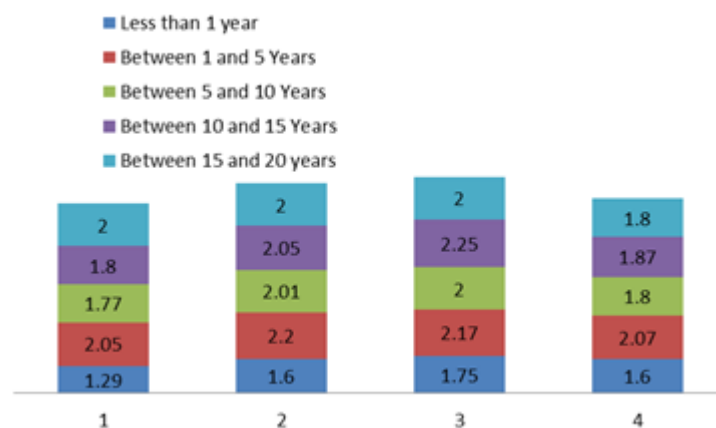
It is evident to note that none of the participants, for any of the questions in the Likert-scale, responded with a rating of 4 (strongly disagree). In essence this implies that a rating of 2 (agree) is the mid-point of the Likert-scale. The first set of average response rating comparisons is based on the biographical data to indicate whether any significant patterns exist.

**Figure 3-4: Average response rating per research question based on gender**



From Figure 3-4 it is interesting to note that the female participants responded more positively across all four research questions in comparison to the male participants. The average response rating from the females ranges from 1.69 to 1.89, with ratings that are fairly similar per research question. With a rating of 2 being agree and 1 being strongly agree it is evident that they agree with some level of confidence about the positive impact that RL has on the CSR through SED-projects of Keypak. The male participants, on the other hand, showed an average rating of between 2.04 and 2.67, indicating that even though they agree to some extent, they are not that confident with ratings leaning closer to a 3 (disagree).

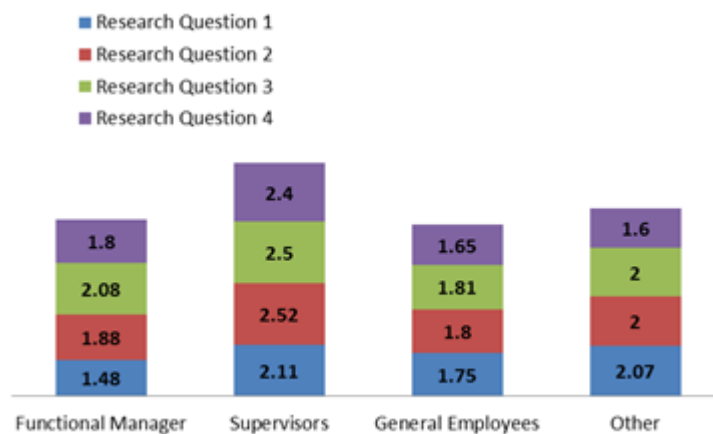
**Figure 3-5: Average response rating for years of service per research question**



Average ratings based on years employed by the company as indicated in Figure 3-5 above mostly range between 1.6 and 2.25, with the exception of research question one, with the employee that has been at Keypak the shortest time, at 1.29. This employee, who has been at Keypak the shortest time, at less than a year, gave the most positive ratings across research questions, in comparison to all the other participants. Those

employees who have been at the company between one and five years responded the least positive of all respondents across the research questions. However, their responses ranged from 2.05 to 2.17, which indicate that they mostly agree with all the research questions. This emphasises that no real pattern of significance exists in comparing the average response rating per research question based on years of service at Keypak.

**Figure 3-6: Average response rating per research question based on employees' hierarchical levels**



The biggest and most notable observation, comparing the average response ratings per employee hierarchical level as indicated by Figure 3-6, is seen between the supervisors and the general employees. The average response rating for all four research questions from the supervisors were above 2, ranging from 2.11 to 2.52 in comparison to the general employees whose ratings are slightly more positive and consistently ranging between 1.65 and 1.81. Supervisors were thus not as positive as the general employees with ratings closer to 3 (disagree). Overall, the supervisors had the least positive response in comparison to all the other hierarchical levels. The average response ratings for the functional managers and the employees categorised as “other” varied with some responses of above 2 (albeit slightly) and other response between 1.48 and 1.88. Details per research question based on the hierarchical levels of employees are discussed in greater depth for each research question in the sections to follow.

**Figure 3-7: Average response rating per research question**

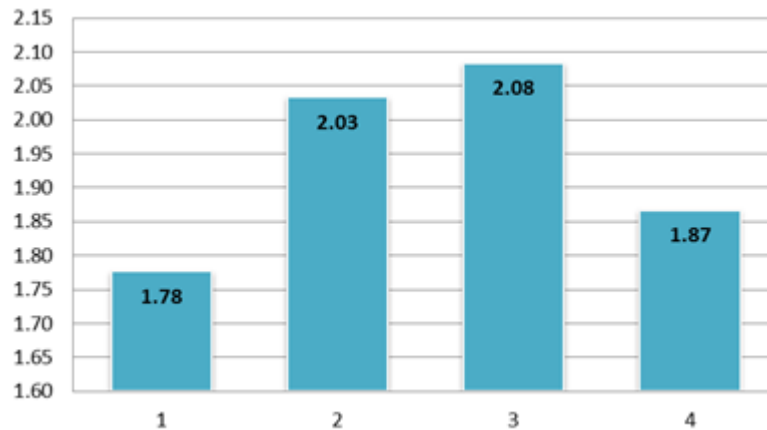


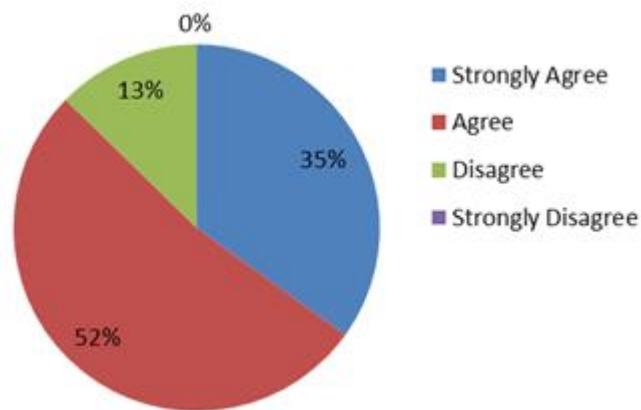
Figure 3-7 indicates the average response rating from all twelve participants per section of the Likert-scale questionnaire, each representing a specific research question. The vertical axis (response rating) indicates the average rating from all twelve participants, and the horizontal axis represents the four research questions. It is evident that for all four research questions the response rating is fairly positive. It is interesting to note that there is a nearly similar rating of 1.78 and 1.87 for research question one and research question four. Likewise, research questions two and three display nearly similar ratings of 2.03 and 2.08 respectively.

Research questions one and four, delivered a more positive result in comparison to research question two and three. The significance of this will be highlighted in the sections to follow as the response ratings of the twelve participants per research question will be investigated in more detail through the use of frequency calculations and pie charts.

### **3.5.1 Research question one**

The first research question tests the attitude and commitment of Keypak towards B-BBEE through SED-projects as an application of CSR. As indicated in Figure 3-7, the overall response rating was 1.78 which indicates a predominant positive response. It could be said that the twelve respondents agree that Keypak does have a positive attitude towards B-BBEE and shows a commitment for the implementation of CSR activities.

**Figure 3-8: Frequency of rating responses for Research Question One**



Thirteen per cent of the respondents indicated that they disagreed with the statement in light of their answers for section one and thus do not agree that Keypak has a positive attitude towards B-BBEE. It is, however, a fairly small number of the respondents who believe that Keypak is not committed to CSR. Two out of the twelve respondents in particular indicated a negative response, with an average rating of 2.40 and 2.42 respectively. During the interview one of these two respondents, however, made the comment that the ratings in the questionnaire are not necessarily an accurate reflection of the respondent's viewpoint. The respondent stated that "internally I have seen Keypak help people, like [my child]. When we were battling financially they help pay [my child's] school fees and recently they helped me with a loan, to pay for his varsity degree. They have helped many people in this way. The leaders reach out and give a hand to those staff in need." The respondent's response was specifically focused towards his personal experience, and the assistance he has received from Keypak that has impacted on his life by improving the education of his son and thus advancing literacy.

However, the negative average rating was in particular due to a response of 3 (disagree) for the two statements, indicating that the respondent did not agree that Keypak addresses socio-economic challenges through their B-BBEE actions. Furthermore, it was indicated that the SED-projects does not empower previously disadvantaged South Africans with a disagree rating (3) from the same respondent. The second individual responded negatively with a rating of 3 indicating that the CSR activities implemented by Keypak, in the respondent's opinion does not alleviate poverty, reduce inequality or facilitate sustainable access to the economy for

beneficiaries. These two individuals do not seem completely convinced of the external impact of the numerous SED-projects that Keypak is currently engaged in. This was highlighted in particular by one other respondent who very specifically said “I am unsure about the impact that the community projects have, and I think it has a limited impact on alleviating poverty”. Yet, the same individual indicated that they can see how Keypak is facilitating access to the economy through B-BBEE activities, such as appointing a new black cleaning company, and so reducing inequality.

Nonetheless, the majority of respondents agree that Keypak has a positive attitude towards B-BBEE and is committed to CSR with a total of 87% indicating either a strongly agree or agree response (35% and 52% respectively). As indicated in Figure 3-6, functional managers had the most positive average response rate for research question one, at 1.48, leaning towards strongly agree more so than agree. General employees also have a positive response at 1.75 agreeing that Keypak does have a positive attitude and shows commitment towards B-BBEE and CSR. The other employees and supervisors have a similar rating with 2.07 and 2.11 respectively, slightly less positive than the functional managers and general employees yet they still agree.

Keypak’s commitment to CSR became evident during the interviews when ten of the twelve respondents confidently said yes, Keypak does have a positive attitude and shows commitment towards B-BBEE and SED-projects as an application of CSR. Keypak has, in particular, been involved with various community projects, such as the GSECDC, and the Adcock van der Vyver Old Age Home even before B-BBEE became a factor. It was said by the participants that Keypak is involved in “community projects not just for the B-BBEE benefits”...but “has specific projects that they support on a consistent basis”. One respondent during the qualitative interview mentioned that “when BEE was introduced we were already doing CSI activities and just expanded on them and where needed adapted our involvement to fit the codes”. Keypak’s commitment to CSR, according to this respondent, is emphasised by “how they add new community projects whenever they learn about a need” some of which they have been involved with for more than ten years. “The activities that Keypak do, are enjoyed by those involved, which shows a positive attitude and commitment”, said one respondent. Furthermore, another respondent stated that “Keypak places a lot of focus on projects

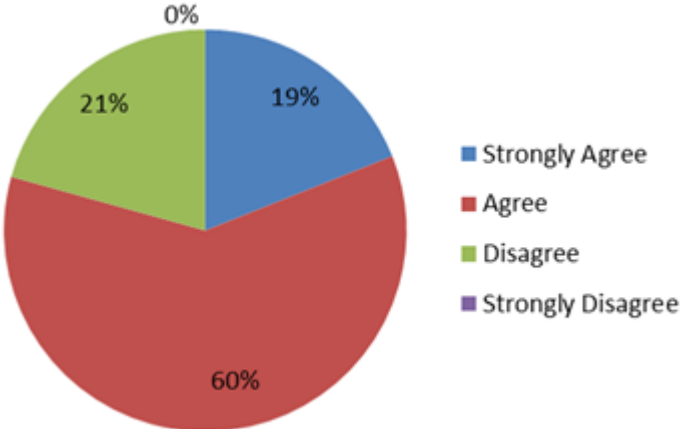
to uplift individuals. We have employed people in the company without skills and trained them in-house as operators and stock controllers among other”.

This first research question (above) established the first concepts that the study is investigating, by focusing on SED-projects as an application of CSR within the B-BBEE framework. The next two research questions will analyse the RL orientation of the leaders within Keypak who are involved with the implementation of the CSR activities and SED-projects.

### 3.5.2 Research questions two and three

RL has been shown to influence the effective implementation of a company’s CSR activities and strategy positively. In particular, through a stakeholder perspective which considers the needs of the beneficiaries impacted by and through the CSR activities. Research question two explores the characteristics of what constitutes a stakeholders perspective of RL. As indicated by Figure 3-7, respondents agree that Keypak does display RL characteristics which portrays a stakeholder perspective associated with the effective implementation of CSR activities. With an average rating of 2.03 it is noted, however, that the respondents do not strongly agree with the statement.

**Figure 3-9: Frequency of rating responses for Research Question Two**



The predominant responses (79%) indicate a positive perception (strongly agree and agree ratings) towards the second research question, which shows that it is mostly believed that Keypak does display RL characteristics. Nearly a quarter of the respondents (21%), however, disagree, implying that they are not completely confident about the degree to which the leaders within Keypak display a stakeholder perspective

of RL. Two of the respondents, in particular, responded negatively, one with an average rating of 2.75 and the other with a rating of 3. 19% of the 79%, however, strongly agreed that Keypak does display RL characteristics, which portrays a stakeholder perspective associated with the effective implementation of CSR activities.

During the qualitative interview it was said by one respondent that RL characteristics are displayed by the leaders with specific reference to the SED-projects that Keypak implements. The individual said that it is in particular noted by “how they get involved in the community and help where they can”. It was further mentioned by another respondent that most of the CSR activities are initiated by Keypak’s senior managers, as “they take them seriously, seeing it as an opportunity to give back to the community”. These observations by the employees highlight that Keypak does display RL characteristics. When considering the individual characteristics of a stakeholder perspective of RL, as indicated by Waldman and Galvin (see Chapter 1, item 1.2) the following perceptions from the Keypak employees who participated in the research can be noted.

- a. With respect to values being the guiding principles towards RL and leaders acting with integrity in their business practice, the average score is 1.92 for both characteristics. This leans closer towards a response rating of 2, rather than 1, indicating that employees agree, but not strongly. One respondent in particular commented as follow during the qualitative interview “working here has shown me that my manager does have strong values. [The manager] is always helping people [when possible]...but will also say no [where it is not possible] and therefore ... acts with integrity”.
- b. The employees also agree with a 2.09 average that the leaders of Keypak are responsible to a broader set of stakeholders and that they are concerned about the needs of stakeholders because of strong values. The qualitative interviews indicated that it is the strong values of Keypak leaders, including the owner, that encourage the leaders to respond to the needs of people, like sponsoring money to the hospice on an annual basis, and responding to a pledge that was published in *The Herald* newspaper to assist someone in financial need. “It is their nature to help people, including staff where needed.” Participants also indicated that the leaders motivate staff with their values and that as employees they learn to act in a similar manner.

c. Similarly, an average response rating of 2.08 indicated a majority of agreement, although not strong, for the balanced manner through which decisions and actions are made as leaders consider and react to the needs of each stakeholder group. Some examples that were mentioned during the qualitative interview include how Keypak provides a transport service for production staff after the evening shift. “This is something that they do not have to offer, yet they make the service available to the benefit of the employees”. Personal problems of staff are also considered by the leaders and as far as possible they will find solutions to help employees in need. It was also said that the leaders also commit and help where-ever they can by responding to customers who request support through donations. “The leaders do not just give money but get personally involved”.

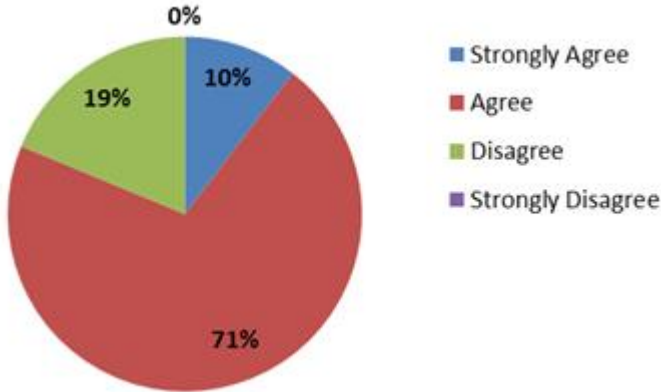
Furthermore, the responses per employee per hierarchical level (see Figure 3-6) for research question two, ranges from 1.8 (general employees) to 2.52 (supervisors). It is evident that responses lean closer towards agree than strongly agree, which shows a slight hesitation in their responses. The functional managers and general employees have a similar rating and are more positive than the supervisors. The other employees have an average response rating of 2, which indicate that they agree that Keypak does display RL characteristics. It became evident from the qualitative interview that this slight hesitation could be due to the following reasons.

Keypak leaders do not actively communicate their community activities through B-BBEE to all employees; this might therefore create the perception among some of them that Keypak does not care for the needs of others. Although Keypak leaders have good hearts, they also place high expectations on employees with respect to work performance in the light of conditions linked to the support of school fees for the bursary programme. This could create the impression that the senior leaders are tough to deal with; however, it was also said that “you have to earn the leaders’ respect which could take time” and “it teaches us to take responsibility”. Most of the CSR (SED community) projects are initiated by senior management. One participant said that the senior leaders are open to receive suggestions from the employees, yet the employees do not always feel that they can approach the senior leaders in this regard.

However, one example of where senior leaders did respond to a request from another employee was when they started a soccer team for employees and community

members whom they support with uniform donations and entry fees to competitions. This was a request from some employees who identified it as an excellent community project, based on the needs of employees.

**Figure 3-10: Frequency of rating responses for Research Question Three**



The overall response ratings for research question three shows a similar trend than research question two, with one notable distinction that it leans slightly more towards disagree than strongly agree. There is a strong sense, with an average rating of 1.83 (see Figure 3-7) that leaders are committed to CSR in how they lead-by-example through their own personal involvement in the activities. 81% of the employees who participated in the study showed a positive response, agreeing that Keypak’s leaders pursue a stakeholder perspective by applying the four ways identified by Waldman and Galvin (refer to Table 1-1, item 1.2) towards a specific orientation of RL. However, only 10% of the participants strongly agree, which is a drop of 9% in comparison to research question two.

Two respondents in particular commented during the qualitative interview that “managers and the owner of the company are always involved in community projects”... they are “eager to help”... and the projects are “held with high regard, with a high expectation on a positive outcome for it”. The participants also indicated with a rating of 2 (agree), that social benefits (through values) are incorporated in the company’s vision. They stated that “our CSR projects are strategically planned every year” and “targets and goals are set for CSR and community projects”. It is noticeable, however, that only a 2.25 rating (leaning towards a disagree rating of 3, yet indicating a positive rating) was scored for the way in which company leaders:

- a) help employees to implement the socially responsible values with respect to the needs of stakeholders, and
- b) empower employees to be involved in the CSR practices and decision-making.

Varying responses were received during the qualitative interviews with respect to the involvement of employees and the degree to which they are empowered to be involved and help to implement activities based on stakeholder needs. Some, very specifically and clearly stated that “yes, the leaders do try and get some of the employees involved, especially on Mandela Day”, and another explained that their involvement includes making and giving soup and bread for the old age home residents annually on Mandela Day. One other individual said “we work together on this day and I experience the opportunity of involvement with this community activity”. It was said that many employees get involved on this day and one employee in particular commented that “staff has an opportunity to get involved and I definitely feel empowered. It feels good to be involved, make a difference and it makes me want to do more. I have an opportunity to get involved in something that I will not be able to do on my own”. However, it was mentioned that because of working hours and the workload it is not possible for all employees to get involved. This is especially the reality for the production staff, and therefore there is only a specific group of employees at Keypak who gets involved in community projects. In particular, as with research question two, the same two respondents had a negative overall rating of 2.5 and 3 (disagree) respectively with another respondent with a rating of 2.5. It became evident that this is because of the lack of knowledge that some employees have of the community projects, and their inability to get involved in those projects. This is especially noted in the average response rating of 2.5 from supervisors, who are most closely connected to the production employees.

Nonetheless, the majority of respondents were positive and agreed that Keypak does apply Waldman and Galvin’s four ways in their application of a stakeholder perspective of RL. This is also noted with respect to an average response rating per hierarchical employee level (see Figure 3-6) ranging between 1.81 and 2.08 for general and other employees as well as the functional managers.

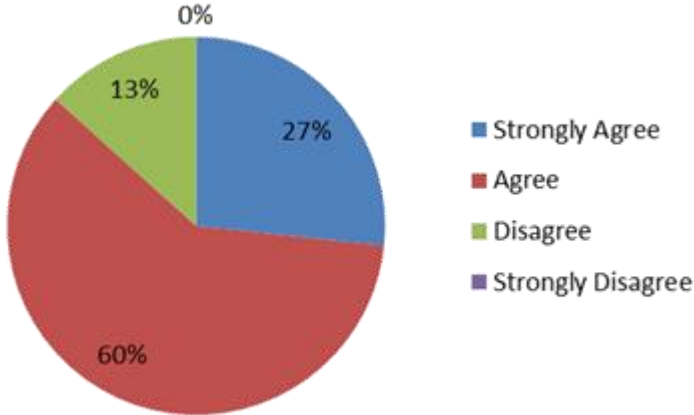
Some additional comments through the qualitative data indicate that the leaders also encourage employees to get involved in community projects, beyond that which the company does. For example, recently a group of employees started collecting funds for the Society for the Prevention of Cruelty against Animals (SPCA) on a regular basis. At other times, employees have been encouraged to collect money for various needs and causes, and the owner of the company will then match any funds raised by the employees. It was further mentioned that “the company has a definite focus on the needs of others and decisions are mostly made by company leaders, however, employees are encouraged to bring suggestions and get involved where possible”. One respondent said that a positive shift in this regard has especially been noted during the past couple of years.

This section explored the presence of a stakeholder perspective of RL within the leadership style an approach by Keypak during the implementation of CSR activities through SED-projects. There is a definite indication that a stakeholder perspective of RL is applied by the leaders. The influence that Keypak’s leadership approach has on their commitment and implementation of CSR will be determined next.

**3.5.3 Research question four**

The final research question specifically considers the influence that RL has on Keypak’s commitment and implementation of CSR which therefore attempts to suggest that a possible relationship exists between the two concepts. With an average rating of 1.87 (see Figure 3-7), participants clearly agree that Keypak’s commitment and implementation of CSR is influenced by its RL.

**Figure 3-11: Frequency of rating responses for Research Question Four**



There is not a strong agreement that RL does influence CSR within Keypak with an average closer to 2, at 1.87 which is evident in that only just more than a quarter (27%) of the employees strongly agrees. The majority (60%) did, however, agree that Keypak's leadership influences the implementation of CSR activities with a mere 13% who disagreed. Only two of the respondents had scores that are by average more negative namely 2.4 and 3 respectively. One had a score of 2.2 but five of the employees had an average score of 1.8 (a rating leaning fairly closely to an agree response), with one responded scoring 1.6, and two scoring 1.4. This indicates that although respondents are mostly positive and agree that a possible link exist between the company's leadership style and CSR activities, they do not strongly agree.

Eight out of the twelve participants do strongly agree that the success of the SED community projects is influenced by leaders who lead-by-example and employees who get involved in the projects. One respondent said "my manager is very committed to these activities, making sure that they happen. I am glad that my manager involves me, [...] does a lot for other people." This was also emphasised during one of the qualitative interviews when a respondent said that the leaders get actively involved in the implementation of these projects. Another respondent commented that the leaders encourage and influence them as employees to also get involved. Furthermore, four employees strongly agreed that the company leaders have implemented successful SED-projects as part of the company's goals and strategies by considering the needs of key stakeholders. In this regard the qualitative interviews revealed that the leaders respond to opportunities to help in the surrounding community that they become aware off. "I would say that the leadership does influence the CSR activities as they have a sense of what is happening in their community and are aware of the reality of the needs of people living in these communities", said one respondent.

"The Keypak leadership definitely has a heart to help where possible" said one respondent, however only three respondents indicated that they strongly agree that the company leaders are committed to B-BBEE as an application of CSR because of their strong values-base, believing that it could make positive contributions towards society. One of the three said that "Keypak leaders drive the community projects and because of our [the leaders'] values we get involved. As leaders we want our values to filter through to the staff".

A total of 86% of the employees are positive that Keypak's RL approach does influence its CSR. It was only the supervisors with a rating response of 2.4 (see Figure 3-6) who responded more negatively towards the possible link between Keypak's leadership approach and their CSR activities. The general employees, at 1.65 and other employees at 1.6 as well as the functional managers at 1.8 all show that they agree with some confidence that a link does exist. However, none of the employees strongly agree that the leaders are operating in a responsible manner towards the needs of stakeholders. Nor do they strongly agree that there is a direct relationship between the leadership style within Keypak and the company's commitment to CSR and B-BBEE. This will be referred to in more detail in Chapter Four.

### **3.5.4 Getrudde Shoppe Early Childhood Development Centre Interview**

A qualitative interview with the school Principal of the GSECDC resulted in rich insights in the impact that Keypak's SED-project, as an application of CSR, has on the community. Specific reference was made to the relationship between the school and Keypak that provided an in-depth understanding about the extent to which Keypak applies a stakeholder perspective of RL.

When asked about Keypak's commitment to CSR through the implementation of this specific project (in response to research question one), the school Principal revealed the details of what the monthly groceries donated by Keypak are used for. The GSECDC has a feeding scheme for the learners through which they ensure that they receive a meal twice a day, every day of the school week. The groceries received from Keypak are specifically used for the Grade R class (i.e. pre-school learners). Keypak has supported the school in this way consistently for the past number of years since 2011, which indicates their commitment. They also pay a monthly contribution for the cutting of the grass of the Grade R playground and annually organise a Christmas event for the learners. The commitment and positive attitude that Keypak shows to SED through CSR become more evident through the responses on the remainder of the research questions (two to four).

Research question two seeks to explore whether Keypak displays a stakeholder perspective of RL. The Principal was asked to comment on the five principles that constitute a stakeholder perspective of RL (see Table 1-1, item 1.2) in terms of their implementation of the community project at the school. Firstly, the Principal had to

indicate whether the people from Keypak have strong values that guide them. “Yes, I definitely would say that Keypak employees have strong values”. He indicated how, on a monthly basis, Keypak would call him to collect the groceries, and that he never has to phone them to follow-up, or ask when the groceries will be ready. “Consistently on the 2<sup>nd</sup> or 3<sup>rd</sup> of the month I will receive the call”, said the Principal.

Secondly, the Principal was asked to indicate whether the people of Keypak act with honesty in order to help those in need. “Yes, as promised every month we receive exactly the same items as agreed upon”. He explained how the groceries are left on the factory floor and the production workers will help him to carry it to his car. He states how this shows “honesty and commitment from all the staff to assist where they can”. One time, when the Principal forgot to take some items, he was called the following day to fetch it. This further highlights their honesty. The Principal was, thirdly, asked to comment whether Keypak takes responsibility for people outside of the company. He responded by saying that he does believe that they do, especially in how he has seen them taking responsibility to ensure that the grass is cut monthly. “There was a time that the grass cutter will come irregularly and Keypak contacted the contractor and made sure that he comes”. The Principal felt that this shows that the Keypak leaders are willing to take responsibility outside of their company concerns.

Fourthly, the Principal was asked whether Keypak makes decisions to respond to the needs of the GSECDC. The Principal indicated how Keypak contacted him at the beginning of the year to make sure that the groceries that they have been supplying are still relevant or if they need to change any of the ingredients. “From this call we were able to discuss new possible ingredients that will better suit the needs of the school”. Thus, Keypak changed the monthly groceries to be more appropriate for the needs of the school, which indicates their willingness to make decisions in response to the needs of their stakeholders. Lastly, with respect to the second research question, the Principal answered a simple yes, when asked if Keypak are concerned about the school’s needs because of their values.

Similarly, to explore research question three: does Keypak pursue a stakeholder perspective by applying the four ways identified by Waldman and Galvin and does it affect the company’s CSR approach to the community project? The Principal was asked to comment about the people of Keypak. The Principal confidently stated that the

Christmas event, which includes food packs for every learner at the end of the year, indicates that employees and managers participate directly in this community project that Keypak has initiated at the school. Many of the employees come to play with the learners which also speak to the involvement of Keypak employees, beyond the leadership with the community project. Another aspect of the stakeholder perspective of RL as determined by Waldman and Galvin is whether Keypak considers that which is important to the school as their social benefit to society. The Principal responded saying “absolutely, the projects that Keypak does in the school, make a big difference in the lives of the children and the community”.

In order to investigate the relationship between Keypak’s RL and the implementation of their community project at the GSECDC (with respect to research question four) the Principal was asked various questions. Firstly, what difference does Keypak’s involvement at the school make? The Principal explained that the groceries make a significant impact, especially in light of the socio-economic challenges of this community. “95% of the learners’ families are reliant on social grants. Through the meals that the learners receive twice a day, the parents only need to provide for one more meal a day”. He responded that the groceries therefore make a difference in the lives of the community members in this way as well because “they know that the learners are taken care of during the day”. The Principal further indicated that they “have also seen how the school attendance has increased, as parents are encouraged to bring learners to school no matter how tough the circumstances at home are”. The Principal thus confidently said that the involvement of Keypak in the school makes a difference as the learners get a good education, and receive much needed nutritional value through the feeding scheme. He also said that the activities that Keypak implement at the school absolutely make a positive contribution.

The Principal, in the second question, was asked whether he would say that the people at Keypak are committed to their involvement at the school to which he indicated that the people at Keypak are absolutely committed to their involvement with the school for two reasons; “the number of years that they have been supporting the school and the consistent manner in which they do so”. The final question asked: do you believe that you are important to the people at Keypak because of how they get involved in the school? And the Principal answered, “Yes, they build relationships and don’t just give money...but consider our needs”. He continued to mention that other companies are

often reluctant to support in such a way, “but not Keypak, they get involved and help where they can”. The Principal further commented that “Keypak is not rigid and conservative in their giving”, as “they are willing to make adjustments based on [the school’s] needs”. He gave an example how, during December 2015, the learners are only at the school for a short while, yet Keypak still makes the same monthly contribution. The food items are then used to provide food for a list of vulnerable learners whom the Principal identified, who need assistance during the holiday. The Principal also uses the Keypak groceries to “give the twelve volunteers that assist with cleaning the school grounds and helping with security, something special and extra over the December time”.

Lastly, the Principal was asked to specifically give his perception about their leadership approach. He said that he noticed that they display good leadership. “They do not just sit in their offices and give money, but like with the Christmas party they actually come to meet the learners and the teachers whose lives they have impacted through the year”. He strongly believes that the learners are not just mere beneficiaries to Keypak, but real people with real needs.

### **3.6 CONCLUSION**

Although numerous authors have written many papers on the positive impact that a stakeholder perspective of RL could have on the implementation of CSR, limited empirical evidence exists. This chapter captured the results from an empirical investigation about the impact of RL on CSR within the company, Keypak, in the geographical area of the NMBMM. Specific reference was made to the application of CSR through SED-projects within the B-BBEE framework. As a level six BEE contributor, Keypak has implemented a number of community projects, in particular giving support to a primary school, GSECDC. Through the qualitative interview with the school’s Principal it was established that Keypak’s involvement in the school has a positive impact on both the learners in the Grade R class, and the community members, especially the parents who face many socio-economic challenges.

Keypak’s leadership, as was established through the quantitative Likert-scale questionnaire and semi-structured qualitative interviews, could be classified as a stakeholder perspective of RL. The empirical data showed a predominantly positive response for all four research questions. Keypak’s leaders for instance (research

question one) have positive attitudes towards B-BBEE and show a commitment to CSR through their SED community projects, seen for example in their consistent support of the GSECDC's, Grade R class. Although not strongly, the participants did indicate that Keypak does display RL characteristics that display a stakeholder's perspective (research question two). The leaders are considered to have strong values, integrity and take responsibility for a broader set of stakeholders, beyond their shareholders such as the employees and community members as they respond to their needs in a balanced manner.

Similarly, in answering research question three, it was noted through the empirical data that Keypak pursues a stakeholder perspective of RL in their implementation of the SED community projects. In particular it was indicated that Keypak leaders lead-by-example through their personal involvement in the community projects, yet only a fairly small number of employees are given the opportunity to be involved in the community projects. This leading-by-example was also evident during the qualitative interview with the GSECDC's Principal, who indicated that Keypak does not just give money but ensures that their monthly contributions meet the needs of the school for the learners. Through the biographical data some variants in responses were noted with supervisors being less positive in comparison to the functional managers and general employees in all four the research questions. Another notable observation was that the average response ratings for research questions one and four were more positive than for research question two and three. This indicates that even though Keypak is committed to CSR and B-BBEE through numerous SED projects there is room for improvement in their implementation through a stakeholder perspective of RL. However, overall as determined through research question four, Keypak's commitment to and implementation of CSR is influenced by its RL approach in a positive manner, even though none of the participants strongly agrees with this statement.

## CHAPTER FOUR: CONCLUSIONS AND RECOMMENDATIONS

### 4.1 INTRODUCTION

The aim of this study was to explore the correlation between responsible leadership (RL) and corporate social responsibility (CSR) through socio-economic development (SED) contributions, as implemented by a private company in South Africa. The study investigated the case of Keypak, a manufacturing concern in the geographical area of the Nelson Mandela Bay Metropolitan Municipality (NMBMM). It has become pertinent, in the light of South Africa's socio-economic challenges that corporate companies assume their responsibility in bringing about positive change to communities in their respective geographical areas. The BEE initiative implemented by government in 2003 has provided guidelines through which companies can show their responsibility towards key stakeholders. The African Institute of Corporate Citizenship, to this effect, indicates that BEE is "an integral part of CSR in South Africa" (Chahoud *et al.*, 2011:38-39). To this effect, the implementation of SED-projects has become crucial considerations for managers and leaders which have created the need for a specific leadership approach. Identified as RL with a stakeholder perspective, Blakeley and Higgs (2014:561) established that RL forms the basis for the effective implementation of a company's CSR. However, as indicated in Chapter One, despite the plausibility of a relationship between RL and CSR, there is a lack of empirical evidence to prove it in practice.

Thus, the focus of this study was to establish the presence of RL within Keypak and the impact of such a leadership approach on Keypak's commitment to, and implementation of, CSR activities that bring about a positive impact on specific identified stakeholders. SED-projects, as an element on the B-BBEE scorecard were used to measure Keypak's CSR practices and the principles of a stakeholder's perspective of RL as identified by Waldman and Galvin (2008:330, 335) to establish whether Keypak's leaders display RL. The problem to be investigated was thus whether Keypak applies a stakeholder perspective of RL in their implementation of CSR through SED-projects, with specific reference to the identified employees, as stakeholders of Keypak, and its community project at the Getrudde Shoppe Early Childhood Development Centre (GSECDC).

The three concepts (RL, CSR and B-BBEE) were first explored theoretically in Chapter Two; thereafter the research findings of the empirical study were analysed, depicted

and discussed in Chapter Three. The concepts were tested empirically through a scientific mixed method; quantitatively with a Likert-scale questionnaire, and qualitatively with semi-structured interviews based on the Likert-scale questions. The Likert-scale questionnaire consisted of four sections, each respectively related to a research question identified in Chapter One to directly seek to answer the research questions. Twelve participants, identified by the gatekeepers of Keypak, completed the questionnaire, and eleven of those were interviewed. The school Principal of the GSECDC was interviewed by employing a slightly adapted version of the same semi-structured questionnaire by which the Keypak employees was interviewed. In both instances the semi-structured qualitative questionnaire, related directly to the four research questions.

This chapter provide an overarching view of the theoretical and empirical findings as recorded in Chapters Two and Three with specific reference to the four objectives set for the purposes of this study in Chapter One. In the subsequent paragraphs, conclusions are drawn to report on the investigation of the impact of RL on CSR within Keypak. Recommendations will also be made to indicate how Keypak could continue to implement impactful SED-projects, as an application of CSR through a RL approach.

## **4.2 OBJECTIVES**

The main objective of this study was to determine the extent to which Keypak displays an RL approach towards CSR within the South African context as applied to its community projects. In order to meet these objectives the researcher explored the concepts RL, CSR and SED as an element of the B-BBEE scorecard theoretically. This established the foundation from which the concepts and potential relationship between the concepts were explored empirically. The sections to follow attempt to investigate the findings of each objective with reference to the theory from Chapter Two and the empirical findings from Chapter Three.

### **4.2.1 Findings on Objective one**

The first objective of this study was to conceptualise CSR within the context of Keypak in the NMBMM, with specific reference to its commitment to B-BBEE through SED contributions and involvement with community projects as an application of CSR. The reality of the South African landscape, as is evident in the NMBMM, is a society marred

by numerous socio-economic challenges giving rise to poverty and inequality. As such CSR has been regarded as a driver for “post-apartheid socio-economic transformation” (GTZ & Bertelsmann Stiftung, 2007:127). B-BBEE is a means within South Africa through which to implement CSR, as contended by Chahoud *et al.*, (2011:38), who, in particular, mention that collectively B-BBEE and CSR could facilitate the goal of alleviating poverty. Kloppers (2014:59-60) says that B-BBEE could contribute extensively towards improving the socio-economic situation in South Africa.

Firstly, through Keypak’s ethical trading policy statement, their commitment to CSR became evident where they state that; “Keypak operates on sound business and ethical principles ... [and] is committed to uplifting the community in which we work and live through our Corporate Social Responsibility programme” (Keypak, 2009:1). Furthermore, the initial interview with the gatekeepers of Keypak highlighted that their commitment towards CSR is primarily implemented through B-BBEE with SED contributions as a level six BEE contributor who received full points for the SED element on their B-BBEE scorecard. The organisation has numerous community projects that they have been supporting for a number of years, which contribute directly towards their SED contributions, yet is not limited by it. The quantitative data showed that although only 35% of participants strongly agreed that Keypak is committed to CSR through B-BBEE, some are unsure of the extent to which the SED-projects address socio-economic challenges. 52% did agree that Keypak is committed thereto. It was in particular the supervisors and other employees who were uncertain to state “strongly agreed”, in comparison to the functional managers and general employees who all responded positively by stating that they agree fairly strongly with a rating of 1.47 and 1.75 respectively (1 representing strongly agree, and 2 representing agree). The other 48% of the employees who participated in the study expressed no doubt about Keypak’s commitment which especially became evident through the qualitative interviews.

As was revealed in item 3.5.1, ten of the twelve respondents confidently said that Keypak does have a positive attitude and shows commitment towards B-BBEE and SED-projects as an application of CSR because of the numerous community projects that the leaders implement (listed in item 3.2).

Through the qualitative interview with the Principal of the GSECDC, Keypak's commitment to this specific community project was firmly established. The Principal indicated how Keypak had supported the Grade R learners consistently since 2011, providing monthly groceries to the school's feeding scheme. Also, the Principal indicated that the consistency of their involvement is proof of their commitment and positive attitude to CSR and B-BBEE as it shows that they realise that such a long-term involvement ensures for maximum contributions towards the lives of both the Grade R learners and their parents living in the adjacent communities.

#### **4.2.2 Findings on Objectives two and three**

The second objective aimed to explore how effective, leaders in Keypak in the NMBMM geographical area, implemented CSR during the community projects with respect to the five characteristics identified by Waldman and Galvin (2008:330-331) for a stakeholder perspective of RL (see Table 1-1, item 1.2). In addition, the third objective, explored how leaders within Keypak pursue a stakeholder perspective of RL through the application of the four ways in which corporate leaders can pursue the stakeholder perspective (see item 1.2) identified by Waldman and Galvin (2008:335).

Theoretically, in Chapter Two it was shown that responsible leaders are inclined to be committed to CSR with characteristics that uniquely equip them as leaders to effectively lead and implement CSR activities (Blakeley & Higgs, 2014:560; Cameron, 2011:26). These leaders are said to be courageous with the ability to establish new visions that enable companies to become responsible citizens by implementing CSR activities (Waddock & McIntosh, 2009:307). A stakeholder perspective of RL, in particular, highlights the importance that leaders must be aware of the needs of people in its employ and society at large and respond to those needs through initiating projects. This is in line with the focus of CSR in today's society, being intentionally focused on responding to the needs of multiple stakeholders.

The empirical data through the quantitative questionnaire indicated that respondents agreed that Keypak does display RL characteristics which portray a stakeholder perspective associated with the effective implementation of CSR activities. One respondent during the qualitative interview in particular indicated that Keypak leaders strategically plan their CSR activities annually. Most of the respondents (79%) strongly agreed and agreed that Keypak leaders displayed the five characteristics identified by

Waldman and Galvin (2008:330-331) (see Table 1-1, item 1.2) for a stakeholder perspective associated with the effective implementation of CSR during community projects, while nearly a quarter at 21% of the respondents disagreed as was revealed in item 3.5.2, Figure 3-9.

The qualitative interview responses indicated how the leaders implement RL characteristics by driving the decisions and implementation of projects with the help of certain identified staff members with respect to Keypak's involvement and commitment to helping people through the specific community projects. It was shown that Keypak is committed to assisting internal and external stakeholders in response to needs that they become aware of. Internally, for example, Keypak assists employees with bursaries and loans towards advancing the education of their children. This has shown some of the Keypak employees how the leaders care for them and try to help. The biggest reason for those respondents who disagreed is that only certain employees are given the opportunity to be involved in community projects, and hence, due to a lack of communication and reporting about these projects, many other employees are not even aware of the community projects that Keypak are involved with externally. It seems that some of the respondents view the senior leaders as unapproachable and hence draw conclusions from this as to the kind of leaders they are, hence the uncertainty as to whether they truly display RL characteristics. There has been an instance, however, where Keypak responded to a suggestion from employees, namely the establishment of the Keypak soccer team that the company supports with jerseys and paying entry fees for competitions. This indicates that despite the beliefs and experiences of some employees, Keypak leadership is open to suggestions for CSR activities.

When compared to research questions one and four, the average response rating for research question two and three is considerably less positive, albeit still positive as was shown in Figure 3-7 (item 3.5). Research question three, had the most negative response rating at 2.08 (of the four-point Likert-scale, with 1 being strongly agree and 4 being strongly disagree).

Although some employees were given the opportunity to be involved, it is evident that more can be done by way of helping a greater number of employees to implement socially responsible values. Employees should also be empowered more to be involved in the practices, especially in the decision-making processes of Keypak's CSR activities.

It was, in particular, stated by one of the managers that they purposefully do not involve employees too much in the process of selecting or suggesting community projects, or even communicating with them what projects the company is involved in. The manager felt that this could create a sense of unhappiness that the company is involved in a specific community and not in another, as some employees might feel that their community needs the greater assistance. For this reason, their involvement in the community projects is fairly low-key except for those employees who are directly involved in a specific community project.

However, when considering the definition of RL by Blakeley and Higgs (2014:561), the qualitative interviews revealed that there is a “values-based” and “principle-driven” relationship between the Keypak leaders and the Principal of the GSECDC. The Principal and Keypak have a shared sense of meaning and purpose in how they approach this specific community project; the feeding scheme that increases not only the nutritional value that the Grade R learners receives but also ensures that they are well educated – seen in the improvement of the learners’ school attendance. A “shared sense of meaning and purpose” was identified by Pless (2007:438) as an element that could be created by RL. Pless (2007:438) further emphasised that in this way they could raise one another to higher levels of motivation and commitment for achieving “sustainable values creation and social change”. The interaction between Keypak and the school does bring about sustainable value creation and responsible change, in the way in which it impacts on the community members, especially the learners and the parents living in the surrounding area, who face many socio-economic challenges.

It is at the level of personal involvement that Keypak leaders show the way by which they lead-by-example and get involved in the community projects, based on an attitude that wants to help and assist where-ever the need arises; this shows that they have a RL approach. Furthermore, it is Keypak’s outward focus on the needs of their stakeholders; in this particular instance the commitment of Keypak to the needs of the Grade R learners from the GSECDC, which shows their focus on a stakeholder perspective of RL. The school Principal specifically indicated that Keypak supplies groceries according to the need of the school, and are willing to make adjustments where needed to ensure that the school receives the correct grocery items. They are said not to be rigid and bound by specific monetary limits (within reason) but are willing

to ensure that what they provide brings about a positive impact in the lives of the Grade R learners.

The qualitative interviews have revealed that Keypak leaders do display a stakeholder perspective to RL as their effective approach towards implementing CSR.

#### **4.2.3 Findings on Objective four**

The fourth research objective aimed to establish the extent to which Keypak's stakeholder perspective of RL, as identified by Waldman and Galvin (2008:330-331) influences its commitment to CSR, B-BBEE and SED within the geographical area of NMBMM, with specific reference to the success of the GSECDC community project. According to Muethel (2013:209), many companies have accepted their responsibility towards the society, even to the extent that it has been incorporated in their core values and corporate strategy. This has brought about a change in the operations of these companies as well as in the attitudes of their leaders towards transformation. It became imperative that companies adapt their corporate strategies in a way that incorporates CSR activities (Mossman, 2010:iii; Van Ende, 2004:6). Company leaders must strategically consider in what ways they will address socio-economic challenges towards making a positive impact on society. Research findings have evidently shown that the effectiveness of these CSR activities is dependent on the nature of leadership within the organisation (Christensen *et al.*, 2014:1). Specific leadership styles, such as RL are said to have a particular impact on the successful implementation of the CSR activities.

Firstly, the empirical data showed that most of the respondents (87%) believe that Keypak's commitment and implementation of CSR are influenced by its RL, with an average rating of 1.87 (see Figure 3-7, Item 3.5). There is but a small percentage (13%) of the respondents who disagree with this statement. In particular, there is a strong sense that the success of the SED community projects is due to leaders who are actively involved and leading-by-example. Secondly, there is a strong sense that the needs of the stakeholders are considered when the community projects are implemented, which further leads to its success. However, none of the participants specifically felt that they strongly agree that there is a direct link between the leadership within Keypak and the success of the community projects. Notable also was that there was not a strong sense expressed that the needs of multiple stakeholders are

considered as has been shown in item 4.2.2, in that only certain employees are given the opportunity to participate in the community projects. Furthermore the decision-making of all CSR activities and SED-projects are driven solely by the senior leaders with no opportunity for other employees to make decisions. They are only involved in what is already decided, but are allowed to make suggestions. This shows somewhat of a discrepancy between the positive rating which indicates that Keypak's RL does positively influence the effective implementation of CSR, and the employees' experience of the decision-making processes.

It is, nonetheless, evident when referring to the research results of the first three objectives (see item 3.5.1 & 3.5.2) that Keypak's commitment to CSR and their leadership approach together ensure the successful implementation of the GSECDC community project. This is seen especially in the light of the positive impact that the project is continuing to have on the Grade R learners and their parents, from a community that battles with numerous socio-economic challenges. The project especially contributes to ensuring that the Grade R learners receive much-needed education, through the consistency of the feeding scheme that is made possible by Keypak. It is through a personal relationship between Keypak leaders and employees such as the HR Manager, and the Buyer of the company (project leaders) who are directly involved with the project at the GSECDC and the Principal of the school that this community project continues to be successful.

It can be deduced that even though Keypak is effectively implementing CSR activities, there is work to be done with respect to the perception that some employees have about the company's decision-making processes with regard to CSR activities and SED-projects.

### **4.3 CONCLUSION**

Within the South African context it was shown theoretically that B-BBEE has made the greatest impact and contribution to CSR in South Africa (Kloppers & Fourie, 2014:3420). Keypak, as a South African private company with their head-offices in the NMBMM's geographical area also employed SED-projects through the B-BBEE Codes of Good Practice as part of their CSR application. In fact, they adapted their CSR strategy in such a way that some of the projects have aligned to the requirements as set out in the B-BBEE codes. Their commitment to CSR through B-BBEE is evident as they

are consistently involved in specific projects (such as the GSECDC), that both make a positive impact in the lives of the Grade R learners and their parents in the adjacent community, the school, and contract workers mowing the lawn. Through this effort, Keypak ensures that they have received the maximum SED score on their B-BBEE scorecard.

From the various key aspects that define CSR, as was discussed in item 2.2, it is imperative that a company must identify who the stakeholders are towards whom they are responsible and who requires actions that could benefit them. The demand for CSR in today's society evidently comes from stakeholders internal and external to the company (Sabir *et al.*, 2012:833), which makes a stakeholder's perspective of RL the ideal leadership style to ensure the effective implementation of community activities. Keypak has shown a responsibility towards their employees (internal stakeholders) through the bursary programme that they offer and the soccer team that they started. Externally, they have numerous projects, the most significant of which is their involvement with the GSECDC.

One of the challenges faced by company leaders in the implementation of effective CSR activities in today's society is thus finding the best way to balance demanding stakeholders' needs, which are often competing needs. Leaders have to manage this balance while interacting and engaging with both internal and external stakeholders towards creating collective goals for bringing about improvement in society (Hind *et al.*, 2009:8). A lack of engaging with a larger number of internal stakeholders was noticeable within Keypak as the leaders and managers who are involved in and implement the community projects, chose not to communicate their involvement to all employees, especially those employed as production staff. Due to this challenge of balancing competing needs, such action (or rather, lack of action) creates the impression that the company leaders are not committed to making a difference in communities who may be seen to be in need by other employees.

Nonetheless, it is clear that Keypak as a company, and especially the senior leaders as the decision-makers, are committed to help people in need as is evidenced by its relationship with internal (albeit on a selective and, therefore, limited basis) and external stakeholders as further evidenced through their relationship with the Principal from the GSECDC. Keypak leaders therefore operate within a stakeholder perspective of RL. Not

only are they concerned with the specific needs of their employees' children, but also of those learners of Grade R of the GSECDC to engage with CSR activities that will bring about a positive impact in their lives. It was established through the research that the groceries and grass cutting that they provide are making a positive contribution to address the harsh socio-economic challenges that the learners and the parents of the learners, as well as the school are experiencing.

From a stakeholder perspective of RL as identified by Waldman and Galvin (2008:335), Keypak further gives the opportunity, albeit only to some employees, to be involved in this specific community project with the school through the annual Christmas celebrations, thereby empowering those employees to be involved themselves and contribute in making a difference to recipients of these celebrations. Although not the specific focus of this research, mention must also be made of Keypak's contributions to the Soup kitchen at Adcock van der Vyver Old-Age Home, the Keypak Soccer team, Puzzles for Schools and the bursary programme for the employees' children. The employees are involved in varying degrees in all these mentioned projects.

Having regard to the above conclusions, some recommendations will be made in the next section as to how Keypak could improve their RL approach as defined by Pless (2006 cited in Maak, 2007:334) by "building, cultivating and sustaining trustful relationships" with internal and external stakeholders to ensure continued "responsible action to achieve a meaningful, commonly shared business vision".

#### **4.4 RECOMMENDATIONS**

The study aimed to investigate the impact of RL on CSR within a South African company. It can be stated that, as was concluded in the previous section, that Keypak leaders, through an RL approach to CSR by implementing SED-projects does make a positive impact on its employees and the GSECDC learners and their parents as part of the adjacent community which are faced with severe socio-economic challenges. Apart from this specific project which was one of the focal points of this study to reach the objective of this research, Keypak also uses its resources for other CSR activities. There are, however, a number of recommendations to be made that will assist Keypak to continue to implement effective CSR activities that will have a positive impact on both internal and external stakeholders.

**Firstly**, it is recommended that Keypak should find a suitable way in which to communicate their commitment to CSR and the details of their specific community (SED) projects with internal stakeholders. Leaders should inform their employees about all the projects that they are involved in and the positive impact that they make to the beneficiaries. Such communication will ensure that all the employees at Keypak realise that they are working for leaders who are committed to helping people. This could, furthermore, prevent the perception that the company leaders are only concerned about their own profit margin, which could be implied through the lack of communication about the community projects.

**Secondly**, Keypak does not make any reference about their commitment to CSR or B-BBEE on their company website, or in any official company reports such as an Annual Report, let alone a CSR report. It is therefore also recommended that Keypak considers reporting about their CSR activities to their external stakeholders such as suppliers, customers, and even the broader business environment. There are good reasons and motivation why this is recommended, as this could place Keypak in a favourable light by both other public and private companies who would be encouraged to do business with Keypak because of their B-BBEE status and commitment to CSR.

**Thirdly**, the theory states that from a stakeholder perspective, responsible leaders should aim to create value networks consisting of connections between a company and their multiple stakeholders (Doh & Quigley, 2014:258; Maak, 2007:330). It is also stated that this will show that the leaders have a level of responsibility towards, and relationship with a broader set of stakeholders (Du *et al.*, 2013:156). This is seen in how Keypak approaches its interaction with the Principal of the school, with whom they are in regular contact to ensure that the groceries that they provide are appropriate and to follow-up if the independent contractor, paid to cut the grass, is fulfilling his commitment as agreed upon. Although the focus of this research was not on the other stakeholders who benefit from Keypak's value chain, it can be recommended that Keypak pursues these value networks with their other stakeholders as well where it is not done.

**Fourthly**, it is recommended that Keypak establishes a value network by involving the supervisors more directly in the decision-making and implementation of the CSR activities. Supervisors are the employees who are more directly in communication with production employees, and who have a voice and influence among the larger grouping

of employees at Keypak. Having representation at this level by supervisors in the company could assist in bridging the gap in understanding between the Keypak leaders and employees, of the CSR role that Keypak plays, which could help employees to realise the extent to which Keypak applies an RL approach and makes a positive contribution to improve society. One aspect that influenced the response ratings to be less positive was the degree to which the employees are empowered to be involved in community projects. It is therefore also recommended that Keypak establishes a CSR committee, which gives employees, who are interested, the opportunity to be more involved in the decision-making process of the company's CSR strategy and its implementation of SED-projects.

**Fifthly**, to ensure that Keypak's CSR activities are approached in a manner that brings about positive change and improves the lives of people within the NMBMM, it is recommended that the leaders do regular impact assessments. This information is vital to ensure the future sustainability of their CSR activities, and a continuous integration of those activities within Keypak's strategic goals for every year.

**Finally**, it is noted that administering the Likert-scale questionnaire to 50 or more employees within a specific company, the reliability and validity of the measuring instrument can be established. This fell outside the scope of this study, but if implemented in the future could facilitate the development of an effective measuring instrument for RL which could potentially be used to test the concepts within other similar companies. Despite this limitation, this study, as a pilot study, provided theoretical and practical groundwork with the potential to facilitate further studies of this nature within South Africa. There is a potential for future researchers to implement this study approach more widely to the point where inferences can be extrapolated to industry with respect to the application of CSR by means of SED-projects through RL.

#### **4.5 FINAL CONCLUDING REMARKS**

Leadership has the ability to influence people's thinking and behaviour, and as a driver of CSR has brought about the development of a stakeholder's perspective of RL. It suggests a focus on the needs of others, beyond a company's bottom line of profit-making. In order to improve the lives of communities living in poverty within South Africa, companies like Keypak have the opportunity through the B-BBEE framework to

take up their responsibility and be a part of the transformational vision of a better life for all.

This study shows how the Keypak leaders have adopted a stakeholder perspective of RL, as a means to implement an effective CSR strategy through a specific SED-project. It is advised that Keypak continues in their pursuit by considering the suggested recommendations. The hope is that, like Keypak, many other companies locally within the NMBMM, and nationally throughout South Africa, would consider the role that they can play in making a difference through CSR.

Inspired by the words of Nelson Mandela, each citizen and corporate company in South Africa should dedicate time to bring about transformation in our country. “What counts in life is ... [the] difference we have made to the lives of others that will determine the significance of the life we lead” (Nelson Mandela, 2002). According to Mandela, “poverty is not an accident...it is man-made and can be removed by the actions of human beings” (Nelson Mandela, 2005). He then encourages us by saying that “a fundamental concern for others in our individual and community lives would go a long way in making the world the better place we so passionately dreamt of” (Nelson Mandela, 2008).

CSR, being the corporate social responsibility that a company has towards, among others, the welfare of society is a means by which socio-economic transformation can take place within South Africa. It thus provides companies, as corporate citizens of our Nation a platform and guidelines through which they can be concerned about others, and take action to improve their lives, towards reducing poverty and inequality.

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## ANNEXURE A: PERMISSION TO CONDUCT RESEARCH



Manufacturers of:

Corrugated board,  
Litho, Flexo and Silkscreen printing,  
Games & Jigsaw Puzzles,  
Converters of both solid and corrugated board,  
Litho Laminates,  
Contract packaging  
and all specialised packaging

Address:

4 York Road  
North End  
Port Elizabeth

P.O. Box 3885  
North End  
6056

Tel: (041) 374 3382  
Fax: (041) 374 3383  
E-mail: jillian@keypak.co.za

Ms Jolandi Snyders

### **Re: Permission to conduct research into Keypak's Corporate Social Responsibility, B-BBEE and Responsible Leadership**

Permission is hereby granted by Keypak Senior Management, that Jolandi Snyders may conduct her Master's research using Keypak as the company to be investigated.

This letter indicates that the researcher has permission to use the answers and biographical data received through the questionnaires completed voluntarily by Keypak employees. It further indicates that she may use information gathered during personal interviews with the HR Manager.

Keypak agrees that the information gathered may be used for the purposes of this specific study. Additional information required by the researcher may be requested and will be provided at the discretion of management.

SHEQR Manager

Keypak (Pty) Ltd

## ANNEXURE B: INFORMATION-GATHERING GUIDE

**Information-gathering Guide:** The context of corporate social responsibility, broad-based black economic empowerment and responsible leadership.

1. How would you describe Keypak's commitment to Corporate Social Responsibility?

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2. Is the company defined as a QSE or generic company as per the B-BBEE Codes of Good Practice?

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3. Does the company have an up to date B-BBEE certificate and if so what is the company's B-BBEE status and points scored for SED?

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4. What projects did Keypak initiate for its SED contributions by the 2014 and 2015 year end?

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5. Refer to list of CSR activities provided... Obtain some more details as to the reasons for choosing these projects, how they came about, how involved were staff in the different programmes, has the impact of the programmes been evaluated?

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6. Who is responsible for making decisions within the company about CSR strategy and activities and B-BBEE strategy and activities?

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## ANNEXURE C: QUANTITATIVE LIKERT-SCALE QUESTIONNAIRE

**Questionnaire to investigate:** Corporate Social Responsibility,  
Broad-Based Black Economic Empowerment and Responsible Leadership

As a registered Master's student at the North-West University, Potchefstroom, I am investigating the impact of responsible leadership on corporate social responsibility (CSR) through a case study of one private company in Nelson Mandela Bay Metropolitan Municipality. CSR has become an important matter, and aspect of business operations that all companies must consider. In South Africa, the Broad-Based Black Economic Empowerment (B-BBEE) Act No 53 of 2003 is an integral part of a company's social responsibility. The Act specifically created a platform for the implementation of corporate social responsibility within companies with the inclusion of the socio-economic development (SED) element on the B-BBEE scorecard. To ensure the effective implementation of CSR, companies should consider a responsible leadership approach with a stakeholder orientation.

### **Definitions of core concepts**

**"Responsible leadership** is a values-based and principle-driven relationship between leaders and stakeholders who are connected through a shared sense of meaning and purpose ... achieving sustainable value creation and responsible change" (Blakeley & Higgs, 2014:561).

The World Business Council defines **corporate social responsibility** as "the commitment of business to contribute to sustainable economic development working with [stakeholders] to improve the quality of life" of people (Banerjee, 2008:60).

A **socio-economic contribution** as in the B-BBEE Scorecard is a company's effort and actions aimed at making a difference in the lives of people within a specific community so as to improve their situation and enable them to be better equipped to become active economic citizens.

**Stakeholders** are those people who do not own shares in a business but are affected by or have an interest in the business operations, such as the employees, customers and local community.

**Voluntary participation**

Please note that your participation in this study is completely voluntary and the data will be treated confidentially and anonymously. This is a 4-point Likert-scale questionnaire, consisting of four sections with a total of 19 questions. For each question you are required to indicate whether you strongly agree (1), agree (2), disagree (3) or strongly disagree (4) with the statement by making an 'X' in the most appropriate box. Please think of your current company when answering each question.

**Ethical considerations**

The following ethical considerations are considered in this questionnaire:

- All responses, company records and notes of participation will be kept strictly confidential.
- Information about this research project will not be made public in a way that identifies any individual or company participants.
- The results from this study may be published in the form of a research report and academic/professional journal articles.
- This research study has been awarded ethical clearance by the North-West University. Ethics number: N W U - 0 0 2 5 9 - 1 5 - A 7

**Deadline for completion:**

The questionnaire should please be returned as per the arrangement made with you by management within seven days of receiving it.

Please contact me for any further information or clarification.

Jolandi Snyders, 0824174695, [jolandisnyders@gmail.com](mailto:jolandisnyders@gmail.com)

Job Title:

Number of years/months employed at Keypak: \_\_\_\_\_

Job Level / Position in Keypak:

<input type="checkbox"/>	Senior Manager
<input type="checkbox"/>	Functional Manager (HR/Finances, etc.)
<input type="checkbox"/>	Supervisor
<input type="checkbox"/>	General employee
<input type="checkbox"/>	Other: _____

		Strongly Agree	Agree	Disagree	Strongly Disagree
<b>SECTION 1</b>					
1	The company is committed to transformation through its corporate social responsibility activities.	1	2	3	4
2	The company has a positive attitude towards the Broad-Based Black Economic Empowerment Act.	1	2	3	4
3	The company addresses socio-economic challenges within South Africa through effective B-BBEE actions.	1	2	3	4
4	Socio-economic development activities by the company through the B-BBEE scorecard empower previously disadvantaged South Africans.	1	2	3	4
5	The corporate social responsibility activities through socio-economic development contributions by the company aim to:				
	a. Alleviate poverty	1	2	3	4
	b. Reduce inequality	1	2	3	4
	c. Facilitate sustainable access to the economy for beneficiaries.	1	2	3	4
<b>SECTION 2</b>					
1	Values are the guiding principles by which responsible leadership is pursued.	1	2	3	4
2	Leaders act with integrity through business practices relating to environmental and societal issues.	1	2	3	4
3	Leaders are responsible to a broader set of stakeholders, beyond the company shareholders.	1	2	3	4
4	Leaders consider and react in a balanced manner in response to the needs of each identified stakeholder group through specific actions and decisions.	1	2	3	4
5	Leaders are concerned about the importance of stakeholders' needs because of a strong values-base.	1	2	3	4

<b>SECTION 3</b>					
1	Company leaders show commitment to corporate social responsibility by consistently leading community projects, thus leading-by-example.	1	2	3	4
2	Company leaders incorporate the values of stakeholders, such as social benefit in the company's vision and purpose.	1	2	3	4
3	Company leaders help employees implement socially responsible values, strategies and goals to balance stakeholders' needs with shareholder needs.	1	2	3	4
4	Company leaders empower employees, as a stakeholder group, to be involved in corporate social responsibility practices and decision making.	1	2	3	4
<b>SECTION 4</b>					
1	There is a direct relationship between the leadership style of our leaders and the company's commitment to corporate social responsibility and B-BBEE.	1	2	3	4
2	Company leaders are committed to corporate social responsibility by operating business practices in a responsible manner that considers the needs of multiple stakeholders.	1	2	3	4
3	Company leaders are committed to B-BBEE as an application of corporate social responsibility because of their strong values-base believing that it could make positive contributions towards society.	1	2	3	4
4	By considering the needs of key stakeholders, the company leaders have implemented successful socio-economic development projects as part of the company's goals and strategies.	1	2	3	4
5	The success of the socio-economic development community projects are influenced by leaders that lead-by-example and employees that get involved in the projects.	1	2	3	4

## ANNEXURE D: QUALITATIVE INTERVIEW GUIDE - KEYPAK

**Questionnaire to investigate:** Corporate Social Responsibility,  
Broad-Based Black Economic Empowerment and Responsible Leadership

### Qualitative Interview Guide

1. Does Keypak have a positive attitude and show commitment towards Broad-based Black Economic Empowerment (B-BBEE), and social economic development (SED) activities as an application of corporate social responsibility (CSR) with reference to their involvement in community projects?
  - B-BBEE addresses education, inequality and poverty through economic transformation for previously disadvantaged black South Africans.
  - Socio-economic development is actions that make a difference in the lives of people to improve their situation and enable them to become active in the economy.

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2. Does Keypak display responsible leadership (RL) characteristics, which portray a stakeholder perspective associated with the effective implementation of CSR activities?
  - *RL characteristics refer to strong values, integrity and a responsibility towards the needs of people inside and outside the organisation.*

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3. Does Keypak pursue a stakeholder perspective by applying the four ways identified towards a specific orientation of RL which affect the company's CSR approach?

- The four ways refer to consistent involvement of Keypak's leaders and employees, focused on social benefit as a value.

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4. Is Keypak's commitment to CSR and their implementation of the community projects influenced by its RL orientation?

- A RL orientation refers to the values that cause Keypak's leaders to be committed to create positive changes for others by addressing their needs.

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5. Other comments based on Likert-scale questionnaire:

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**ANNEXURE E: QUALITATIVE INTERVIEW GUIDE - GSECDC**

Questionnaire to investigate: Corporate Social Responsibility,  
Broad-Based Black Economic Empowerment and Responsible Leadership

Qualitative Interview Guide

i. What is Keypak’s commitment and attitude towards B-BBEE, and SED activities as an application of CSR, with reference to their involvement in community projects?

a. Do you know the company Keypak?

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b. Tell me how you know Keypak?

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c. What interaction have you had with the people at Keypak?

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ii. Does Keypak display RL characteristics to portray a stakeholder perspective associated with the effective implementation of CSR during community projects?

Would you say that the people from Keypak:

a. Have strong values that guide them?

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b. Act with honesty in order to help those in need?

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c. Take responsibility for people outside the company?

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d. Make decisions to respond to your needs?

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e. Are concerned about your needs because of their values?

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iii. Does Keypak pursue a stakeholder perspective by applying the four ways identified towards a specific orientation of RL which affect the company's CSR approach to the community projects?

The people at Keypak:

a. Participate directly in projects that satisfy some of your needs.

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b. Consider that which is important to you as their social benefit to society.

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c. Get employees to be involved in satisfying the needs.

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iv. Is Keypak's commitment to CSR and the implementation of the community projects influenced by its RL orientation?

a. What difference does Keypak's involvement at your school make?

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b. Would you say that the people at Keypak are committed to their involvement at your school?

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c. Do the activities that Keypak implement at the school make a positive contribution?

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d. Do you believe that you are important to the people at Keypak because of how they get involved?

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## ANNEXURE F: QUANTITATIVE QUESTIONNAIRE DATA CAPTURED

Response ratings of twelve participants from Keypak per Likert-scale questions

Participants:	1	2	3	4	5	6	7	8	9	10	11	12		<i>Frequency</i>			
<b>Section 1</b>													<b>Average</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
#1	2	1	2	1	2	2	2	1	1	2	2	2	1.67	4	8	0	0
#2	1	2	1	1	2	2	2	2	1	1	1	2	1.50	6	6	0	0
#3	2	2	2	1	3	2	2	2	1	2	2	2	1.92	2	2	1	0
#4	1	2	1	1	3	2	2	1	1	3	3	2	1.83	5	2	3	0
#5													1.97				
#5a	1	2		2	2	2	3	2	2	2	2	2	2.00	1	2	1	0
#5b	1	2		2		2	3	2	2	2	2	3	2.10	1	7	2	0
#5c	1	1		1		2	3	2	2	2	2	2	1.80	3	6	1	0
<b>Average</b>	1.29	1.71	1.50	1.29	2.40	2.00	2.43	1.71	1.43	2.00	2.00	2.14	<b>1.78</b>	<b>22</b>	<b>33</b>	<b>8</b>	<b>0</b>
<b>Section 2</b>													<b>Average</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
#1	2	1	1	1	3	2	3	2	2	2	2	2	1.92	3	7	2	0
#2	2	1	2	1	2	2	3	2	2	2	2	2	1.92	2	9	1	0
#3	1	2	2	3	3	2	3	1		2	2	2	2.09	2	6	3	0
#4	2	1	2	3	3	2	3	1	2	2	2	2	2.08	2	7	3	0
#5	1	1	2	3		2	3	2	3	2	2	2	2.09	2	6	3	0
<b>Average</b>	1.6	1.2	1.8	2.2	2.75	2	3	1.6	2.25	2	2	2	<b>2.03</b>	<b>11</b>	<b>35</b>	<b>12</b>	<b>0</b>
<b>Section 3</b>													<b>Average</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
#1	1	1	2	2	2	2	3	1	2	2	2	2	1.83	3	8	1	0
#2	2	1	2	2	3	2	3	1	2	2	2	2	2.00	2	8	2	0
#3	2	3	2	3	2	2	3	2	2	2	2	2	2.25	0	9	3	0
#4	2	2	2	3	3	2	3	2	2	2	2	2	2.25	0	9	3	0
<b>Average</b>	1.75	1.75	2	2.5	2.5	2	3	1.5	2	2	2	2	<b>2.08</b>	<b>5</b>	<b>34</b>	<b>9</b>	<b>0</b>
<b>Section 4</b>													<b>Average</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
#1	2	2	2	2	3	2	3	2	3	2	2	1	2.17	1	8	3	0
#2	2	2	2	2	3	2	3	2	2	2	2	2	2.17	0	10	2	0
#3	2	1	2	2	2	2	3	1	2	2	2	1	1.83	3	8	1	0
#4	1	1	2	1	2	2	3	1	2	2	2	2	1.75	4	7	1	0
#5	1	1	1	2	2	1	3	1	2	1	1	1	1.42	8	3	1	0
<b>Average</b>	1.6	1.4	1.8	1.8	2.4	1.8	3	1.4	2.2	1.8	1.8	1.4	<b>1.87</b>	<b>16</b>	<b>36</b>	<b>8</b>	<b>0</b>

## ANNEXURE G: DECLARATION OF LANGUAGE EDITING

### *Declaration*

*This is to declare that I, Annette L Combrink, accredited language editor and translator of the South African Translators' Institute, have language-edited the mini-dissertation by*

**Jolandi Snyders (25667300)**

*with the title*

**Investigating the impact of responsible leadership on corporate social responsibility within a South African company: The case of Keypak**



*Prof Annette L Combrink*

*Accredited translator and language editor*

*South African Translators' Institute*

*Membership No. 1000356*

*Date: 25 February 2016*