

**THE ATTITUDES AND EXPECTATIONS OF MANAGERS AND TRADE
UNIONS REGARDING THE SOCIAL RESPONSIBILITY
ACTIVITIES OF FIRMS**

by

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DECLARATION:

I, the undersigned, hereby declare that the work contained in this dissertation is my own original work and has not previously in its entirety or in part been submitted at any university for a degree.

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23.2.1994

DATE

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OPSOMMING

Die moderne begrip van sosiale verantwoordelikheid kan teruggevoer word na die Groot Depressie van die 1930's wat in 'n groot mate veroorsaak is deur sosiaal onverantwoordelike optrede van maatskappye.

Sosiale verantwoordelikheid in Suid-Afrika is 'n relatief nuwe wetenskap, wat vir die eerste keer formeel in die openbaar bespreek is in 1972. Verdere stukrag is verleen aan sosiale verantwoordelikheid in Suid-Afrika deur die nagevolge van die Soweto-geweld van 1976 en die implementering van die Sullivan-kode van Beginsels deur buitelandse maatskappye.

Sosiale verantwoordelikheid in Suid-Afrika het 'n sterk politieke kleur, hoofsaaklik as gevolg van die politieke geskiedenis van die land en pogings wat deur beide die privaat sektor en vakbonde aangewend is in 'n poging om die politieke bestel te verander. Vir hierdie rede is baie min bekend oor sosiale verantwoordelikheidsstrategieë in Suid-Afrika. Baie maatskappye huiwer om deel te neem aan enige navorsingstudie in verband met hulle sosiale verantwoordelikheidsstrategieë, aangesien hulle bang is vir vergelding deur belangegroepes wat moontlik nie saam stem met hulle strategieë nie.

Die ontwikkeling van sosiale verantwoordelikheid in Suid-Afrika is ook verhinder deur publieke debat en navorsing oor of maatskappye enige sosiale verantwoordelikheid het, presies hoe sosiale verantwoordelikheid gedefinieer behoort te word, en watter aktiwiteite as sosiaal verantwoordelik beskou behoort te word.

Hierdie tesis gebruik as basiese aanname dat alle maatskappye besef dat hulle 'n mate van sosiale verantwoordelikheid moet onderneem indien hulle wil voortbestaan. Sosiale verantwoordelikheid word breedweg gedefinieer om verdere navorsing en makliker implementering van sosiale verantwoordelikheid moontlik te maak.

Geen voldoende metode bestaan waarmee 'n maatskappy se prestasie in sosiale verantwoordelikheid gemeet kan word nie. Inhoudsanalise is een so 'n metode, maar gee slegs 'n aanduiding van die aard van 'n maatskappy se bekendmaking van sosiale verantwoordelikheid, en nie die omvang van sosiale verantwoordelikheid uitgewes nie.

Indiensneming en opleiding, gebasseer op die omvang van bekendmaking in jaarslate, word identifiseer as die mees belangrike sosiale verantwoordelikheid aktiwiteit. Om hierdie rede, en as gevolg van die toenemende rol van vakbonde, is daar besluit om die houdings van die raad van direkteure en van vakbondbestuur te meet, en om vas te stel in watter mate hulle houdings ooreenkom.

Alhoewel baie lae responskoerse verwag is, het 75% van lede van die raad van direkteure en 33% van vakbondbestuurslede aan hierdie studie deelgeneem. Veralgemening van die resultate is moontlik gemaak deur die deelname aan die studie van die tien grootste vakbonde.

Die finale gevolgtrekking waartoe gekom word, is dat politieke, sosiale en ekonomiese stabiliteit in 'n toekomstige Suid-Afrika in 'n groot mate moontlik gemaak kan word deur onderhandeling en konsultasie tussen die regering, die privaat sektor en vakbonde voordat sosiale verantwoordelikheidsstrategieë beplan en implementeer word.

ABSTRACT

The modern concept of social responsibility can be traced back to the Great Depression of the 1930s which was to a large extent caused by socially irresponsible behaviour of companies.

Social responsibility in South Africa is a relatively new science, which received its first public mention in 1972. Further impetus was given to social responsibility in South Africa by the aftermath of the Soweto-upheaval of 1976 and the implementation of the Sullivan Code of Principles by foreign-controlled companies.

Social responsibility in South Africa is tainted with politics, mainly because of the political history of the country and attempts made by both the private sector and trade unions to bring about a change in the political dispensation. For this reason very little is known about social responsibility strategies in South Africa. Many companies are hesitant to participate in any study regarding their social responsibility strategies, as they fear retribution by stakeholders who might not agree with the strategies.

Social responsibility development in South Africa was also hindered by public debate and research about whether companies have any social responsibility, exactly how social responsibility should be defined and which activities should be considered as socially responsible.

This dissertation uses as basic premise that companies realise that they have to show some degree of social responsibility in order to survive. Social responsibility is loosely defined to facilitate further research and easier implementation of social responsibility.

No adequate measure exists to determine a company's social responsibility performance. Content analysis is one such measure, but only gives one an indication of the nature of a company's social responsibility disclosure, and not of the extent of social responsibility expenditure. Nevertheless a content analysis study was undertaken in an effort to establish which activities large, well-established companies support, and how social responsibility disclosure has changed over time.

Employment and training was identified as the most important social responsibility issue, based on the extent of disclosure in annual reports. For this

reason, and because of the increasing role of trade unions, it was decided to measure the attitudes of business management on the one hand, and trade union management on the other, and to determine to which extent their attitudes correlated.

Although very low response rates were initially expected, 75% of members of the boards of directors, and 33% of members of trade union management participated in the study. Generalisation of results was made possible by the participation in the study of the ten largest trade unions.

It is concluded that political, social and economic stability in a future South Africa could be aided by negotiations and consultation between government, the private sector and trade unions before social responsibility strategies are planned and implemented.

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PART ONE: INTRODUCTION TO THE STUDY

INTRODUCTION: PROBLEM FORMULATION, OBJECTIVES AND RESEARCH DESIGN

1. BACKGROUND

A study of social trends in South Africa proves that the country is faced with serious problems in the educational, housing, cultural and health fields (Marais, 1988:108-122). (A summary of some of these and other trends will be presented in Chapter Four.) Traditionally, it is expected of government to offer solutions to social problems: "Social security implies the implementation of measures by the Government, or with the support of the Government, for the benefit of man and society" (Snyman and Lötter *in* Marais, 1988:114). The extent of social problems in South Africa is such, however, that: "Even partially meeting these demands will place a heavy burden on the Treasury. ... Unfortunately it happens that ... government aid is limited owing to a lack of funds. South Africa is currently experiencing this" (Snyman and Lötter *in* Marais, 1988:114,118). It therefore follows that the South African private sector has an important social responsibility role to fulfill. This can, however, not be done in isolation, and private sector-government partnership as well as community involvement and participation are necessary to ensure efficient and cost-effective solutions to social problems.

The social obligation of private enterprise can be traced back to Classical Greece, where it was expected of business to serve the social needs of the community: "The Greeks were particularly offended by the suggestion that material gains from business were to be used merely as the owner wished, without regard for the interests of the community" (Eberstadt *in* Carroll, 1977:19). The modern concept of social responsibility only came to the fore after the Great Depression of the 1930's which was caused by, *inter alia*, large scale irresponsible behaviour by companies: "Indeed, business might never have turned back toward responsibility and accountability if the culmination of corporate irresponsibility had not been the collapse of the corporate system" (Eberstadt *in* Carroll, 1977:22).

Whether or not business should in actual fact adopt social responsibility behaviour was the subject of debate for many years, and various arguments for and against the adoption of social responsibility were presented (Carroll, 1977; Charney, 1983; Burck, 1973; Andrews, 1973; Friedman, 1971; Au, 1977). Meanwhile this debate has reached maturity stage, and one can now accept that business indeed has an obligation to participate in social responsibility activities: "There is little doubt that corporate social responsibility is here to stay and most academics and businessmen accept at least some degree of social responsibility" (Levin, 1987:1).

The debate on social responsibility then extended to two different issues, namely the definition of social responsibility and the measurement of social responsibility performance. This included a discussion of the following: What exactly is social responsibility? What activities should be considered as social responsibility activities? How can social responsibility performance be measured? What amount of funds should be channelled to social responsibility activities and which measures should be used to determine the extent of these funds?

Today the social responsibility debate has reached greater depth and more complex issues are being discussed, such as determining executive attitudes towards social responsibility, establishing the relative importance of different social responsibility activities, determining the perceptions people have of social responsibility and the development of formal models for analysing social responsibility.

It was only in the early 1970's that the private sector in South Africa began to attend formally to social responsibility. In 1972 social responsibility received its first public mention as Feldberg's topic for his inaugural address at the UCT Business School (Charney, 1983). Further impetus was given to social responsibility development in South Africa after the adoption and implementation of the Sullivan Code of Principles by American companies in the mid-seventies.

Very little is known, however, about the social responsibility activities of South African companies: "Corporate social responsibility is a sensitive issue and like most sensitive issues in South Africa is not frequently subject to public debate. The views of the chief executives of some of the larger public companies in South Africa have been publicly expressed. The majority of companies have

maintained a public silence' (Galombik *in* Charney, 1983:44). One of the reasons for this silence is offered by Levin (1987:134) in her study on corporate social responsibility ideology and action: "Many respondents mentioned that they feared the reactions of trade unions, shareholders and other stakeholders in general. ... It was felt that by adopting a socially responsible stance, criticism from stakeholder groups could be expected."

2. CLARIFICATION OF BASIC CONCEPTS

2.1. SOCIAL RESPONSIBILITY

Reasons for the apparent difficulty in defining social responsibility are presented by Bauer and Fenn (1973) and include the following: Social responsibility is influenced by the values and perceptions of those responsible for its implementation - the interpretation of its nature can thus differ from one person to another: "one's views on the "correct" role of business in society is a reflection of one's own values..." (Mescon and Khedouri, 1981:118). Furthermore, because social needs and values change over time, the definition of exactly what is to be included in social responsibility is bound to develop and change over time.

Despite the above constraints, however, various authors have attempted to clarify the concept: Moser (1986:70) defines social responsibility as a function of four elements, namely law (which controls a company's practices and behaviour); intent (representing the purpose of a company's actions); salient information (which will provide the basis for a company's actions) and efficiency (which refers to actions undertaken to minimise resource waste).

Eilbirt and Parket (1973:7) state that the concept of social responsibility involves two phases, namely firstly, the intention of not "spoiling the neighbourhood" and secondly, the voluntary assumption of the above intention as an obligation. Sommer (*in* Orpen, 1984:54) supports this idea by stating that "social responsibility meant that a company, "voluntarily expands its resources to do something not required by law ..." ", but adds that the activities are "without immediate economic benefits" to the company. Davis (1960:70) expands on this last aspect by defining social responsibility as "businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest."

Andrews' definition of social responsibility (in Steiner, 1971:155) could probably be considered the most complete. "By "social responsibility" we mean the intelligent and objective concern for the welfare of society that restrains individual and corporate behaviour from ultimately destructive activities, no matter how immediately profitable, and leads in the direction of positive contributions to human betterment, variously as the latter may be defined."

However, this definition ignores the fact that social responsibility behaviour should constitute, at least partly, behaviour which is not required of the company by law, as indicated by Sommer, and that social responsibility activities should not necessarily lead to immediate or direct economic benefit to the company. These last two factors distinguish social responsibility as ethical behaviour, rather than just lawful behaviour.

Social responsibility is, at least for the purposes of this study, defined as "voluntary behaviour undertaken by organisations in the private sector which directly benefits the wider society of which these organisations are part. This behaviour should be undertaken as a voluntary obligation which extends at least partially beyond the legal boundaries laid down by that wider society and which does not necessarily have a direct economic (or other) benefit to the organisations."

In conclusion, one has to consider that many businesses, researchers and academics still argue about exactly what social responsibility is, although many aspects of the definition is commonly agreed upon. This debate is utterly fruitless, however, and no stakeholder group could ever benefit from it. One has to accept that every business is unique, and could (and probably would) develop a definition to suit its particular situation and its own corporate culture.

2.2. ATTITUDES

Attitudes are defined as "a learned predisposition to respond in a consistently favorable or unfavorable manner with respect to a given object" (Fishbein and Ajzen in Schiffman and Kanuk, 1983:200). Put in simpler terms, attitudes "denote how an individual thinks or feels about something" (Walters, 1978:260), and are usually the result of a combination of two factors, namely thoughts (cognitive processes) and emotions (motivational processes). Furthermore, it includes a person's total value system, and certain attitudes may thus be more important to some people than to others (Walters, 1978:261).

Following from the definition of Fishbein and Ajzen, the following characteristics of attitudes are identified (Schiffman and Kanuk, 1983:201,202):

- * Attitudes are learned: This learning process is the result of direct and past experience, personal influence and exposure to mass media, and therefore will differ from one person to another.
- * Attitudes are relatively consistent with the behaviour it reflects. One would thus expect a person's behaviour to reflect his/her attitude. It is important, however, to consider that attitudes change due to new learning experiences and other outside influences.
- * Attitudes occur in a particular situation and are affected by that situation. The attitude adopted by a person, and reflected by his behaviour, could thus differ from one situation to another.

2.3. EXPECTATIONS

Expectations are described as a 'person's subjective notions about the future' and are influenced by, inter alia, a person's attitudes and experiences of satisfaction or dissatisfaction with his particular circumstances (Walters, 1978:231). As in the case of attitudes, expectations will vary between different people, will change over time and will differ from one situation to another.

2.4. THE SYSTEMS APPROACH

The Concise Oxford Dictionary (1964:1314) defines a system as a "complex whole, set of connected things or parts." A business enterprise is considered as such a system, based on the systems theory developed in 1954 (Du Toit *in* Kroon, 1990:51). This theory includes the principle that a system can be closed or open. Open systems facilitate the exchange of "information, energy or material with its environment" and a social system - such as a business enterprise - is regarded as an open system (Koontz et al., 1980:19), because such an exchange takes place with its external environment. Furthermore, all "systems have subsystems, and are also part of a suprasystem" (Koontz et al, 1980:20).

Stoner (1978:53) puts the above into perspective with the following example: "... a department is a subsystem of a plant, which may be a subsystem of a company,

which may be a subsystem of a conglomerate or industry, which is a subsystem of the economy as a whole, which is a subsystem of the world system."

This research project will consider the systems approach as underlying the functioning of all businesses. This implies that no business decision can be taken in isolation, but has to be taken whilst considering the opportunities and threats, as well as the nature, of the system within which the business operates, as well as the impact these decisions will have on the system outside the business.

2.5. STAKEHOLDERS

Within the business environment, stakeholders are those people who have "some degree of interest in your success and failure ... who have a stake in the outcome of your actions," (Manning, 1987:26). According to Manning (1987) businesses have six categories of stakeholders, namely customers, competitors, suppliers, influencers (such as trade groups and professional organisations) and facilitators (such as the society at large, the government and labour unions).

Kruger (in Du Piessis, 1987:143) offers a slightly varied group of stakeholders, namely suppliers, clients, competitors, authorities, the general public, employees and shareholders.

Shareholders and employees are, for the purposes of this study, categorised as internal stakeholders, while the other stakeholders are categorised as external, because they function externally to a company system.

2.6. MANAGEMENT AND MANAGERS

Peter Drucker (1977:11) places the management concept into perspective with the following: "The roots of the disciplines of management go back 150 years ... But management as a function, management as a discipline and area of study - these are all products of this century" and adds: "Management is tasks. Management is a discipline. But management is also people ... People manage, rather than "forces" or "facts". The vision, dedication and integrity of managers determine whether there is management or mismanagement." (1977:7).

Instead of inadequately attempting to define "management" and "managers", elements of such a definition, as presented by Drucker, are briefly summarised here (1977:12-18):

- * Management is an instrument in every business, as it facilitates its operation.
- * Management is a necessity once a business reaches a certain size or level of complexity.
- * "Management denotes both a function and the people who discharge it. It denotes a special position and authority, but also a discipline and a field of study" (1977:14).
- * A manager can be defined as a person "who is responsible for the work of other people" (1977:15), but considers this as a secondary function, and considers "the management of people" as the essential function of management (1977:18).
- * The work of a manager is divided into the tasks of "planning, organising, integrating, measuring, and developing people" (1977:17).

Drucker concludes by stating that: "There are distinct professional features and a scientific aspect to management. Management is not just a matter of experience, hunch or native ability. Its elements and requirements can be analysed, organised systematically, and learned by anyone with normal intelligence" (1977:24).

3. LITERATURE REVIEW

3.1. OVERSEAS LITERATURE

In the period 1958 to 1975 a fairly large amount of overseas research papers on the subject of social responsibility was published. These research papers were characterised by the fact that they all focused on similar topics, which included the exact meaning and definition of social responsibility, and arguments for and against the adoption of social responsibility. This included possible motives companies might have had to justify their adoption of social responsibility; a discussion of the apparent conflict between the profit motive and the adoption of social responsibility; the establishment of the position of business as part of the social system and the demarcation of government responsibilities as opposed to private sector responsibilities. Further subjects included the institutionalisation of social responsibility in a business, which comprised calls for the adoption of a more formal approach towards social responsibility and

focus on the place of social responsibility in the organisational structure; social responsibility and strategy formulation and the implementation of social responsibility. Finally, studies focused on the measurement of social responsibility performance, which included discussions on what is to be measured (i.e. what activities should be considered as socially responsible), and how it should be measured. These studies were followed by the development of such measuring instruments as the social audit and cost-benefit analysis. Limited attention was given to the desirability of disclosing social responsibility information, and attitudes towards social responsibility.

Very little research was undertaken between 1976 and 1983, with social responsibility research seemingly becoming more important again in the middle and late eighties - possibly because of greater social, and especially ecological, awareness. The research papers of the eighties tend to attempt more complex issues relating to social responsibility, and generally adopt the viewpoint that social responsibility should be accepted and implemented by companies: "Twenty-five years ago the corporation was perceived as a purely economic institution whose sole objective was profit maximisation. ... today ... management acknowledges that its constituency has grown to include employees, customers, vendors and the general community" (O'Neil, 1984:64).

Issues forming the basis of these studies include executive attitudes towards corporate social responsibility (O'Neil, 1984; Khan and Atkinson, 1987; Orpen, 1987); measures which attempt to establish the relative importance of different social responsibility activities (Spencer and Butler, 1987); the perceptions future and present managers have of social responsibility (Stevens, 1984) and frameworks for the analysis of social responsibility (Manser, 1986).

The perceived limitations of the above-mentioned overseas studies are shortly mentioned here. Very few studies focus on the diverse stakeholders in society who consider themselves worthy of benefitting from social responsibility activities, and the impact these groups might have on corporate social responsibility strategy formulation. Studies that do attend to these interest groups do so on a superficial level only. Studies which attempt to measure social responsibility performance or success focus on financial performance criteria and dismiss behavioural influences or criteria, such as attitudes and perceptions. Those which endeavour to determine the relative importance of various social responsibility activities focus on the relative importance from a manager's viewpoint, and ignore the viewpoints of interest groups who might

benefit from the activities. A limited number of studies were undertaken to determine attitudes towards social responsibility. Those that were undertaken, focused on the attitudes of present and future managers, and ignored stakeholder attitudes. In view of this a call was made for more studies on attitudes (Khan and Atkinson, 1987) in order to develop comprehensive empirical data on the subject.

3.2. SOUTH AFRICAN LITERATURE

In South Africa the literature on social responsibility comprises a vast number of articles that appeared in the popular press. These articles tend to focus on those companies that do undertake social responsibility activities, and call for a greater sense of social responsibility from companies not yet involved. Other aspects covered include discussions of the various codes of conduct, which include the Sullivan Code of Principles; the business-government relationship, the nature of social responsibility in South Africa, the need for greater social responsibility in South Africa and the operation of some trusts and foundations. Articles appearing in the late eighties focus more on the attitudes and expectations of important stakeholders towards social responsibility activities.

Some formal research studies were undertaken in the late seventies and early eighties, but it seems that formal research on social responsibility only gained momentum in the mid- and late-eighties. According to the database of the HSRC's Institute for Research Development on 27 September 1989, sixteen research papers or projects were completed on the subject of social responsibility. These studies were undertaken between 1975 and 1989. What follows is a short review of what was discussed in these research works, suggestions made for further research by the researchers and an indication of the perceived limitations.

The first category of studies was those that focused on internal social responsibility activities and its impact on employees. Aspects which were discussed include the attitudes of chief executive officers of companies operating in South Africa towards social responsibility and towards their involvement in the desires and aspirations of their employees. Further attention was paid to their practices in the fields of benefit schemes, housing and educational assistance; the influence social responsibility activities could have on the quality of life of employees; the provision of housing to Black employees

and the influence of internal social responsibility actions on the image that employees have of the company.

A second category of studies focused on the application of social responsibility within the management strategy of a company. Aspects studied included the implementation of a social responsibility programme, and its part in the business planning processes. Furthermore, the nature of such a programme and its implementation were discussed. Other subjects studied included the profit motive and its importance as part of the company's objectives as opposed to social responsibility; the importance of a social responsibility strategy for the continued existence of a company, and the implications of such a strategy for a company's successful operation.

A third category of studies focused on the views, values, attitudes and perceptions of managers regarding social responsibility, and the expectations the White community has of social responsibility. Other studies included research on the social responsibility of small businesses, social responsibility activities which affect the consumer, the influence social responsibility has on the profitability of a company, and the implications (eg. tax and legal implications) of social responsibility for business.

The following aspects were included in the literature study of most of the research papers: The definition of social responsibility, the origin of social responsibility, the importance of social responsibility, the type of activities which could be considered as socially responsible, arguments for and against social responsibility, social responsibility as part of ethical business behaviour, and the measurement of social responsibility behaviour. The empirical studies included the following sample groups: Black businessmen, business leaders, Black and White employees, chief executive officers of companies, members of the White community and CEO's of both South African and foreign-controlled companies.

The following areas were identified by the various researchers as possible future research areas: Attitudes towards social responsibility and the implications thereof for company strategies. This included calls for studies on, inter alia, the attitudes of important stakeholder groups; a comparison of the attitudes of management at different levels in the organisation; a comparison between the attitudes of senior management and the expectations of stakeholder groups; and the attitudes of managers of South African companies compared to the attitudes of managers of foreign-controlled companies.

The adoption of a formal approach towards social responsibility was also identified as an important area for future research. This should be seen from the perspective that most skepticism regarding social responsibility is based on the fact that very few companies follow a formal approach to social responsibility. Calls were made for research on the development of formal environmental scanning systems whereby information can be obtained before a particular social responsibility programme is embarked upon; the nature of social responsibility departments within companies; and different strategic approaches adopted by companies when dealing with social responsibility.

Other proposals for future research included a study of the relationship between the government and the private sector regarding social responsibility activities, the importance of a promotional campaign to enlighten the public about social responsibility activities, the variables which account for differences in social responsibility activities undertaken by companies, the impact of social responsibility activities on the internal and external image of the company, the nature and scope of social responsibility involvement in South Africa, compared to involvement in overseas countries, and a comparative study to determine which social responsibility activities are undertaken by small businesses, non-profitmaking institutions and professional persons.

The following comments can be made regarding the quality of these studies: Many of the studies only included a very small sample - the representativeness of the findings can almost always be questioned. Furthermore, studies are undertaken in a geographic area convenient to the researcher, therefore a study undertaken in another geographic area could have different results and implications for companies. Where needs of companies, managers or stakeholder groups were identified and studied it is important to note that needs change over time and that follow-up studies could have different results and implications for companies. The measurement of attitudes, ideologies, values or perceptions will also change over time and will differ from one geographic area, one company and one industry to another. Attitude studies mostly also included only one sample group and no comparative studies were undertaken. Furthermore, the implications of these attitudes to the company's strategy and social responsibility programmes were not indicated. Finally, some of the studies were only of an exploratory nature, but nevertheless provide excellent guidance for further in-depth research. These limitations should be interpreted

within the context of general research, and should act as a motivational force for future studies.

4. PROBLEM FORMULATION AND OBJECTIVES

The modern business environment is of such a nature that companies can no longer ignore the external environment, of which the social environment is just one element. The interrelationship between a company and the social environment and the trust that exists between these groups are important for the future existence of a company.

From the literature study it would appear that the concept is still relatively new in South Africa, only gaining momentum after 1985. Furthermore, social responsibility activities in South Africa are shrouded in secrecy, apparently because companies fear retribution from stakeholders if they do make their activities public (Levin, 1989:134). No extensive research on the perceptions and expectations of different stakeholders have been undertaken, however, and insight into these attitudes and expectations could be valuable to managers when structuring a strategy for social responsibility and could enhance the acceptability of these strategies to the recipients.

Following from the above, the objectives of this study are the following:

4.1. MAIN OBJECTIVE

The main objective of this study is:

to measure the attitudes and expectations of executives and of major external stakeholders, namely trade unions, towards social responsibility; and to determine the correlation between the attitudes and expectations of managers and this stakeholder group. Based on the results, suggestions are made for the adjustment of social responsibility strategies to consider these attitudes and expectations in order to increase the acceptability and support of social responsibility programmes by stakeholders.

4.2. SECONDARY OBJECTIVES

The secondary objectives of this study is:

to determine the extent of social responsibility disclosure in financial statements over a period of ten years, in order to establish a trend of social responsibility development, which will aid one's understanding of the concept within the South African context.

5. RESEARCH DESIGN

5.1. SAMPLE

Due to the nature of the study, the sample of companies to be included in the study would be those companies that have established social responsibility programmes, so that the attitudes that the managers have towards social responsibility would be at least partially established, and therefore measurable. Furthermore, in order to undertake a content analysis study, and to compare results over time, easy access to the correct quality data is necessary.

For the above reasons, and whilst considering time and cost restraints, companies were selected from the Top 100 Financial Mail companies. The basis for selection was that the companies should have been part of the Top 100 for a period of ten years (1982 to 1992, inclusive), and should not have changed ownership in that time.

Top managers (members of the board of directors) of these companies, and the management of trade unions were selected for inclusion as sample members in the attitude studies.

5.2. RESEARCH METHOD

A study of both local and overseas research literature were undertaken. This literature study serves as background to the empirical research, and attempts to illustrate the basic nature of social responsibility. It furthermore provides an overview of previous research on the subject.

A questionnaire was used to gather data on the attitudes and expectations of managers and the stakeholder groups. In order to determine the extent of social

responsibility disclosure in financial statements, an analysis of the content of these documents was undertaken.

6. PROPOSED CONTENTS

The contents is presented in four parts. The first part offers an introduction to the study, the second part includes a literature study on social responsibility, while the third part comprises a background to the empirical research study and the empirical study itself. The fourth part offers conclusions and recommendations.

PART ONE: INTRODUCTION TO THE STUDY

Introduction: Problem Formulation, Objectives and Research Design

This chapter comprises the background to the study and the clarification of basic concepts. A comprehensive review is given of both overseas and local literature studies undertaken on the subject of social responsibility. The chapter concludes with the problem formulation, the objectives of the study, the hypotheses to be tested and an exposition of the research design and research method.

PART TWO: LITERATURE STUDY

Chapter One: Ethical Theory and Social Responsibility

This chapter serves as an introduction to the literature study, and indicates that social responsibility is part of ethical business behaviour. This chapter clarifies the concept of ethics and business ethics, tracks the historical development of ethics and discusses various ethical theories. Business ethics in capitalism and socialism are discussed and a summary is given of studies undertaken on the subject of social responsibility and ethics.

Chapter Two: The Development of Social Responsibility Thought

In this chapter the historical development of the social responsibility concept is discussed. Arguments for and against the adoption of social responsibility are presented and an overview is offered of activities which can be regarded as socially responsible.

Chapter Three: The Management of Social Responsibility

The aim of this chapter is to offer a framework for a formal approach towards social responsibility. This is done by discussing factors which influence the formality of the approach, strategic management and social responsibility and the social responsibility management approach. It also provides guidelines for effective social responsibility management.

Chapter Four: Social Responsibility in South Africa

This chapter provides an overview of social responsibility thought in South Africa. This is done, firstly, by offering information on the development and present status of social responsibility in South Africa. The last part of the chapter offers an overview of social trends which could shape future social responsibility behaviour of South African companies.

Chapter Five: Trade Unions and Social Responsibility

Trade unions have been identified as an important stakeholder group and are discussed in this chapter. The chapter gives an overview of the nature of trade unions, and the impact they have on social responsibility activities undertaken by companies.

Some insight can be gained of opinions offered by trade unions about companies' social responsibility activities as expressed in the popular press.

Chapter Six: The Board of Directors and Social Responsibility

Through the formulation of policies, the board of directors of a company is responsible for the day-to-day business of a company. Because the company is not a natural person, its actions are directly influenced by the attitudes, values and perceptions of the board of directors.

This chapter explains the general characteristics of companies, and focuses on the functions and responsibilities of the board of directors, and their duties regarding the social responsibility activities of companies.

PART THREE: EMPIRICAL RESEARCH

Chapter Seven: The Theoretical Basis of Content Analysis

This chapter identifies content analysis as the most appropriate for this particular study, and then continues to discuss its theoretical foundations. A definition of the concept is offered and its purposes are discussed. Its advantages and disadvantages are carefully analysed and its methodology is discussed at great length. The chapter is concluded with an overview of previous studies on social responsibility which utilised content analysis as research instrument.

Chapter Eight: Empirical Research Utilising Content Analysis

This chapter explains why content analysis was chosen as research instrument, and exactly what the purpose of the empirical study is. The research methodology is discussed in detail, and finally, the research findings are presented.

Chapter Nine: The Measurement of Attitudes: Theoretical Concepts

This chapter focuses on the theory behind reaching the primary objective of the study, namely how attitudes are to be measured. It offers a discussion of the definition of attitudes, and the inherent problems of such a definition. This is followed by an explanation of the importance of attitudes, and alternative methods in which attitudes can be measured. Two types of attitude scales, namely Thurston-type scales and Likert-type scales, as well as the advantages and disadvantages of each, are discussed. Methodological problems associated with the measurement of attitudes, as well as the reliability and validity of attitude measurements, are discussed. Finally, an overview is given of previous studies which measured the attitudes of a variety of parties towards social responsibility.

Chapter Ten: The Measurement of the Attitudes of the Board of Directors and Trade Union Management towards Social Responsibility

This chapter focuses on the nature and results of the empirical research study which was undertaken in order to attain the main objective of this dissertation.

The results of the study are presented, and a comparison is made to determine to what extent the attitudes of trade union leadership differ from that of members of the boards of directors.

PART FOUR: CONCLUSIONS AND RECOMMENDATIONS

Chapter Eleven: Conclusions

This chapter summarises the conclusions the researcher has made, based on the content analysis study and the empirical research study. The researcher also focuses on the possible implications these findings could have for companies' strategic decision-making and trade unions' approach to companies.

Chapter Twelve: Recommendations and Suggestions for Further Research

This chapter explores the shortcomings of current research studies on social responsibility and identifies those areas which could be further explored. The researcher not only focuses on research that would benefit the private sector, but also that which would contribute to basic research about social responsibility.

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PART TWO: LITERATURE STUDY

CHAPTER ONE: ETHICAL THEORY AND SOCIAL RESPONSIBILITY

1.1. INTRODUCTION

Studying business magazines and newspapers, one reads about an array of fraudulent situations - unethical behaviour by prominent business leaders - which has occurred. This has reached such proportions that the South African Department of Justice has announced the creation of the Bureau of Serious Economic Offences in order to combat these crimes (Stewart, 1991:16).

Ethical theory should form the basis of all decision-making by managers and workers alike. Whether these decisions are morally right or wrong depends entirely on the ethical climate within the company and the ethical orientation of the individual.

As was pointed out in the introduction, companies form part of a larger external system and behaviour expressed by the company impacts on a variety of external constituents. These external stakeholders expect ethical behaviour - or social responsibility - from companies. Whether this moral responsibility should be carried by the company as an entity, or whether individual managers within the company actually carry the burden of this moral responsibility aids one's understanding of business ethics and social responsibility.

Below follows a discussion of general ethical theory and its application in business ethics, as well as an indication of the place of social responsibility in business ethics theory.

1.2. CONCEPT FORMULATION

1.2.1. Ethics

Toffler (1986:10) defines ethics as follows: " 'Ethical' derives from the Greek word 'ethos', which means both 'character' and 'sentiment of the community' - what we might call culture", and "For me, ethical has to do with a general

conception of right and wrong in the attitudes and actions of individuals and the communities (institutions) of which they are part."

Ethics is also defined as the "science of morals ... the rules of conduct recognised in certain limited departments of human life ...", while morals are defined as "... of or pertaining to character or disposition; of or pertaining to the distinction between right and wrong, or good and evil, in relation to actions, volition and character..." (in Kidd, 1976:47). Steiner (1971:211) adds that ethics includes "sets of values about what conduct ought to be."

Velasquez (1982:13) summarises the various definitions of ethics as follows: "Ethics ... is the study of a particular group of normative judgments: those judgments that are concerned with what is morally right and wrong, or morally good and bad. Judgments of moral right and wrong are based on standards that (1) deal with serious human injuries and benefits, (2) are not laid down by authoritative bodies, (3) override self-interest, and (4) are based on impartial considerations. Such standards serve two important ends: When internalized they can help establish mutually beneficial systems of conduct, and they can provide publicly acceptable justifications for actions or policies."

Studying the attributes of ethics also aids one in understanding the concept of ethics. Steiner (1971:211) provides a summary of these attributes:

- Concept:** The field of ethics may be conceived as a discipline, science, study or evaluation.
- Content:** The subject-matter of ethics is concerned with what is good or bad, right or wrong. Words frequently encountered in discussions of ethics are true, fair, just, right, proper and their antonyms.
- Judgment:** Judgment is required to determine whether human action is ethical or not. The judgment concerns the overt act, not the motivations behind it. Behaviour and not its cause is that which is judged.
- Standards:** Judgment is based on standards which are, of course, values.
- Values:** The final element of ethics, therefore, is the sets of values and criteria used as standards for judging human conduct."

The fundamental distinction between what is right and wrong is often decided by the religious ethic a person adheres to, while philosophical systems can also produce ethical norms, as can be seen in the work of the Greek philosophers. Other aspects which can shape the ethical behaviour of a person include the

culture of the society he operates in, the legal system - which is a representation of the ethical standards of the wider community - and professional codes which guide the behaviour of specific associations or professional societies, as well as the behaviour of individual members of these groups.

The nature of ethical behaviour - or moral judgment - is further enlightened by the fact that the ability to determine what is moral or immoral is a learnt predisposition (Velasquez, 1982:20). Kohlberg (in Velasquez, 1982:21-23) groups his view of moral development into three levels with two stages each:

Level 1: Preconventional stages

Stage 1: Punishment and obedience orientation

Stage 2: Instrument and relativity orientation

Level 2: Conventional stages

Stage 3: Interpersonal concordance orientation

Stage 4: Law and order orientation

Level 3: Postconventional, autonomous or principled stages

Stage 5: Social contract orientation

Stage 6: Universal ethical principles orientation

During stages one and two a child can label things as good or bad based on social expectations. These rules are imposed on the child by external sources. In the first stage a child can distinguish between right and wrong based on the punishment he receives, whereas in the second stage "right" actions are those that satisfy his personal needs.

During level two everything is "right" if it conforms to the expectations of the society (family, peer group) of which the individual is part. All behaviour will therefore conform to the norms of the groups of which the individual is part.

During the last level an individual will question the norms of the society of which he is part. The individual chooses his own moral principles, and can justify his choice. In the final stage "Right action is defined in terms of universal principles chosen for their logical comprehensiveness, their universality, and their consistency" (Kohlberg in Velasquez, 1982:23).

Kohlberg points out that the six stages are strictly sequential, but that an individual might not ever reach the final stage, and might remain at one of the earlier stages for his whole life.

1.2.2. Business ethics

The formulation of the concept of business ethics follows from the above. Velasquez (1982:1) defines business ethics as follows: "Business ethics is applied ethics. It is the application of our understanding of what is good and right to that assortment of institutions, technologies, transactions, activities, and pursuits which we call 'Business', and it is "a specialized study of moral right and wrong" (Velasquez, 1982:14).

Buchholz (1986:48) formulates it as follows: "...business ethics is concerned with the application of moral standards to the conduct of individuals involved in the organisations through which modern societies produce and distribute goods and services to people. ... Thus business ethics is a type of applied ethics that is primarily concerned with clarifying the obligations and ethical dilemmas of managers who make business decisions."

Arthur (*in* Van der Walt, 1990:6) identifies the following elements of business ethics: It is an applied ethic which is concerned with relationships; it is mostly institutionalised, serves as a basis for intra-organisational communications and is only applied in as much as it is accepted. Van Jaarsveld (*in* Van der Walt, 1990:12) feels that business ethics actually has a more defined meaning than is generally given to it, namely that it has a definite religious content; that it questions the meaning of work and existence, and eventually leads to the careful evaluation of one's existence within a certain system. He also accentuates the fact that business ethics is in essence a personal, and therefore subjective, experience based on personal religious conviction and experience (1990:10). Business ethics, Van Jaarsveld continues, is the application of basic needs, group loyalty, values and norms in the work and management situation.

Because this study focuses on social responsibility, which falls into the field of business ethics - as will be discussed later in this chapter - it is important that the concept of business ethics is defined clearly. Therefore, based on the concept clarification already offered, business ethics is defined as follows:

Business ethics is considered to be the application of pure ethics; in other words, it is the application of what is right and wrong, or good and bad, to business and management decision-making. One must certainly agree with the fact that the business ethics one adheres to, can be guided by the religion a person practices, but to state - as Van Jaarsveld (in Van der Walt, 1990:12) does - that it has a definite religious content, is something one has to question: To which religion must one adhere, and what happens in the case of a company with workers or managers of different religious denominations, or in the case of an atheist? What religion should give content to business ethics, and will this be accepted - and therefore be applied - by all managers or workers?

To summarise, therefore, business ethics is considered to be an applied ethic which guide business and management decisions, based on what is considered to be morally right and wrong, or good and bad at a given time, and is strongly influenced by situational factors which occur throughout a person's life, both within and out of his work.

1.3. THE HISTORICAL DEVELOPMENT OF ETHICS AND BUSINESS ETHICS

1.3.1. The historical development of ethics

Johnston (1961:8) identifies six eras in the development of ethical theory: In ancient times it was mainly philosophers, such as Plato and Aristotle, who laid down certain rules for ethical conduct. During medieval times the church took over this function. In the seventeenth century "good and evil ... were simply words designating what men wanted or did not want", while man's pursuit of self-interest was considered as unethical behaviour. In the eighteenth century the view was held that moral laws should be imposed as duties, and that universally-held moral laws should be developed. In the nineteenth century the doctrine of utilitarianism guided ethical behaviour. (This doctrine will be discussed in more detail in the next section.)

In the development of the classical economic theory, ethics also received attention: The laissez faire economic theory, supported by Adam Smith *inter alia*, suggests that individual self-interest is indeed compatible with social interest. It is characterised "as an automatic self-regulated system motivated by self-interest of individuals and regulated by competition" (Bowen, 1953:16).

Bowen states that this theory also required adherence to a moral code if the social interest was to be served. And if one looks at the nineteenth century economy, the following basic rules were apparent (Bowen, 1953:19):

- "(1) to observe the rules of property;
- (2) to honor contracts;
- (3) to refrain from deception and fraud;
- (4) to be efficient and to promote economic progress;
- (5) to protect life, limb and health of worker general public;
- (6) to compete vigorously, and in case of fai, restraint;
- (7) to accept and respect the economic freedom: owners, workers and
owners; and
- (8) to have regard for the human right of workers "

Bowen (1953:18) continues by stating that the protection of workers seemed to be the principle least enforced, and that this led to greater demands of social and governmental control of business.

In "present-day capitalism" (Bowen, 1953:28), which combines elements of the laissez faire economy with elements of socialism, the moral principles of laissez faire are still applicable, but responsibilities of businessmen have expanded, and it is expected that businessmen consider the wider social and economic consequences of their decisions.

Socialism, on the other hand, implies that planning should be done by a central body for the common good, instead of for profit. It would thus seem that ethical business behaviour in the socialist economic theory is regulated by a central body, which would be the government.

According to Marxist theory (Evans, 1981:50) ethical behaviour will be guided by the ruling class. It is for this reason that a classless, socialist society was propagated, as it would serve all people in the same way.

1.3.2. The historical development of business ethics

Van Jaarsveld (in Van der Walt, 1990:12) offers a perspective on the history and state of development of business ethics with the following (freely translated): "... business ethics as science is still undeveloped. It is not yet acknowledged as a fully fledged science in the encyclopaedia of business sciences." De George (1987:201) continues by stating that business ethics is such a new issue, that "it is too young to

have a history." He nevertheless identifies five stages in the development of business ethics in the USA. Although these developments do not necessarily correspond chronologically to developments elsewhere, the characteristics of the different stages do correspond:

The first stage is characterised by religious and theological guidelines for behaviour. Thus guidelines for business were the same as those given to any other social institution. This stage was followed by the rise of consumerism and pressure groups which developed due to the decay following increased industrial development, and behaviour was regulated by legislation.

The third stage is characterised by the emergence of conferences on business ethics and the creation of codes of conduct to further ethical standards. During the fourth stage business ethics was developed as a science, with a resultant increase in research on the subject.

Van Jaarsveld (*in* Van der Walt, 1990:5) mentions a few of the reasons why business ethics is developing more rapidly today than it did previously: The increased democratisation of labour, especially after the emergence of labour unions and collective bargaining; the involvement of business leaders in both national and international politics; the inevitable merging of community matters, politics and labour relations with the operation of the business enterprise and increasing strikes and worker actions.

Esterhuysen (1991:2-6) discusses various other factors which have led to increased interest in business ethics, namely the incredible growth in science and technology during the past few years, which has led to increasing moral questions, especially in the medical and biogenetical field. Furthermore, the influence of scientific and technological progress on the ecology has led to questions about the responsible handling of this impact - invariably moral decisions are to be made. Other factors include questions about the moral legitimacy of capitalism and free enterprise, and an increasing demand by consumers and the general public for quality service, fair prices, safe products and honest practices. The public media has also accentuated and promoted the moral demands which the public should make. Increasing attention is paid to immoral and unethical behaviour by companies, regardless of whether this behaviour impacts on consumers, the ecology, employees, shareholders or the general public.

1.4. ETHICAL THEORIES

Beauchamp and Bowie (1983:5) distinguish between four general approaches to the study of morality, namely

- "Descriptive approaches - scientific studies
- conceptual studies
- Prescriptive approaches - general normative ethics
- applied normative ethics."

They point out that these approaches are not rigid classifications, and very often overlap. The scientific study of ethics results in the factual description of ethical beliefs and norms, while conceptual studies lead to a better understanding of concepts which are central to ethics, such as the exact meaning of "moral" vs "nonmoral", or the exact meaning of the concept "business ethics".

General normative ethics formulates basic moral norms, and therefore establishes what "ought" to be done, rather than what "is in fact" done (Beauchamp and Bowie, 1983:6). Utilitarianism and deontological theories - discussed below - are examples of that which is included in general normative ethics. Applied normative ethics means the application of general normative ethics to certain situations, as in the case of business ethics.

Buchholz (1986:51) distinguishes between two major types of ethical theory, namely teleological theories and deontological theories, which fall into the category of general normative ethics.

Teleological theories hold that the decision of whether certain behaviour is ethical or not, is made by determining whether the consequences or final result of that decision is good or bad.

Utilitarianism is part of the teleological ethical theories in modern philosophy, and holds that ethical behaviour is that which leads to the greatest balance of good consequences for the larger society. The purpose of ethical behaviour is thus to minimise the harmful effects of decisions, and to maximise the benefits thereof. An executive taking a decision based on utilitarianism will typically identify alternative actions, calculate the costs and benefits of each alternative and select the one with the best balance of costs and benefits to society. If a decision was taken in this way, the behaviour of the company could be considered socially responsible (Velasquez, 1982:46).

John Stuart Mill supported utilitarianism, and Beauchamp and Bowie (1983:22-25) present the following features of utilitarianism as expressed by Mill: Utilitarianism strives to maximise the good by producing the most positive balance of values for as many individuals as possible. In economic life this would imply efficiency and resultant productivity. A second feature is the theory of intrinsic value. This refers to the moral value of efficiency, and states that values should not only be seen as extrinsic (such as maximisation of the production of goods and services), but decisions should also have intrinsic values (such as health, friendship and freedom) which will differ from one individual to another and which should not be prescriptive. This theory of intrinsic value expects of businessmen to provide a range of products from which individuals can choose.

The third feature of utilitarianism "is its commitment to the measurement and comparison of goods" (Beauchamp and Bowie, 1983:24). This is based on the assumption that preferences can be measured in order to determine whether a decision has a majority of morally good (as opposed to morally bad) consequences. Velasquez (1982:47) points out, furthermore, that the "good consequences" should not be good for the decision-maker only, but should also be good for all parties who would be influenced by the decision.

Velasquez (1982:48-50) mentions various advantages of the utilitarian theory, including that it seems intuitively rational, and that it offers the advantage of being able to justify one's view of whether something is morally right or wrong. Furthermore, this theory has played an important part in economics and forms the basis of cost-benefit analysis. The main problem remains, however, how to measure the "cost" or "benefit" of a specific decision, especially since the costs and benefits can also be viewed in abstract terms, such as health, friendship or freedom.

Other measurement problems include that costs and benefits to a number of diverse parties must be determined, that not all potential costs and benefits can be determined or predicted, and that the determination of what is to be considered as a cost or a benefit is complex. Velasquez (1982:51) offers answers to the above issues, but these are not discussed here, as that would deviate too much from the actual subject at hand.

Deontological theories hold that a person has a duty to act in the "right" way, and that this duty should guide a person's behaviour, rather than the consequences of his/her behaviour: "The value of actions lies in motives rather than in

consequences" (Buchholz, 1986:53). Furthermore, "Factors other than good outcomes determine the rightness of actions - for example the fairness of distribution, a personal promise, a debt to another person, or a contractual relationship" (Beauchamp and Bowie, 1983:3). Relationships between people are considered an important influential factor on ethical decisions. In the business sector this would include affiliations with customers, employees and suppliers, as well as contractual relationships that require a specific duty of all parties to the contract. Therefore, the existence of these relationships imposes a duty on the individual to behave in an ethical way.

Deontological theory thus often focuses on the importance of the motives for a specific action, rather than on the consequences of such an act. Deontological theory is also bound by rules and obligations, and can be prescriptive. Problems presented by this theory include how to determine which rules are "acceptable" or "right", where they originate from and how one should handle situations where these rules are in apparent conflict.

Cullen, Victor and Stephens (1989:54) add egoism as a third major ethical theory: Egoism is the motivation of promoting one's self-interest. Especially earlier business behaviour was characterised as being primarily egoistic in nature - promoting the personal interest of the owners, rather than the interests of stakeholder groups: "Thus, a person's only goal and perhaps only moral duty is self-promotion" (Beauchamp and Bowie, 1983:16).

Beauchamp and Bowie (1983:18-20) distinguish between psychological egoism and ethical egoism. Psychological egoism explains human conduct by stating that it is egoistic in nature - this implies that no altruistic behaviour could thus ever be expected from individuals. Ethical egoism, on the other hand, proposes that one "ought" to act on the basis of self-interest, but that other people's interests can be considered - especially if it is advantageous to one's own interest. This is also referred to as "enlightened self-interest." Based on the above, companies with an ethical egoistic culture will not accept social responsibility, or will only accept it as much as it actually benefits the company in a direct or indirect way.

Klein (1989) distinguishes between two broad types of ethical theories, namely the teleological and deontological theories as one category, and virtue ethics theory as another.

The virtue ethics theory is traced back to the Greek philosophers, especially Aristotle. This theory states that virtues are the basis of ethical behaviour - rather than the moral rightness of actions. This theory focuses on the moral virtues or values which guide behaviour. It would thus mean that company management's values would shape the nature of ethics within that company, and result in a corporate culture unique to that company.

Klein (1989:77) argues that the virtue ethics theory can be helpful in understanding and applying business ethics: "... the moral and immoral behaviour that exists in any organised whole is a product of its basic values; the values that guide these wholes mold the character of people who participate in the organisations, and the moral and immoral conduct exhibited in organisations is a product of the character of its people." A company's corporate culture is then deemed as representing the virtues of that company. Corporate culture will therefore guide ethical behaviour.

1.5. SOCIAL RESPONSIBILITY AND BUSINESS ETHICS

One of the more complex issues that presents itself when one studies business ethics, is whether organisations have a moral responsibility in the same way that humans do. Velasquez (1982:15,16) presents two arguments: "At one extreme is the view of philosophers who argue that since the rules that tie organizations together allow us to say that corporations "act" as individuals and that they have "intended objectives" ... we can also say that they are "morally responsible" ". The criticisms against this viewpoint include that organisations are not essentially like humans and cannot "act" without humans.

The other extreme discussed by Velasquez is that which states "that it makes no sense to hold business organizations "morally responsible" " as "business organizations are like machines whose members must blindly and undeviatingly conform to formal rules that have nothing to do with morality." Velasquez (1982:16) summarises the criticism against this viewpoint as follows: "unlike machines at least some of the members of organizations usually know what they are doing and are free to choose whether to follow the organization's rules or even to change these rules."

The answer to the question of organisational moral responsibility lies in the fact that individuals are primarily responsible for the behaviour and acts of

organisations, and therefore that individuals should primarily bear moral responsibilities, but that organisations have a secondary moral responsibility if individuals in the organisation ensure that the organisation fulfills a moral duty.

Velasquez (1982:17) summarises: "The central point that we must constantly keep before our eyes as we aim at analyzing the ethics of business activities and that we must not let the fiction of "the corporation" obscure, is that human individuals underlie the corporate organization and that, consequently, these human individuals are the primary carriers of moral duties and responsibilities."

Stevens (1979:129-148) summarises the above argument by distinguishing between the social responsibility model of business ethics, and the social accountability model of business ethics. This also points to the distinction between personal ethics and social ethics.

The social accountability model postulates that corporate decisions and personal decisions differ considerably, and that businesses should be made accountable to stakeholders by appointing a general public director, creating a social concern department, facilitating officer accountability or legalising the social audit. Furthermore, this model relies on government intervention to facilitate the application of good moral values to business decisions.

The social responsibility model, on the other hand, regards business as a private individual - based on its legal personality. This model accepts that business can decide freely what socially desirable behaviour it wishes to undertake, and that business has a moral conscience which will come into effect when the morality of behaviour is not prescribed by law. Based on this, mere compliance with legal regulations is seen as "good business", while proactive behaviour or doing more than is required by the law, is regarded as social responsibility. The problem with this model is, however, that the company pays the penalty of unethical behaviour which was in fact directed by individuals, and that responsibility for ethical behaviour is therefore - at least legally - seated in the legal personality of the company. The social responsibility model therefore implies that management and other decision-makers within a company should make decisions as if they were the company - within the restrictions laid down by the company.

Cullen, Victor and Stephens (1989:51) define the ethical culture or climate of a company as one of these corporate restrictions. The ethical culture of a company - which is but one element of the organisational culture - will aid management in

determining "...which issues the organization members consider to be ethically pertinent, and ... what criteria they use to understand, weigh and resolve these issues."

Furthermore, management has to consider - as was pointed out in the introduction to this chapter - that the company operates as a subsystem in a larger social system, and that ethical decisions can therefore not be made in isolation. Therefore, "the most moral standards that serve to ensure a stable, productive, and secure society ... must also apply to members of business organisations" (Velasquez, 1982:17).

1.6. FACTORS WHICH INFLUENCE BUSINESS ETHICS WITHIN AN ORGANISATION

Because companies do not operate in isolation, but are part of a larger system, one can assume that the level of business ethics within a company will be influenced by outside factors.

Stead, Worrel and Stead (1990) identify the following influencing factors: a person's personality and background; socialisation - aspects such as a person's sex, religion, age, work experience and nationality, and how a person made ethical decisions in the past.

Organisational factors also have an influence, and include the fact that the ethical behaviour of top managers and supervisors will have a significant impact on the ethical behaviour of employees. Other organisational factors include whether managerial behaviour is consistent with the ethical philosophy advocated by the company.

A number of factors external to a company are also identified as having an influence on the level of ethics within the company, and include the general decay of social institutions, competitive pressure experienced by companies and individuals within companies, the changing economic environment, the scarcity of resources and pressures from stakeholders.

Stead, Worrel and Stead (1990:237) suggest and discuss a model of ethical behaviour in organisations which incorporates many of the factors discussed above.

1.7. STUDIES OF BUSINESS ETHICS

Baumhart (1961:37-50) undertook a study on the ethical behaviour of businessmen. The major findings of this study, which polled 1700 Harvard Business Review readers, are shortly presented here:

- * Ninety four percent of respondents agreed that a company has a wider responsibility to its social environment.
- * Sound ethical practices were considered to be in the long-term interest of any business.
- * Respondents generally had a lower opinion of the ethical behaviour of the "average" businessperson.
- * It was found that the factor most influential in making ethical decisions was the behaviour of a person's colleagues on the same hierarchical level. This was followed by the ethical climate of the industry, the behaviour of superiors and company policy.
- * Although a code of ethics was generally favoured as a way of increasing ethical standards, the potentialities and enforcement thereof was doubted.

This study was repeated by Brenner and Molander in 1976 (23-37). The study polled 1200 Harvard Business Review readers and found that:

- * Respondents do not agree that the ethical standards of business have changed.
- * Respondents have a much lower opinion of the ethical behaviour of the "average" businessperson.
- * Ethical codes are still favoured, especially generally formulated codes.
- * Ethical codes are not considered to be the only tool for the improvement of ethical standards.
- * Social responsibility is viewed as an accepted goal for business.
- * Customers are identified as the most important interest group to benefit from ethical and social responsibility behaviour.

Toffler (1986:3) undertook research based on the identification of a gap in present ethical research, concerning the identification of exactly what managers perceive as typical ethical problems, why it is perceived as such, and where these problems originate.

She included thirty three managers in her study and obtained information through in-depth interviews with these managers. Typical ethical problems identified included the following (1986, 12,13):

"Managing human resource processes and personnel;
Managing external constituents; and
Managing persona' risk vs company loyalty."

Issues which raised ethical problems in the case of human resources management included performance evaluation, relationships between personnel and personnel policies. Relationships with customers and suppliers raised ethical issues in the management of external constituents, while situations where managers had to act against their own beliefs or had to make personal sacrifices to the benefit of the company, also raised ethical problems.

Tyson (1990) undertook a study to compare the ethical standards of students to those they believe are held by managers or supervisors. The study found that students perceive themselves as more ethical than they perceive most managers or supervisors to be. The study furthermore found that females had higher ethical expectations than males. Tyson concludes that it might be necessary for managers to discuss their ethical standards with students, in order to demonstrate that their ethical standards are similar to those of students.

Harris' study (1990) examined the ethical values of individuals at different levels in the organisational hierarchy of a single company. The impact of the respondents' gender, education and years of experience on their ethical values was also examined. The company chosen for the study had a clearly defined code of ethics, and had an ongoing program to promote ethical sensitivity among employees. It was found that top level managers were less tolerant of fraudulent practices; level of education had no effect on differences in ethical values, and respondents with more than ten years experience in the company were less tolerant of unethical behaviour.

Shepard and Hartenian (1990) also examined the ethical orientation of university students towards certain business situations. Students' decisions were classified as

either egoistic (pursuing their own self-interest) or ethical. Ethical orientation was divided into a deontological orientation, utilitarian orientation or virtue ethics orientation. Shephard and Hartenian found that students generally expressed an ethical orientation toward work-related decisions.

Lysonski and Gaidis (1991) undertook a study which examined the reactions of business students in three different countries, namely the USA, Denmark and New Zealand, to specific ethical situations. These reactions were compared to the responses of practising managers. Their study found that the business students would be as ethical as practising managers. Furthermore, students of all three countries showed the same extent of ethical sensitivity: "If we project these findings and speculate about the ethical propensity of these students once they become fully fledged business people, we might conclude that they are not likely to be particularly ethically minded" (Lysonski and Gaidis, 1991:147).

Other studies which focus on the ethics of students include that of Arlow (1991); Jones (1990); Weber (1990) and Jenner (1984).

1.8. SUMMARY

Modern business ethics is a fairly young "science" and in its early stages of development. It is an applied ethic which guides management decisions and is influenced by factors both internal and external to the company. Essentially it is the people within a company (managers and workers alike) who give direction to the ethical behaviour within the company.

Although people - managers and workers - make socially responsible or irresponsible decisions in the company, it is the company which carries the primary moral responsibility for these decisions based on its legal personality, provided that the decisions were made within the restrictions laid down by the company - for instance by its ethical culture.

Social responsibility is part of business ethics, and includes behaviour which is proactive or which entails more than just that prescribed by the law. Whether companies may in fact undertake social responsibility behaviour, or what behaviour could be considered as socially responsible, will be discussed in the following chapter.

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CHAPTER TWO: CLARIFICATION OF THE SOCIAL RESPONSIBILITY CONCEPT

2.1. INTRODUCTION

When one studies the historical development of the business enterprise, it is clear that business has always had a role to play in the society of which it was part. The only aspect which has changed is the nature of this role.

Nevertheless, the development of social responsibility as a subject in management science was held back for many years due to the debate on exactly what the nature and scope of a company's responsibility is, and exactly what "socially responsible behaviour" is. Arguments range from a viewpoint that companies only have an obligation to make profits, to that which holds that business should fulfill a definite welfare role. These arguments were also mostly based on philosophical ideals, without considering the practical implications of social responsibility to both managers, companies and communities.

The first attempts at formalising social responsibility theory consisted of the identification of activities which are typical of social responsibility - regardless of the fact that no agreement was reached on exactly what social responsibility is. Although a list of these activities can never be exhaustive, even a limited list would aid one in understanding the concept in more detail.

2.2. EVOLUTION OF BUSINESS' SOCIAL RESPONSIBILITY ROLE

Eberstadt (*in* Carroll, 1977:17-23) traces the origin of business' social role back to Classical Greece. In that society it was expected of business to promote man's basic emotions, and all activities centered around the community: "Business was expected to be of social service to the community" (Eberstadt *in* Carroll, 1977:19). In the Medieval Period (1000-1500AD) business enterprises were under great pressure from the Catholic Church, which considered profit-making as opposing basic Christian principles, and warned communities of the dangers of business. In due course, however, the existence of business could be justified - if its purpose was to better the society within which it operated. This "purpose" did not include members outside the community, however, and these members were thus often exploited. During the Mercantile period (1500-1800AD) a nation's strength depended on its commercial

and industrial production, and business was considered a noble profession, but "The social obligations of business increased with the businessman's status" (Eberstadt in Carroll, 1977:20).

The next stage in the evolution of social responsibility thought was characterised by the apparent absence of any social responsibility or obligation by private enterprise. This period roughly started with the Industrial Revolution (1800) and continued until the Great Depression of 1930. It was also referred to as the period of "profit maximisation" (Hay, 1976:4). This period was characterised by unprecedented industrial growth and the pursuance of individual interest. Adam Smith, in his well-known book, "The Wealth of Nations" (Hay, 1976:1), stated that the "invisible hand" of the economy will guide business activities and will protect the public interest. In spite of this, however, employee abuses, unsafe working conditions, unsafe products and unethical conduct abounded.

A new phase in corporate social responsibility emerged in the 1930's. This period, called the "corporate period" (Eberstadt in Carroll, 1977:22) or "trusteeship management" (Hay, 1976:5) was characterised by the emergence of share ownership and the centralisation of economic power in the hands of a few large corporations. Furthermore, although very little protective legislation existed, it was expected of companies to be responsible to their contributors or stakeholders. The interests of these groups became especially important with the development of labour unions and the consumer rights movement in the 1950's.

A relatively new phase in the development of social responsibility thought is that of "quality of life" management (Hay, 1976:6). This phase developed due to the change experienced in social goals and the realisation that the production and provision of good quality products and services could no longer be the only goal of business, due to the increase of social problems, such as deteriorating ethical behaviour, erosion of physical resources, pollution and poverty.

The newest phase identified in social responsibility is that of "stakeholder management" (Carroll, 1990), which is a result of the movement towards a post-industrial society, where the individual is seen as largely an organisational person, operating in a group with certain social powers, who expects of management to study, manage and implement social responsibility activities which will be to the advantage of the identified stakeholders of companies.

2.3. APPROACHES TOWARDS SOCIAL RESPONSIBILITY

As has been mentioned in the introduction, the debate surrounding social responsibility has for many years focused on whether companies should in fact adopt social responsibility. Some of the approaches towards social responsibility are summarised here in order to provide background towards the understanding of the issue. It would be valuable to note, however, that "... one's views on the "correct" role of business in society is a reflection of one's own values and, thus, there is no one right or wrong answer..." (Mescon and Khedouri, 1981:118). As business manager one would have to determine what the basic philosophy and values of one's business and management team are, before decisions are made.

Bock (1980) identifies three viewpoints which characterise this debate, namely the classical view, the activist view and the management view. A summary of the most important characteristics of these views is presented in Table 2.1. For this discussion, approaches are grouped under the classical view versus the management view. The activist view states that society has a fundamental right to expect social responsibility from the private sector. This view has limited support from business management who prefers autonomous decision-making, and will therefore be ignored in this discussion.

2.3.1. The classical view

Proponents of the classical view favour the basic fundamentals of capitalism - and thus profit maximisation. According to this view the company only has an economic function, namely to make a profit by supplying goods and services. If a company should therefore undertake any other activities - such as social responsibility - it is in danger of not fulfilling its primary objective.

The biggest (and most well-known) proponent of the classical view is the economist Milton Friedman, who has stated:

"... there is one and only one social responsibility of business - to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition, without deception or fraud" (Friedman, 1971: 16).

TABLE 2.1.

SUMMARY OF VIEWS OF SOCIAL RESPONSIBILITY

A. CLASSICAL VIEW

CORPORATE RESPONSIBILITY To stockholders only, to maximize return on investment.

VALUE ORIENTATION Free-market economy; prices and profits regulate resource use; economic efficiency is foremost.

B. ACTIVIST VIEW

CORPORATE RESPONSIBILITY To society as a whole; to ensure a "livable" environment; to constrain use of arbitrary corporate power.

VALUE ORIENTATION Regulated market economy: use of legal constraints to protect society from corporate abuses.

C. MANAGERIAL VIEW

CORPORATE RESPONSIBILITY To multiple constituencies, not just to stockholders; social problems seen as corporate problems, and corporations have a responsibility to help alleviate such problems while achieving an acceptable return on investment.

VALUE ORIENTATION Free-market economy with self-regulation by corporations; to be progressive and take initiative in attacking social problems rather than risk government-imposed regulation and controls.

Source: Wood, V.R., Chonko, L.B. and Hunt, S.D. 1986. Social Responsibility and Personal Success: Are They Incompatible? *Journal of Business Research*: 14: 198, June.

Friedman's approach towards the adoption of social responsibility is briefly summarised here:

- * The concept of social responsibility is as yet vaguely defined, thus making it impossible for management to make scientific decisions on the topic. Friedman states that if companies do in fact have a social responsibility, they would find it difficult to decide what that responsibility is, how much to spend on it and how to measure its success (Friedman, 1971:13).
- * Derived from the above, he states that the public has to believe and accept - 'without any proof - business' claims that the social responsibility activities undertaken are in fact in the public interest, and if accountability - as a basic prerequisite of capitalism - should be allowed, all parties affected by social responsibility should be part of the decision-making process.
- * Friedman also states that only individuals (such as managers) have responsibilities, and not corporations. He then continues: "The manager of a business is the employee of the stockholder and responsible only to the stockholder" (Steiner, 1971:160), and that business executives may thus not accept any social responsibility, as this would not allow the shareholder the choice of deciding which activities or charities to support.

Other proponents of the classical view include Levitt and Manne. Levitt states that allowing the private sector to undertake social responsibility activities will give business much more power than it already has: "... with all its resounding good intentions, business statesmanship may create the corporate equivalent of the unitary state" (in Steiner, 1971:161). Manne holds the view that social responsibility activities suit government and not the private sector.

Other approaches towards the adoption of social responsibility by the private sector are:

- * In capitalism return on investment (ROI) is a primary objective, and because the ROI of social responsibility cannot be measured, social responsibility should not be accepted as a business activity.
- * Business managers lack the necessary skills to undertake social responsibility activities, and business staff are not trained as social workers.
- * Business has far too many interest groups and it is thus impossible to consider all the implications of business decisions.

- * Social responsibility is the task of government officials who have been elected for that purpose.
- * The costs of social responsibility behaviour is too high for any company to undertake.
- * Self-interest is a basic and realistic motivating force - especially in a competitive society - and social responsibility can thus not be justified.
- * Labour unions hold the view that companies should strive to increase employees' personal income, and companies should not accept any other social responsibility.

2.3.2. The management view

Proponents of this view also accept that business exists firstly to make a profit, and secondly to offer shareholders a return on investment, but furthermore acknowledge that business is not an independent entity, but that its future depends on the social system of which it is part, and that social investments should be undertaken to ensure business' long term survival.

Other arguments favouring the management view include the following:

- * The future of business depends on its relationship with society. It is thus in business' best interest to accept a degree of social responsibility.
- * Social responsibility is not incompatible with the profit motive - as a matter of fact, profit is necessary to enable any degree of social responsibility.
- * Human and social problems experienced today result from the rise of large businesses and it is thus the duty of business to alleviate and/or solve these problems.
- * Problems confronting modern society are of such a nature, that it cannot be solved by government alone: "Indeed, in some of these particular areas, the private sector needs to take leadership away from government before existing problems turn into crises" (Hodges, 1971: 16). Furthermore, proponents argue, business can perform some social activities better than government.
- * Social responsibility enhances the public image of the company and will result in increasing patronage.

- Social responsibility activities can be considered as opportunities for profit, which could lead to higher dividends for shareholders.
- Public expectations of business have changed and business must respond to these changes to ensure its future existence. If this is not done, the expectations will become part of the political system and will be enforced by legislation.
- Business executives have the skills and resources to change social problems into opportunities in an efficient and profitable manner.

Following from the above, some proponents of the management view have offered arguments against the classical view: Hodges (1971) points out that the short term effect of social responsibility is indeed an expense which reduces profits, but that it has long term benefits (and even profits). Furthermore, he argues that from a modern point of view companies should strive for long term profitability as a sophisticated concept of profit maximisation.

Bock (1980:11) replies to Friedman's statement that managers are the employees of shareholders by stating that: "he ignores the separation of ownership and control which suggests that shareholders invest in the corporation for financial return, but assign very broad authority to corporate management." Furthermore, if a shareholder should feel that a company is not fulfilling its purpose, shares in that company can be sold (Buchholz, 1986:28).

Rodewald (1987) distinguishes between the traditional view and the moral reform view towards social responsibility:

According to the traditional view, managers in a democratic capitalist society are the agents of those who own capital, and must therefore promote the interests of these capital owners. According to this view then, the maximisation of profit should be management's social responsibility. This view therefore corresponds with that of Friedman. Rodewald points out that the responsibility of profit maximisation should be constrained by legal and moral rules apparent in the competitive nature of the capitalist society.

The moral reform view developed mainly because present environmental, social and economic problems, according to moral reformers, prove that the traditional view is no longer adequate for modern society. According to this view managers should not only act as agents for capital owners, but they should also act as agents of society: "In this version, managers are morally responsible for considering the likely human, social and environmental consequences of the alternative courses of action open to

them, as well as the interests of all those who will be affected by their decisions" (Rodewald, 1987:455).

Whether one decides in favour of or against social responsibility, the fact remains that "More and more, our people demand that business resolve the great social and environmental problems that bedevil our society and contract our prosperity. Business is being judged every day in the press and in the public mind. In the past, the test was principally profits. But today it is also how well a business responds to social and environmental responsibilities" (Gerstenberg *in* Browne, M.N. and Haas, P.F., 1971:7).

In conclusion the following comments can be made: Firstly, some of the arguments are largely based on semantics, and thus not really important at all, as agreement on semantics is unlikely to be reached. Secondly, it is generally accepted today that a "new social contract" has developed between society and business and this contract states "that it is in the monetary interest of the corporation to behave in a socially responsible manner" (Anshen, 1974:6). Finally, if business does not accept its social responsibilities, one can expect that other parties will take over this function, thus gaining social power to the detriment of the business enterprise. This is known as the "Iron Law of Responsibility" (Davis *in* Carroll, 1977:37).

2.3.3. The pyramid of social responsibility

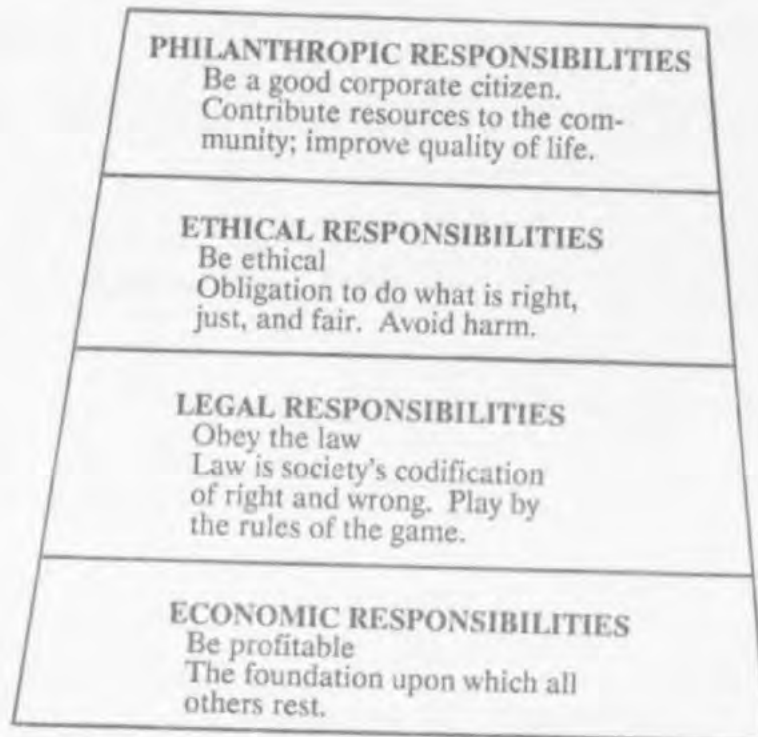
In his efforts to facilitate the better understanding of social responsibility, Carroll (1991) suggests that each company has a set of four social responsibilities which constitutes total social responsibility, namely economic, legal, ethical and philanthropic responsibilities (Carroll, 1991:40-43). These he presents in a pyramid form, as depicted in Figure 2.1.

Economic responsibilities are those which are basic to all companies, and were the reason for entrepreneurial activities. Legal responsibilities are laid down by society, and delineate what is right or wrong in a particular society - it thus offers a framework of acceptable behaviour within a particular society. "Ethical responsibilities embody those standards, norms, or expectations that reflect a concern for what consumers, employees, shareholders, and the community regard as fair, just, or in keeping with the respect or protection of stakeholders' moral rights" (Carroll, 1991:41). Philanthropic responsibilities are those which a company accepts in response to societal expectations of companies as good corporate citizens.

The pyramid suggested by Carroll enables one to understand the complex nature of social responsibility, as well as the essential components that are part of it. Obviously one can expect interaction between these components, with one component influencing the nature and extent of the other.

FIGURE 2.1.

THE PYRAMID OF SOCIAL RESPONSIBILITY



Source: Carroll, A.B. 1991. The Pyramid of Corporate Social Responsibility: Toward the Moral Management of Organizational Stakeholders. *Business Horizons*: 34(4): 42, July-August.

2.3.4. The concept "responsibility"

Esterhuysen (in Palliam, 1990:2-4) suggests another viewpoint which can be utilised to illustrate the different approaches to social responsibility, especially in terms of the interpretation of the concept "responsibility". Four approaches are identified, namely the traditional-fundamentalist approach, the legalistic approach, the enlightened self-interest approach and the stakeholder approach.

In the case of the traditional-fundamentalist approach the responsibility of a company is limited to its basic economic function, namely the making of a profit by producing

goods and services. Esterhuysen comments that the "moral-ethical" responsibility of business is not ignored by this approach, but merely limited (*in* Palliam, 1990:2). The legalistic approach considers the social responsibility of the private sector as limited to the objectives and regulations of the founding statement of the individual company. However, the government and the wider community could expect further responsibilities from the company.

The enlightened self-interest approach recognises the basic economic function of the company, but also expects some welfare functions - more notably those that will assist the company in obtaining a favorable image and establishing an environment favorable to its operations.

The stakeholder approach postulates that the company has a responsibility to its various stakeholders - therefore it accepts that all parties influenced directly or indirectly by a company's activities have a legitimate claim on the responsible behaviour of a company.

A final comment must be made: "When these approaches are compared, it is important to note that not one of these approaches rejects the idea of moral ethical responsibility, although they differ about the rationality, as well as the content and scope of moral ethical responsibility" (*Esterhuysen in* Palliam, 1990:4, freely translated).

2.4. SOCIAL RESPONSIBILITY ACTIVITIES

Exactly what should be included as part of a company's social responsibility activities is - as has been pointed out before - an issue for wide debate. Various authors (*Buehler and Shetty in* Carroll (1977), *Ferrel and Hirt* (1989), *McAdam in* Carroll (1977) and *Davis and Blomstrom* (1975)) have suggested their own framework for social responsibility activities. In stead of becoming involved in this debate - as this will be counterproductive and will not add basic research knowledge - an attempt is made to offer a comprehensive list of activities by combining the efforts of the above-mentioned authors. The list of activities offered by *McAdam (in* Carroll, 1977:211-212) and the *Committee of Economic Development (in* Goldblatt, 1984:176-180) are the most comprehensive, and therefore used as basis. Exactly which of these activities are undertaken by South African companies will be discussed in following chapters.

TABLE 2.2.**SOCIAL RESPONSIBILITY ACTIVITIES AS IDENTIFIED BY THE LITERATURE****ECONOMIC GROWTH AND EFFICIENCY**

- * The increase of productivity
- * Improvement of innovativeness and performance
- * Cooperation with government efforts against rising inflation
- * Support of monetary and fiscal policies

CONSUMERISM

- * Internal standards for products, including quality control, design improvement and product life
- * Control of harmful products
- * Marketing practices, which will include sales and credit practices and the accuracy of advertising claims, fair pricing and packaging
- * Handling of consumer complaints
- * Provision of adequate consumer information and education

EMPLOYMENT AND TRAINING

- * Employment policies
- * Special training programmes
- * Career development and counselling
- * Active recruitment of the disadvantaged
- * Promotion opportunities
- * Daycare centres for children of working mothers
- * Working environment and conditions, including safety and health measures
- * Industrial relations
- * Provision of housing
- * House-ownership schemes
- * Sport and recreational facilities
- * Pension and medical funds
- * Educational support schemes for employees and their children
- * Food facilities

ENVIRONMENTAL CONTROL

- * Abatement of land, air and water pollution
- * Cooperation with local authorities in developing improved systems of environmental management
- * Development of programmes for the recycling and reusing of disposable materials
- * Conservation by augmenting the supply of the replenishable resources and preserving the ecology
- * Recreation by providing recreational facilities for public use and restoring depleted properties, such as quarries
- * Handling of waste disposal
- * Noise and radiation abatement
- * Control of land-use
- * The cleanup of existing pollution
- * Design of processes to prevent pollution

URBAN RENEWAL AND DEVELOPMENT

- * Support of city and regional planning and development
- * Building of low income housing
- * Building of new shopping centres, communities and cities
- * Improvement of transportation systems

WELFARE

- * Support of welfare institutions
- * Improving the circumstances of disadvantaged communities

GOVERNMENT RELATIONS

- * Assistance in improving management performance at all levels of government.
- * The support of adequate compensation and development programmes for government executives and employees
- * Working towards the modernisation of the governmental structure
- * Design of programmes to enhance the effectiveness of the civil service
- * Promotion of reform in the welfare system, law enforcement and government operations.

EDUCATION

- * Direct financial assistance to educational institutions
- * Donations of equipment and skilled personnel
- * Assistance in curriculum development
- * Aid in counselling and remedial education
- * Establishment of new schools

CIVIL RIGHTS AND EQUAL OPPORTUNITY

- * Employment and advancement of minorities
- * Support of and aid to Black education
- * Building of plants and sales offices in "ghettos"
- * Support of Black and minority enterprises

CULTURE AND ARTS

- * Financial support to art institutions
- * Participation on boards to give advice on management and finances
- * Indirect support by advertising and sponsorship

MEDICAL CARE

- * Assistance to planning community health activities
- * Design of low-cost medical care programmes
- * Design and running of new hospitals, clinics and care facilities
- * Improvement of administration and effectiveness of medical care
- * Development of better systems for medical education and nurses' training

The framework presented above should definitely not be seen as complete - any number of activities could be added, depending on the industry and companies involved. Furthermore, it should be clear that the choice of activities will differ from one company and one industry to another, as the impact of social issues will show the same divergence. Finally, the social environment changes constantly, and these changes might yield new social responsibility activities. Exactly how choices should be made between these different activities for the sake of implementation will be discussed in the chapter on a formal approach towards social responsibility.

Finally, the categorisation of the various activities should not be seen as final or as the only possible categorisation. The activities are very often also categorised as internal or external to the company by both researchers and private sector companies (Esterhuysen in Palliam, 1990:6-7). Internal social responsibility includes all activities of a company which benefit the employees of the company, and will therefore include all those activities mentioned under "Employment and Training" in Table 2.1., while external social responsibility refers to all those social responsibility activities which will, to some extent, benefit the external stakeholders of the company.

2.5. SUMMARY

Today one can accept that some form of social responsibility is accepted by all private sector companies. Furthermore, social responsibility is more formalised, as various approaches can be followed in an attempt to illustrate the scope of responsibility a company accepts, and because various activities have been identified which demonstrate a company's commitment to social responsibility.

However, the mere acceptance of social responsibility or the identification of social responsibility activities are not enough - the actual implementation and management of social responsibility is necessary.

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CHAPTER THREE: THE MANAGEMENT OF SOCIAL RESPONSIBILITY

3.1. INTRODUCTION

Once a company has clarified its interpretation of what business ethics entails and what social responsibility means, it becomes necessary to show some form of commitment towards the implementation thereof within the company.

Exactly how this implementation will take place, differs from one company to another. It will be influenced by various factors, including the size and age of the company, as well as the values and attitudes of the managers within the company. Regardless of the above factors, however, implementation of social responsibility should be preceded by the acceptance and support thereof by the management team as expressed in the mission, objectives or policy statements. Furthermore, social responsibility should be approached with the same professionalism and care as would any other profit-rendering activity in the company.

3.2. FACTORS INFLUENCING THE FORMALITY OF THE APPROACH TOWARDS SOCIAL RESPONSIBILITY

Exactly how formal a company's approach towards social responsibility is, depends on various factors. These include, *inter alia*, the size of a company, its financial resources, any past experience regarding social responsibility and the existence of competitors already involved in social responsibility, or who might become involved at a later stage (Pridl et al., 1988:5).

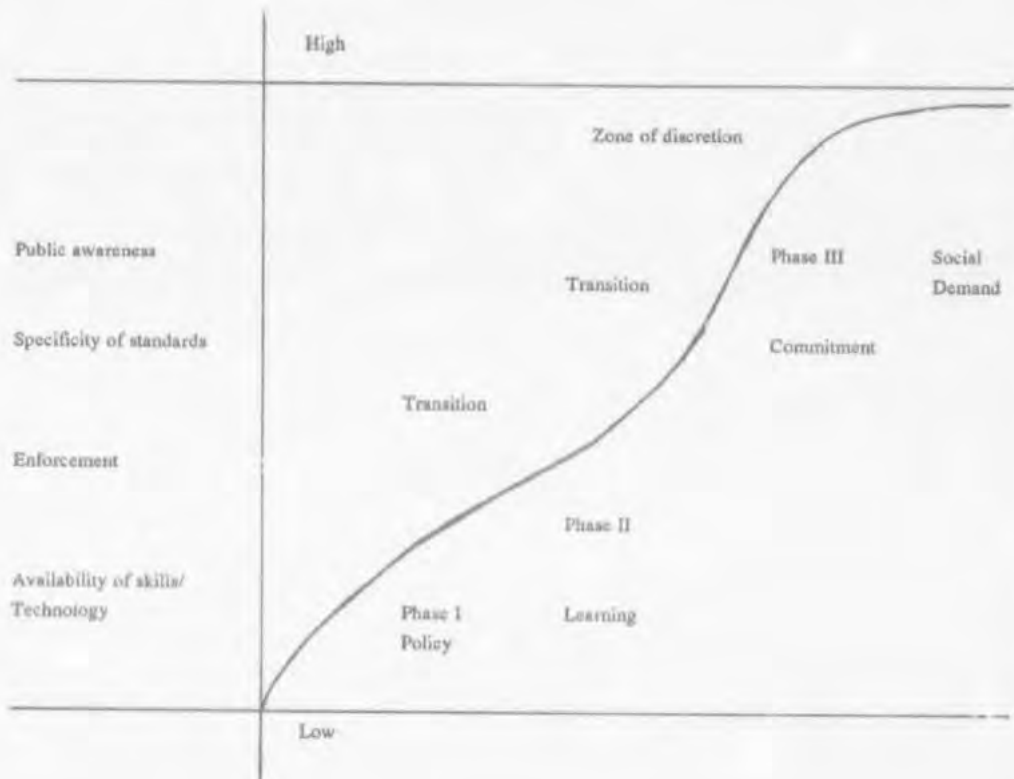
Drucker (*in* Sturdivant, 1981:7-8) states that there is a limit to the power of a company in solving social problems, namely "economic realities", "limits of competence" and "authority". A company cannot undertake social responsibility and ignore the fact that it has an economic function. Furthermore, if a company lacks the competence to handle social responsibility it is wasting scarce resources, and acting counter productively. Finally, the company should also consider whether it does have the authority to solve a particular social problem.

Ackermann (1973:5) and Sethi (*in* Buchholz, 1986:33) suggest that there are different stages in the adoption of social responsibility which will determine the formality of the approach. Ackerman identifies three phases in a company's responsiveness to

social issues, namely policy, learning and commitment. He presents it graphically, as follows:

FIGURE 3.1.

PHASES IN CORPORATE RESPONSIVENESS TO SOCIAL ISSUES



Source: Ackerman, R.V. 1975. *The Social Challenge to Business*. Cambridge, Massachusetts: Harvard University Press. 64.

The first phase occurs when top management first becomes aware of a social issue. The approach towards solving the issue will depend on the CEO's personal values and attitudes. Usually top management will be responsible for solving the problem and functional managers are not approached. Furthermore, no formal studies are undertaken to determine the feasibility of the company's response or the attitudes and values of those directly influenced by the response. A company with different operating units might allow the managers of these units to undertake social responsibility activities in their local area. During this phase a company may

formulate a policy statement regarding its social responsibility, but this is merely an act to convey its recognition of social problems and does not mean that any actual activities are undertaken.

The second phase is characterised by the addition of specialists who offer advice and apply their specialised skills and knowledge in order to solve problems. According to Ackerman these specialists have four tasks, namely to direct social policy, to develop a corporate position on social issues, to add the necessary skills to the organisation and to assist senior managers in executing their tasks. During the third phase social responsibility activities are integrated into all business decisions, and operating managers thus have an explicit social responsibility task to fulfill.

Sethi's three stage model defines corporate behaviour as "social obligation, social responsibility and social responsiveness." During the social obligation stage a company holds itself accountable only to its stockholders, and assumes no further social responsibility. During the second stage a broader set of interest groups is recognised and cooperated with, while the company accepts its role as part of the social system during the third phase, and thus becomes a supporter and promoter of various social issues.

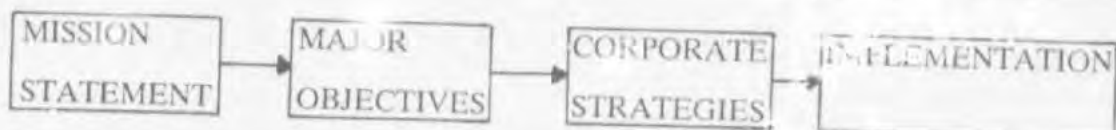
3.3. STRATEGIC MANAGEMENT AND SOCIAL RESPONSIBILITY

Strategic management is essentially concerned with ensuring that a company adjusts to its changing environment and that the outcome of its planning is anticipated. It is for this reason that social responsibility should be included in the strategic management process.

A simplified version of the strategic management process is suggested by Sturdivant (1981) and looks like this:

FIGURE 3.2.

THE STRATEGIC MANAGEMENT PROCESS



Source: Sturdivant, F.D. 1981. *Business and Society: A Managerial Approach*. Illinois: Richard. D. Irwin. 160.

Before social responsibility can be included in a company's mission statement, however, the commitment of top management is imperative: "Top management must accept the idea, however, if the company is to become seriously concerned about social programs on a company-wide basis" (Steiner, 1971:188). Unless support of the top management structure of a company is totally secured, the success of any social responsibility activities undertaken can be seriously doubted.

Ackermann and Bauer (1976:40-41) offer various reasons for incorporating social responsibility into a company's overall strategy: Creating an awareness of social issues may assist a company in reaching its objectives; by anticipating social expectations a company may enjoy specific advantages, but definite disadvantages can emerge because reaction is not according to a scientific plan (eg. over-spending of scarce resources, a lack of the necessary social skills with resultant waste of company time and resources).

Furthermore, the complexity and rate of change of business environments have changed and have influenced the nature of planning. The social environment of a company is part of this complex and changing environment and planning should thus also include this. The concept of social responsibility has also become more complex and has a more profound meaning than before, thus implying that the management of social responsibility should receive more attention and should become a more important part of a company. Evans (1981:158) adds that "It should not - as appears to be the case in so many organisations - be an element of corporate strategy added, almost as an after-thought, to a comprehensive package that has already been determined and approved."

3.3.1. Formulation of social responsibility policy and objectives

The first step of incorporating social responsibility into company strategy will be to formulate a social policy. This must be done by firstly incorporating social goals in the corporate mission and philosophy. Mazis and Green (1971:75) point out that: "While statements of social objectives are important, they only can establish direction for the firm. Specific social goals, which are specific in the sense that they are to be obtained by the firm over the planning period, are useful for guiding corporate activity."

However, a study undertaken by Khan and Atkinson (1987) found that a large percentage of companies in Britain and India did not have a written social

responsibility policy statement. Companies that did have such a statement were quite large - a trend that would probably be prevalent anywhere else.

The presence of a social policy will be indicative of top management's commitment to social responsibility issues and the need of a company to produce evidence of its recognition of social responsibilities. Exactly how comprehensive the social policy will be, will once again depend on the formality of the approach adopted by the specific company. In Table 3.1. Steiner suggests a framework (with comments) for such a social policy.

From this policy a suitable extract can be made for the mission statement and specific social responsibility objectives can be formulated. These objectives will give direction to a company's social policy and eventual actions.

Abouzeid and Weaver (1978:29) refer to various research studies which found that "more and more business organisations are making social responsibility a major corporate goal ..." Their own study had a threefold purpose, namely to determine whether social responsibility is seen as one of the four most important company goals, to determine the order of priority of social responsibility goals in the company goal hierarchy, and to determine which is the most important corporate goal. The study concluded that social responsibility is not a dominant goal and does not rank high in the company goal hierarchy. Nevertheless, "the findings appear to confirm the recent literature indicating that the number of executives who consider social responsibility a major corporate goal is increasing" (Abouzeid and Weaver, 1978:33).

The establishment of a social responsibility policy and the formulation of objectives clearly fall within the first phase of a company's responsiveness as identified by Ackermann. This in itself does not mean, however, that a company is undertaking social responsibility activities. The first step towards real implementation and execution will be an adjustment of the company's organisational structure.

3.3.2. Organisation for social responsibility

Ackermann (1975:71) justifies organisational restructuring for social responsibility purposes by stating that responsibility should be centred in a specific person in order that social policy will be directed, social demands interpreted, social skills added, social responses coordinated and senior officials assisted. Buehler and Shetty (*in* Goldblatt, 1984: 195) add that those responsible for social responsibility have to create and maintain a favourable climate for the company, aid functional managers in

the implementation of social responsibility programmes, develop social policy and strategies and advise top management on social responsibility issues.

TABLE 3.1.

A FRAMEWORK FOR A SOCIAL POLICY

It is the policy of this company

1. to think carefully about its social responsibilities.
2. to make full use of tax deductability laws through contributions, when profit margins permit.
3. to bear the social costs attendant upon its operations when it is possible to do so without jeopardizing its competitive or financial position.
4. to concentrate action programs on limited objectives. No company can take significant action in every area of social responsibility. It can achieve more if it selects areas in which to concentrate its efforts.
5. to concentrate action programs on areas strategically related to the present and prospective functions of the business, to begin action programs close to home before acting in far distant regions, and to deal first with what appears to be the most urgent areas of concern to the company.
6. to facilitate employee actions which can be taken as individuals rather than as representatives of the company.
7. to search for product and service opportunities to permit our company and others to make profits while at the same time advancing the social interests; but not all social actions should be taken solely for profit.
8. to take actions in the name of social responsibilities but not at the expense of that required level of rising profits needed to maintain the economic strength and dynamism desired by top management. Actions taken in the name of social responsibility should enhance the economic strength of the company and/or the community.
9. to take socially responsive actions on a continuous basis, rather than ad hoc, one at a time, or for a short duration.
10. to examine carefully before proceeding the socially responsive needs which the company wishes to address. The contributions which the company can make, the risks involved for the company, is a warning to "look before you leap".

Adapted from: Steiner, G.A. (ed.). 1971. Business and Society. New York: Random House Inc. 192-194.

Sturdivant (1981:162) states that organising social responsibility involves the process of determining where responsibility is to rest within the company: "with the chief executive officer, with staff specialists and their departments, or with operating managers." He goes on to comment: "In the effectively organised company, the responsibility will be shared by all three in an orderly manner." Mazis and Greene (*in* Carroll, 1977:99) also add that a separate department with the responsibility of handling social issues portrays the highest level of response which can be undertaken by a company. They classify organisational structures for the incorporation of social responsibility into three categories, namely:

- " (1) The task force approach - In this arrangement top management appoints a temporary task force of top executives to handle critical issues as they arise.
- (2) The permanent committee - This accommodation requires a committee of senior officers supported by a full-time staff. This mechanism overcomes some of the deficiencies of the task force approach.
- (3) The permanent organisation structure - An individual or department is permanently assigned to handle recurring social problems and to act as a focal point in the development of corporate social policy."

Pollard (1960) discusses the contributions committee and company foundations as alternative organisational structures, while McAdam (*in* Carroll, 1977:213-215) offers a slightly more comprehensive overview of alternative organisational arrangements for social responsibility and adds the following to that of Mazis and Greene: A social responsibility officer, who should be a person in a top management position, with the necessary technical and social skills for the task, or alternatively, a permanent board committee, which portrays top management support and which could include a diverse range of outside parties with a more objective view of social issues facing the company.

McAdam points out, furthermore, that the following aspects should be taken into account, regardless of the actual organisational arrangement chosen: Firstly, the unit should regularly report to top management to ensure continued support; secondly, the unit should have full access to company data on which decisions are to be based; thirdly, the unit should keep detailed records of its actions; and finally, actions of the unit should be evaluated regularly.

A study undertaken by Eilbirt and Parket (1972) in the United States had the objective of establishing a comprehensive research profile on the position of a social responsibility officer and the characteristics of this person. This study found that 54%

of companies included in the study had a corporate social responsibility officer position, while 33% used a committee for this purpose.

Orpen (1984:60) points out that by restricting social responsibility involvement to top management, several advantages are experienced. These include that these decisions are traditionally part of top management planning and that it "leaves operating personnel with the primary commitment of contributing to profitable operations."

Ackerman and Bauer have developed the framework presented in Table 3.2. as a guideline for companies in determining how to organise for increased social responsibility.

Companies planning to organise for social responsibility should heed this statement by Anshen (in Sturdivant, 1981:163): "Until the performance of its social responsibilities becomes as much part of a corporation's business as its production and distribution of goods and services, the analysis of alternative options for organising the social responsibility function will remain a sterile exercise."

3.3.3. The management of social responsibility

Sturdivant (1981:166-174) suggests the use of the Social Assessment System (SAS) as a management tool for managing social responsibility. The key points for success of this tool is that information should not only be gathered, but should also be made operational and be applied.

The basis of the SAS is that it keeps the person(s) responsible for social responsibility informed about the company's performance on social issues, it is a potential evaluation system and is the foundation for corporate decisions on social responsibility. This process is illustrated in Figure 3.3. Browne and Haas (1971:8) offer a relatively simple variation to the SAS-process, which could be utilised productively by smaller companies: "(1) deciding which problem is most significant; (2) determining who is to pay for the solution, and how much money is to be allocated for this purpose; (3) administration of the social action; and (4) evaluation of the resulting impact on the problem."

TABLE 3.2.

CONVERSION OF SOCIAL RESPONSIBILITY FROM POLICY TO ACTION

ORGANISATIONAL LEVEL	PHASES OF ORGANISATIONAL INVOLVEMENT		
	Phase 1	Phase 2	Phase 3
Chief executive	Issue: Corporate Obligation Action: Write and communicate policy Outcome: Enriched purpose; increased awareness	Obtain knowledge Add staff specialists	Obtain organisational commitment Change performance expectations
Staff specialists		Issue: Technical problem Action: Design data system and interpret environment Outcome: Technical and informational groundwork	Provoke response from operating units Apply data system to performance measurement
Division management			Issue: Management problem Action: Commit resources and modify processes Outcome: Increased responsiveness

Source: Ackerman, R.W. 1973. "How Companies Respond to Social Demands." Harvard Business Review: 96, July - August.

FIGURE 3.3.

THE SOCIAL ASSESSMENT SYSTEM PROCESS



Adapted from: Sturdivant, F.D. 1981. *Business and Society: A Managerial Approach*. Illinois: Richard D. Irwin Inc. 168.

The first two steps of the SAS-process concern the identification and classification of social issues. This will differ between various types of companies, as the social issues confronting these companies differ due to firstly, differences in the nature of operations and types of products produced and/or services rendered, and secondly, due to differences in the attitudes and values of top management towards specific social issues.

These steps involve the gathering of data from the company's external environment, and rely heavily on the determination of present and future trends. Various sources of information can be used, as presented by Aguilar (*in* Sturdivant, 1981:167) and represented in Table 3.3.

Various problems could be experienced by companies at this stage, such as obtaining relevant data (which could be difficult to come by) and problems such as selective perception (only identifying the social issues one likes or prefers), distortion of facts and incompleteness. Mazis and Green (1971:73) offer a list of informational problems which could be experienced: managers do not recognise social information,

or only view this information from an isolated perspective, information is not received on a continuous basis, information received is not communicated throughout the company and the accuracy of social information is usually doubted.

Once sufficient data of the appropriate quality and quantity has been obtained, it should be classified into convenient and practicable categories. Various classification schemes can be used, such as that of Steiner (1969:181-183), who identifies three areas of social responsibility that influence large companies in particular, namely "corporate philanthropy, ... new concepts which embody socially desirable actions that also directly add to profits" and "all other actions." Steiner sub-divides philanthropic behaviour into:

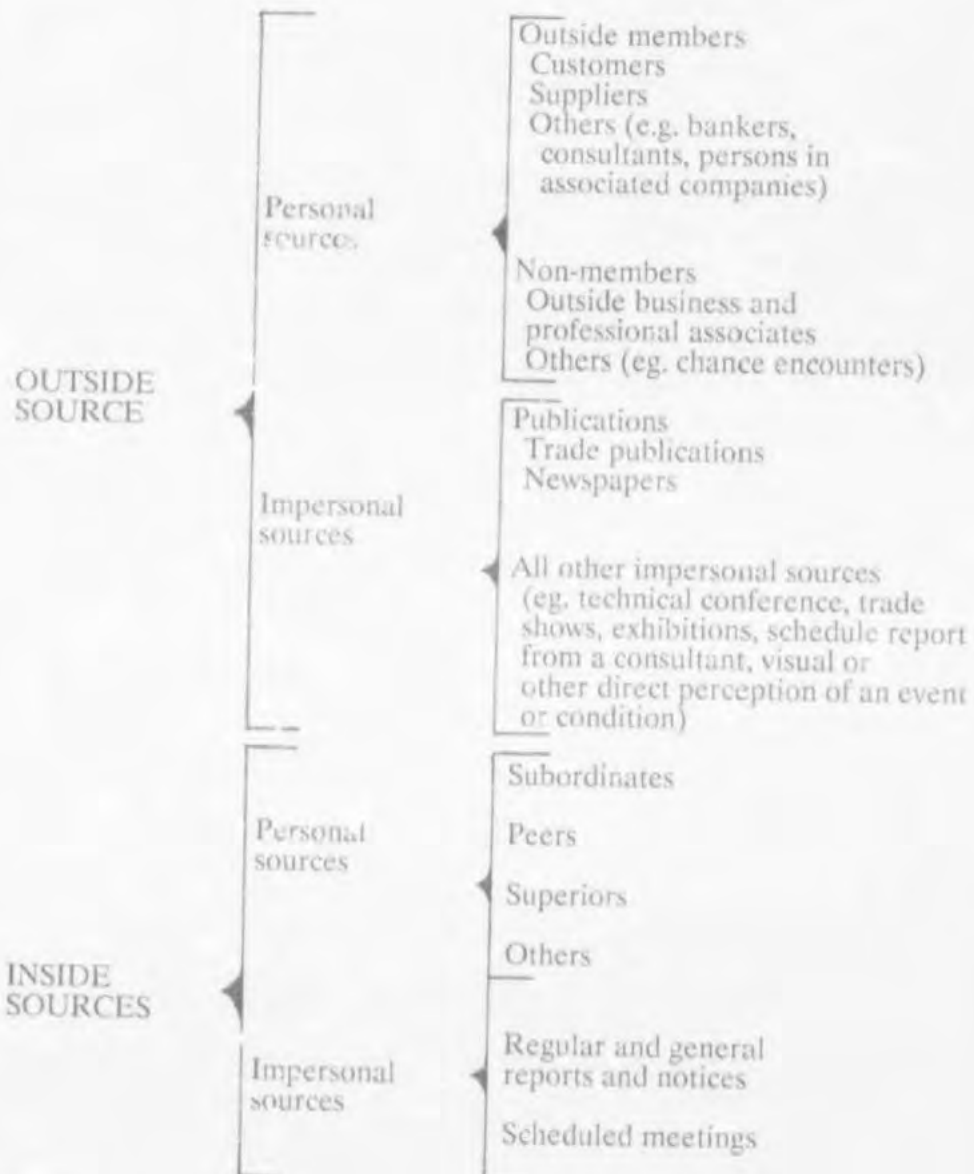
- " A. Local requests that cannot be turned down by a good corporate citizen.
- B. Corporate identification. Here are programs which reflect the major long run self-interests of the company.
- C. Temporary and emergency programs."

In the second category actions such as the training of unemployed workers and their subsequent employment are included, while the third category is again divided into three categories, namely:

- " A. Purely economic actions in pursuit of profits.
- B. Political activities of various types.
- C. Actions which concern the welfare of employees, communities in which the corporation operates, or governments, but which do not involve major philanthropy ...; actions which seek to contribute to socially identifiable goals but do not involve major philanthropy and all other actions of social, moral, ethical nature which are not classified elsewhere and which do not generally directly contribute to profits but rather may reduce them."

TABLE 3.3.

SOURCES OF ORGANISATIONAL INFORMATION



Source: Aguilar, F.J. in Sturdivant, F.D. 1981. Business and Society: A Managerial Approach. Illinois: Richard D. Irwin Inc. 169.

Sturdivant (1981:170) refers to the classification used by the General Electric Company, namely: "Marketing/Financial, Production/Operations, Employee Relations/Working Conditions, Governance, Communications, Community and Government Relations, Defence, Production, and Internal Operations." He also refers to a classification system developed by Sethi, which offers eight fields of social activities, namely:

- " Aid to arts and cultural activities
- Aid to higher education and health-related activities
- Employee-related activities
- Community-related activities
- Minority groups
- Consumerism
- Political activities
- Restructuring of corporate organisation."

The broad groups of activities suggested by the Committee of Economic Development and presented in Chapter Two could also be used.

Sturdivant (1981:171) - in the development of the SAS - found that five broad categories "could capture all the significant issues confronting even large, diverse enterprises." This is, however, also a practicable classification for smaller enterprises. The categories include "Human Investment, Ecology, Consumer Welfare, Openness of the System and Responsiveness to Social Issues."

The following steps in the SAS which are to be executed, are those of determining priorities and gathering data. Sturdivant suggests a matrix of social consequences and the stakeholders affected by those consequences. An adapted version of this matrix is presented in Figure 3.4.

FIGURE 3.4.

SIMPLIFIED MATRIX OF SOCIAL CONSEQUENCES AND AFFECTED STAKEHOLDERS

SOCIAL ISSUES	STAKEHOLDERS			
	Shareholders	Employees	Consumers	Suppliers
Environmental control				
1. Pollution				
2. Conservation				
3. Noise Abatement				

Adapted from: Sturdivant, F.D. 1981. Business and Society: A Managerial Approach. Illinois: Richard D. Irwin Inc. 172.

Criteria will have to be established to determine priorities. Although Sturdivant does not identify specific criteria, he does offer some of the factors which will influence the criteria chosen, such as limiting issues to those for which data exist or those which management may consider to be important.

What follows then is firstly the measuring of performance, and secondly the evaluation of performance. The measurement task requires the development of relevant measures against which performance can be measured for evaluation purposes. Sturdivant identifies three types of measures, namely "actual performance" (where this can be measured in a quantitative form), "level of effort" (where the effort to deal with the problem is the only aspect which can be measured in quantitative form) and "surrogates of performance" (where underlying factors or indicators of the social issue are used as measures).

Various other attempts have been made to measure social performance. These methods can be adapted and used to analyse and eventually implement a specific response to social issues, but they were not originally developed for this purpose.

The techniques or methods are usually classified under the heading of "social accounting" and include various types of so-called "social audits".

"The social audit is an attempt to identify, measure, evaluate, report and monitor the effects a corporation is having on society or on certain segments of society that are not covered in the traditional financial reports" (Buchholz, 1986:470). Various types of social audits are identified, and include the inventory approach, the program management approach, the process audit, the cost-benefit technique and the social indicator approach. A short, but nevertheless comprehensive overview of all these methods is given in Buchholz (1986:474-486). This approach has met with criticism, however, and is not widely applied or supported.

The evaluation of performance refers to the ... which will facilitate the interpretation of data. It would be favourable if a company could compare its performance over time or compare it with competing companies in the same industry.

The Social Assessment System of Sturdivant is the only system discussed here, because it is the only approach that not only allows the measurement of social responsibility (which is the main purpose of social audits), but also facilitates a scientific and comprehensive framework for the actual management of social responsibility.

The final step in the development of a formal approach towards social responsibility which is particularly important is the implementation of the system by transferring the results of performance evaluation into actions or strategies.

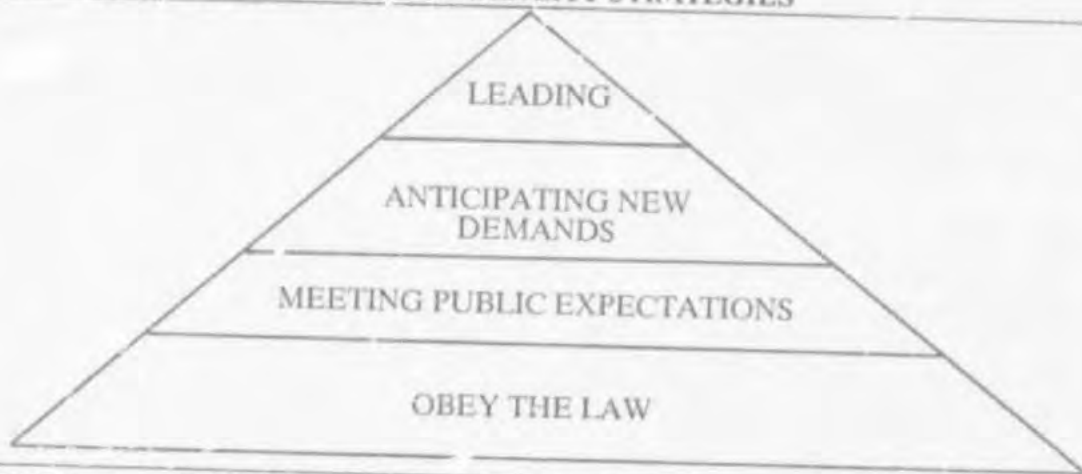
3.3.4. Social responsibility strategies

Ferrel and Hirt (1989:91-92) suggest four broad strategies companies can use to implement social responsibility, namely a "reaction strategy" (which implies that business will not react to a social issue before the public becomes aware of the issue); a "defense strategy" (which includes lobbying to avoid regulation); an "accommodation strategy" (where a company assumes its responsibilities and acts in response to pleas by stakeholder groups) and a "pro-active strategy" (which is the ideal and where a company will - of its own free will - support a social issue).

Fulmer (1983:444) presents a similar framework in a hierarchical form. This is presented in Figure 3.5.

FIGURE 3.5.

HIERARCHY OF SOCIAL RESPONSIBILITY STRATEGIES



Source: Fulmer, R.M. 1983. *The New Management*. 3rd ed. New York: Macmillan Publishing Co. 444.

Aldag and Jackson (in Carroll, 1977:130) suggest a "decision-making flow chart", which can be used during the implementation phase. It involves the answering of various questions which will guide decision-making. This is presented in Table 3.4.

TABLE 3.4.

QUESTIONS FOR SOCIAL RESPONSIBILITY DECISION-MAKING

1. Does a social responsibility exist in this case?
2. Does the firm have the right to undertake this action?
3. Does an assessment of all interests indicate that the act is desirable?
4. Do benefits outweigh costs?
5. Can subcontracting or other means reduce the cost?
6. Could this action be better handled by other parties who are willing to undertake the task?
7. Can the firm bear the cost of this action?
8. Does the firm possess the managerial competence to do the job?
9. Can the firm acquire the needed competence through training or recruitment?
10. Can the firm subcontract the activity to parties possessing the required competence?

Source: Aldag, R.J. and Jackson, D.W. in Carroll, A.B. (ed.). 1977. *Managing Corporate Social Responsibility*. Boston: Little, Brown and Co. 130.

3.4. PUBLIC DISCLOSURE OF SOCIAL RESPONSIBILITY ACTIVITIES

Whether companies should disclose the nature of their social responsibility activities is a widely debated issue. Koch (1979:15,23) states that "One of the basic problems is the secrecy or lack of disclosure that surrounds the ... policies and practices of many corporations. Such lack of disclosure is not only unnecessary but counterproductive" and "the lack of information ... is one of the principle roadblocks to improved performance ..."

The problems identified include the opinion that lack of disclosure reinforces the viewpoint that social responsibility does not require (or receive) the same level of managerial ability as other company activities. Furthermore, it inhibits the development of effective policies and programmes, it makes it difficult for outside parties to determine whether their demands and needs fit in with the company, and it hinders public support of a favourable public image for the company.

The parties who would be particularly favoured by disclosure are grant seekers, who would be able to make more organised requests, and shareholders. Other parties who would be interested in this type of information are the media, government, trade unions and community leaders. Regarding shareholders Koch (1979:27) comments that companies refrain from disclosing information on social responsibility activities, because they fear retribution from shareholders. He goes on to comment: "This concern does not appear to be based on the actual experience of companies that do disclose ... information to their shareholders." Eilbirt and Parket (1973:12) comment that "As for shareholder reactions ... it appears that stockholders favour social activities."

Koch suggests that corporate disclosure should indicate the amount a company contributes and how this amount is determined, criteria used to determine support, criteria used to evaluate support, to whom and by whom proposals should be submitted, who in the company is responsible for social responsibility and exactly what information a company requires for decision-making.

In their study Teoh and Shiu (1990:73) focus on institutional investors and whether disclosure of social responsibility information would be used by these investors for decision-making purposes. They refer to studies undertaken by Ingram, Flamholtz, Theo and Thong and Guthrie which found that investors prefer quantified financial information for decision-making purposes, rather than qualitative information.

In a letter to *Finance Week* Ngamandla (1991:27) points out that companies are disclosing more information aimed at the Black population group, but that this information focuses on financial aspects, and thus reinforces the capitalistic image of companies, and the perception that companies focus on profits. He goes on to suggest that companies should include information such as increases in wages and salaries, the number of employees, the taxes paid by companies as well as other financial support offered by the company. Although the above is only the opinion of one member of the public, it reinforces the fact that companies should identify who the readers of their annual reports are, and should aim their messages more specifically at those readers.

Corson and Steiner (in Steiner, 1971:208) suggest a model for social reporting, which consists of five elements, namely:

1. An enumeration of social expectations and the corporation's response.
2. A statement of the corporate social objectives and the priorities attached to specific objectives.
3. A description of the corporation's goals in each program area and of the activities it will carry out.
4. A statement indicating the resources committed to achieve objectives and goals.
5. A statement of the accomplishments and/or progress made in achieving each objective and each goal."

In his report on the conference titled "The Corporation and the Quality of Life" Richman (1973:23) states that conference members agreed that future companies would be required to disclose a larger amount of social responsibility information, and that this can be considered a future inevitability to which companies should adjust.

The advantage of disclosing information about a company's social responsibility is perhaps best illustrated by the following practical example: "Last year, Ruiters (Public Affairs Manager at Warner-Lambert, SA) gave a series of lectures to a cross-section of Warner-Lambert employees working in the corporate head office in Morris Plains, New Jersey, aimed at answering criticism of the social responsibility spending. 'Some did not know what we were actually doing,' Ruiters explains. 'I showed letters from community organisations praising us for the programme, pictures, plans for new projects and gave them a briefing on the situation here. There was an immediate change in attitude to one of overwhelming support'" (Taking Responsibility, 1988:8).

Manheim and Pratt (1986:9) also state: "Whatever its more altruistic role, proactive social responsibility, and more particularly, the successful generation of public

awareness and appreciation of it, is good for business. Well-chosen and effectively publicized corporate community activities can create for the public an image of the corporation as a contributing member of society, as a good citizen, and as a social leader."

One has to consider, however, that the "promotional" message concerning one's social responsibility activities will have to be carefully constructed, as an "advertising" flavour to it could have a detrimental effect on the company, especially if stakeholders would question the sincerity of the company's efforts. Manheim and Pratt (1986:10) point out that business communicators should "identify and understand the components of the social and political framework within which they are communicating ... define communication goals that are appropriate and realistic within that framework, and ... design goal-directed communication strategies that use ... the inherent characteristics of that framework to the best advantage."

3.5. GUIDELINES FOR EFFECTIVE SOCIAL RESPONSIBILITY MANAGEMENT

It should be clear at this stage that the management of social responsibility within a company could be just as complex and comprehensive as the management of any other activity undertaken.

The following could act as guidelines for easier and more effective decision-making (Steiner, 1971:180-184): Every company should determine the optimal combination of social responsibility activities for its own particular situation. The nature and range of activities undertaken by a company will thus largely depend on its size, age, nature and resources. Furthermore, the diversity of activities undertaken will also differ between various industries, and each company will have to develop its own criteria for determining the extent of its social responsibility task.

Top management should play an important part in this process. Not only will top management values and attitudes influence the nature of social responsibility undertaken by a company, it will also influence the overall support of the social responsibility activities by the rest of the company. Furthermore, the nature of a company's social responsibility task will be influenced to a great extent by the motives for undertaking social responsibility. These have been doubted in the past, as it was felt that activities were mainly undertaken for the purposes of self-interest. Whatever

motives a company has, one can still conclude that deciding exactly which activities are to be included is a complex task which will have to be undertaken and adjusted continuously as priorities change. Furthermore, social policies and objectives will influence or guide these decisions, along with top management values and attitudes.

Companies should, in their quest to make a substantial contribution to society, nevertheless consider that their first responsibility lies in the making of a large enough profit for continued existence: "Whatever we do, and whatever we expect business to do, it is of paramount importance that no action be taken to erode the profit motive" (Steiner, 1981:181).

In undertaking social responsibility activities it is important that a company has a long term orientation. Short term deterioration of the profit motive should not act as a deterrent to undertake certain important activities. Furthermore, it should be remembered that social responsibility should be part of strategic management, which implies that it should adjust to changes in the external and internal environment of the company.

A company should only undertake those activities for which it has the necessary skills, resources and abilities. Other activities should be delegated to social institutions more qualified to perform them.

The last guideline offered by Steiner is better expressed in his own words (1969:221): "One area of potential high payoff for little or no cost is informing the public about the operation and social value of the business system. If people do not know, or misunderstand, they are much more likely to be swayed by irresponsible criticism and to expect far more from the business institution than they should in their own long-range self-interest." In a country like South Africa, with public expectations already heavily influenced by political aspirations and unfavourable social circumstances, this statement might be a particularly important one for companies to heed.

Anderson offers a list of typical weaknesses and strengths which companies could experience in the management of social responsibility. This list, represented in Table 3.5., can be particularly useful to managers of social responsibility - they can use it as a decision-making guideline, and at the same time use it to evaluate their present social responsibility abilities.

TABLE 3.5.

STRENGTHS AND WEAKNESSES IN THE MANAGEMENT OF SOCIAL RESPONSIBILITY

STRENGTHS

PLANNING

- * A committee or organization studies and evaluates and prepares legal interpretations, practices, and code of moral and ethical conduct to be adhered to by company employees.
- * A committee studies, evaluates and
 - Recipients of company philanthropic
 - Company people and money amounts to be allocated to such endeavours.

ORGANIZING

- * There is a clearly defined firm written policy against any illegal acts.
- * There is a clearly defined written policy on moral and ethical conduct.
- * A social responsibility committee within the company ensures a consistent policy of giving and screens potential recipients.

DIRECTING

- * The president and all management levels firmly support direct adherence to legal, moral and ethical standards.
- * All charitable giving is reviewed by the president and key management personnel to make certain that it is distributed where it will be of the most help to the company and to society.

CONTROLLING

- * All company personnel are required periodically to read, agree to, and sign a code of legal, moral, and ethical practices.
- * Immediate remedial action is taken against violation of legal, moral and ethical standards.
- * Monitoring, feedback, and evaluation are required on results achieved as a result of each area of charitable giving.

WEAKNESSES

PLANNING

- * No formal legal, moral or ethical standards planning exists within the company.
- * The only remedial action taken against legal, moral or ethical problems is a reaction to a serious problem that has arisen in one or more of these areas.
- * There is no consistent plan for philanthropic giving.

ORGANIZING

- * There is no written policy about moral or ethical standards or it is poorly or loosely worded.
- * Unwritten or loosely worded, vague standards are poorly communicated.
- * There is little or no consistent or organized policy of charitable giving with respect to quantity, organization or location.

DIRECTING

- * Little or no direction or support is given with respect to conduct, penalties, or punishments to be taken by management and/or employees in the areas of legal, moral or ethical standards.
- * Little or no direction, guidance, or support is given with respect to what the company will do about choosing or giving to charitable organizations.

CONTROLLING

- * There is poor or little or no control over legal, moral or ethical conduct.
- * Each person performs according to his or her understanding and standard of legal, moral and ethical conduct.
- * Money is given and/or people are loaned to charitable organizations without regard to efficiency, standards, or quality of work undertaken by the organization.
- * Little or no control exists over the consistency of giving.

Source: Anderson, J.W. 1986. Social Responsibility and the Organization, *Business Horizons*: 29(4): 22-27, July-August.

3.6. SUMMARY

A company's commitment to social responsibility can be expressed by incorporating social responsibility into the company's mission statement or policy statement. This would also serve the purpose of publicizing top management's support of these activities.

Social responsibility should be considered as part of the company's strategy, and therefore changes in the company's internal and external environment should be taken into account when social responsibility activities are planned. Furthermore, planning of these activities should take place within the framework of strategic management.

The exact nature of social responsibility activities undertaken by companies will be influenced, inter alia, by the external environment within which a company operates. Therefore, the nature of social responsibility in the country within which the company operates and certain social trends in that country should be studied before social responsibility activities are undertaken. Furthermore, factors which will influence the social responsibility activities have to be studied and considered before implementation takes place.

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CHAPTER FOUR: SOCIAL RESPONSIBILITY IN SOUTH AFRICA

4.1. INTRODUCTION

The previous chapters gave a theoretical overview of the concepts of business ethics and social responsibility, and discussed the theoretical conversion of a social responsibility orientation by top management as part of companies' strategic decision-making processes.

As has been discussed in the introduction to this study, all businesses are essentially sub-systems of a larger economic system, and are influenced by a variety of external environmental factors. Therefore, should a company want to implement social responsibility strategy, it would also be important to study the external forces which could shape the eventual social responsibility activities undertaken. These external forces will differ from one industry to another, and also from one country to another.

Social responsibility in South Africa is as yet still in its development stages. This development has been initiated by political factors - mainly due to the political system which the country has followed - and therefore social responsibility activities will be shaped and viewed with some kind of political orientation. Nevertheless, it would be short-sighted of a company to attempt only to approach the political factors, without due attention to the social factors as well.

4.2. THE DEVELOPMENT OF SOCIAL RESPONSIBILITY IN SOUTH AFRICA

Social responsibility is a relatively recent development in South Africa, and only in 1972 did it receive its first formal public mention during an inaugural address at the University of Cape Town Business School (Charney, 1983:44). A drive towards greater social responsibility developed in 1976 after the Soweto upheaval which had as a result, inter alia, the acceptance of codes of employment practice by companies. Further impetus was given by the establishment of the Urban Foundation in 1977, the development, growth and formal recognition of the Black trade union movement in 1979, and especially the acceptance of the Sullivan Code in 1976 by American companies operating in South Africa.

Lemmer (1985:37-38) identifies four phases in the historical development of social responsibility in South Africa. The first phase was that of self-interest, when institutions were "forced" to support certain programmes in order to attract a labour

force. The second phase was characterised by a "paternalistic drive" to provide recreational facilities to employees. The third phase was characterised by the emergence of pressure groups, and the fourth phase, that of social responsibility, represents the acceptance of social responsibility towards employees. This includes the provision of all social services, such as housing, education and medical aid, to all of the company's employees, and eventually the wider community. This phase only developed in South Africa in the later 1970s and the 1980s.

Until the 1970s the private sector played a relatively minor role in providing housing and other social facilities to employees, with the government supplying most of these facilities with limited funds at its disposal. After the appointment of the Wiehahn and Riekert Commissions in the late seventies closer cooperation developed between the government and the private sector regarding the provision of these facilities, which also impacted on the social responsibility behaviour of the private sector. The result of the Carlton Conference (1980) between the government and the private sector, which followed as a result of the commissions, was that the private sector accepted certain broader responsibilities, which included the provision of housing to employees.

Real impetus for social responsibility development in South Africa was given mainly by the efforts of multinational companies operating in South Africa, which have been encouraged to undertake social responsibility by various parties. Some of these include the US Congress in which companies with subsidiaries in South Africa had to, in terms of the Comprehensive Anti-Apartheid Act passed in 1986, become signatories of the Statement of Principles or the US State Department Code (Joffe, 1987:17).

The Sullivan Code was propagated in 1976 by Rev. L.H. Sullivan, who was a director at General Motors in the USA at the time. The purpose of the code was to aid the social upliftment of the disadvantaged communities in South Africa and to end the apartheid regime. In 1984 Sullivan allowed a further 24 months for the abolishment of apartheid, after which he joined the call for disinvestment. The Sullivan Code started in 1976, and signatory companies have contributed R554 million to social upliftment programmes since then. Performance was evaluated every year by the Arthur D. Little consultancy group in the USA.

Points were given to companies in each of four areas of social responsibility, based on the amount of money given and the quality of personal effort by company employees. The result was that a company was rated as Category I, II or III, representing good progress, satisfactory progress, or a company that needed to be more active. A

Category I rating for performance could be attained by a company spending an amount representing about 12% of its payroll.

The four areas of social responsibility companies were expected to participate in, were education for non-employees, advancement for Black, Asian and Coloured workers, community support programmes and social justice. It was this last area which gave direction to activities in South Africa, as the Sullivan Code expected companies to aid the dismantling of the apartheid regime by publicly expressing disagreement with the system and lobbying political parties. It would seem that educational projects received the most support by signatory companies, followed by health, the promotion of black entrepreneurship and assistance in legal matters (Disinvestment Blues, 1989:18).

The Statement of Principles, which replaced the Sullivan Code in 1987, consists of seven principles, which are represented in Table 4.1.

TABLE 4.1.

STATEMENT OF PRINCIPLES

- Principle 1: Non-segregation of races in all eating, comfort, locker room and work facilities.
- Principle 2: Equal and fair employment practices for all employees.
- Principle 3: Equal pay for all employees doing equal or comparable work for the same period of time.
- Principle 4: Initiation and development of training programmes that will prepare Blacks, Coloureds and Asians in substantial numbers for supervisory, administrative, clerical and technical jobs.
- Principle 5: Increasing the number of Blacks, Coloureds and Asians in management and supervisory positions.
- Principle 6: Improving the quality of employees' lives outside the work environment in such areas as housing, transport, schooling and recreation and health facilities.
- Principle 7: Working to eliminate laws and customs that impede social and political justice.

Source: Corporate Social Responsibility (CSR): Special Report. 1989. Cross Times: 20, July/August.

In 1987 the Statement of Principles was supported by seventy companies which were all members of the Signatory Association. In the 1987/88 financial years an amount of R85,9 million was spent on social upliftment, with R35,4 million going to community development, R22 million to social welfare and R28,4 million to education. The previous year a total amount of R93,6 million was spent by ninety two companies, with R36,8 million going to community development projects, R25,8 million to social welfare and R31 million to education. During the 1985/86 financial year a total amount of R70,3 million was spent (Disinvestment Blues, 1989:18).

Exactly how successful the Sullivan Code was in promoting greater social responsibility - not only by international companies but also by South African companies - is difficult to determine. Some advocates considered it as "one of the most effective instruments of social change" (Bewick, 1983:25). Criticism levelled at the Code included that companies had to support too many programmes, with resultant ineffectiveness, and that it forced companies to engage in high profile programmes, instead of focusing on employees and communities within which employees live (Joffe, 1987:18). Nevertheless, it could be considered as the single most important factor which acted as the driving force behind social responsibility development.

Another trend identified when studying the development of social responsibility in South Africa, is the move away from the term "social responsibility" towards "social investment", "social responsiveness" and the like.

Mr Bill Jack, CEO of African Life Insurance, prefers the term "social responsiveness", and explains his reasons for this as follows: "When people talk of social responsibility it seems to be based on a guilt complex. If that is the only reason for doing it, it should be called a charitable work. ... I think that route is social responsibility with a guilt complex and not social responsiveness. The goal is to shape a better future in which we can have a normal society" (Davison, 1988:5).

O'Dowd, chairman of the Anglo American and De Beers Chairman's Fund expresses his dislike of the term "social responsibility" as follows: "It suggests that business is either not social or not responsible", and then defines social responsibility as follows: "In a formal sense the corporation is responsible only to its shareholders and the law. It has contractual relationships with its employees and customers, which it must honour, and as part of a broad social system, it has a responsibility towards that social system" (Corporate Social Responsibility: Special Report, 1989:23).

Barlow Rand feels that "social responsibility" has a potentially paternalistic interpretation, and implies that companies are generally not socially responsible. The company therefore prefers to call activities "social investment", as it sees spending money on social activities as "investing in society" (Corporate Social Responsibility: Special Report, 1989:26).

4.3. CRITICISM LEVELLED AT SOCIAL RESPONSIBILITY ACTIVITIES UNDERTAKEN IN SOUTH AFRICA

The social responsibility programmes undertaken by South African companies have received wide criticism. These include the apparent inability of adopting a formal approach, the inadequate allocation of time towards activities and the inability to identify and support appropriate programmes (White, 1985:13).

A study undertaken by Abratt and Urdang (1985) found that South African companies are socially responsible and do participate in activities that solve social problems. This confirms an earlier study undertaken by Bosch and Du Plessis (*in* Abratt and Urdang, 1985). Urdang came to the following conclusions in his study: Social responsibility is a generally accepted corporate issue in the companies studied, and it is attended to by top management. Companies do act in their own self-interest firstly, although some companies are prepared to spend funds without receiving any direct benefits. Factors taken into account when deciding on a specific programme include satisfying the needs of society and the effect thereof on a company's image and long term monetary return.

Contrary to the research findings above, research undertaken in 1979 ("Research finds that many don't care", 1987:4) found that companies were "lukewarm" in their acceptance of social responsibility. A follow-up study undertaken in 1986 found that attitudes had improved only marginally. Customers were rated the most important interest group for social responsibility projects, while the community was ranked last and employees ninth out of twelve categories.

Galombik (*in* Charney, 1983:52) expresses similar misgivings about the extent of South African social responsibility expenditure: "The total expenditure of South African firms on social causes must be only a fraction of the R600-million a year they spend on advertising." Bewick (1983:26) makes the following statement: "Generally speaking, it would be fair to state that South African companies, with a few notable exceptions such as Anglo American, Barlow Rand and Pick 'n Pay, have not moved as rapidly as the multinationals in introducing and implementing affirmative action

programmes and improved employment practices for the development and upward mobility of non-White employees."

Other aspects which are criticised are the fact that companies consider social responsibility activities as "hand-outs" or an "exercise in public relations", which delivers short term results, but does not solve social problems over the long term (Spies, 1988:20); and that programmes are not planned in consultation with the communities which are to benefit from them (Sakelui moet bydra tot Lewensgehalte, 1985:15).

During the Concerned Business Leadership Conference in 1987 (Memela, 1987:2) black delegates at the conference expressed their views regarding social responsibility programmes in South Africa. This included the viewpoint that companies undertake these activities to "appease their conscience" after "decades of exploitation", the fact that the programmes have no political relevance and that they do not satisfy the needs of the community they are supposed to support.

Other factors considered to have an inhibiting influence on effective social responsibility in South Africa are the lack of an extensive database of social responsibility activities and programmes undertaken by companies, the fact that small and medium-sized companies generally ignore social responsibility, or contribute very little, and that community expectations are much higher than can be met by the private sector. Some business leaders also question whether companies are contributing their fair share.

The commitment of South African companies to important activities has also been questioned in the past. The fact that South African companies prefer to support money-rendering activities seems clear when one compares the amounts spent on sport sponsorships and that spent on environmental conservation: In 1989 between R145- and R150-million was spent on sport sponsorships, and R24-million went to environmental matters and nature conservation (O'Leary, 1989:1).

4.4. FORCES SHAPING THE NATURE OF SOCIAL RESPONSIBILITY IN SOUTH AFRICA

The unique and complex nature of social responsibility in South Africa is stressed by O'Malley (in Roodt, 1987:19): "Social responsibility in the South African context is different to anywhere else in the world. Here it is part of the effort to change the structure of the system - and the obligation rests on everyone - not just the big companies." This quotation in itself points to the political undertones which have

shaped social responsibility development in South Africa. Roodt (1987:6) explains the nature of social responsibility in South Africa as follows: "In South Africa, with its peculiar circumstances where employer and employee do not participate in the same political system, we will have to accept as part of our business lives that political issues are perceived by workers and their trade unions as a legitimate item on their negotiating agenda. Social responsibility activities will therefore have to be politically sensitive."

The proponents of a greater business ethic in South Africa advocate that companies should accept social responsibility in an effort to promote the moral standards of capitalism. No study confirms that this is the main motive for social responsibility actions undertaken by companies, and it would seem that social action is seen "in terms of self-interest" (Charney, 1983:73). Motives for social action in South Africa are coloured by politics, and include anxiety about the political future of the country, pressure from outside groups as well as corporate image. Charney (1983:73) states that "The foremost factor behind business' assumption of social responsibility in South Africa is doubtless its concern for political and economic stability." The future existence of the free market system seems to be an important motivational factor as well. For a future South Africa the positive promotion of the free market system is particularly important, as this system is currently viewed as being the economic side of the apartheid system (Esterhuysen *in* Palliam, 1990:30).

The political undertones which shape social responsibility in South Africa can be emphasised further by studying the viewpoints of many Black leaders on the subject of social responsibility. Cosatu defines social responsibility as follows: "...where companies are responsible to and controlled by workers ... rather than companies controlled by a tiny majority ultimately responsible to no-one but themselves" (Mafamadi *in* Palliam, 1990:22), and viewpoints such as the following: "Nearly all SA businesses believe that the mere writing of a cheque for some philanthropic cause would suffice and put their name in neon lights as a firm with a conscience" (Toward Social Responsibility, 1989:41). "Among some of the oppressed it is resented and suspect - because of its passively-dubious motives, its usual niggardliness in proportion to profits earned, and because it is practiced mostly by established organisations" (Corporate Social Responsibility: Special Report, 1989:20).

Mavundla, president of the African Council of Hawkers and Informal Businesses, expressed his views on social responsibility as follows in 1988: "There is a wrong concept in most South African and in the American companies and organisations which have budgets for the community. They budget a lot of money for education

and housing and charity to organisations that run feeding schemes and all of that. My feeling is that they are very wrong by so doing. If they were to give the black people an opportunity to make a living for themselves black people would be able to build their own houses, they would be able to send their own children to school ... When people are on charity they become beggars. What happens is that they are depending on you, on social responsibility programmes" (Jacobsohn, 1988:6).

The current political changes in South Africa are influencing, and will in future influence, the nature of social responsibility in South Africa. Visagie (*in* *Turbulent Beginning led to a Balanced Approach*, 1991:2) states that "There is a parallel between CSI and socio-political development in SA," while a report in *Business Day* (*Corporate Social Investment: Company Spending Spurred by Threat of Nationalisation*: 1991:12) ascribes the 1991 increase in social responsibility funding by companies to the threat of nationalisation in a future South Africa. Verster states that: "Commerce and industry will use whatever means necessary to defuse a programme of nationalisation. Social investment can be seen as one method of softening the sharp edge of capitalism."

Social responsibility programmes favouring employees are important in South Africa due to the contrast between the working environment and the quality of life outside the workplace: "Managements have to accept the fact that a healthy social environment is conducive to labour mobility and productivity" (Van Gass, 1984:54). This problem of contrasting environments is aggravated by suspicion of government intervention. Nevertheless, companies should heed spending money only on their employees in the form of medical aid, pensions, housing, self-advancement and education, as these activities are seen as directly benefitting the company in attracting and keeping quality employees, and not as furthering the interests of the wider society (*Corporate Social Responsibility: Special Report*, 1989:20).

It would seem that social responsibility activities in South Africa are very much regulated by codes of employment practice. This confirms the viewpoint above, namely that matters pertaining to employees seem to be the first priority when planning socially responsible activities. The most prominent codes of ethics seem to be the Sullivan Code, the guidelines given to British companies, the European Economic Community Code of Ethics, as well as that of the Cape Chamber of Commerce, South African Council of Churches and the Urban Foundation. The main aspects of these codes were summarised by Loftus and are represented below:

TABLE 4.2.

SUMMARY OF VARIOUS CODES OF CONDUCT

SULLIVAN CODE

Segregation	Non-segregation of all eating comfort and work facilities.
Employment Practices	Equal and fair employment practices for all employees.
Remuneration	Equal pay for all doing equal or comparable work.
Training	Initiation and development of training for large scale Black advancement.
Development	Increase number of Blacks and other non-whites in management and supervisory positions.
Social Responsibility	Improve quality of employees' lives outside of work environment.

BRITISH COMPANIES GUIDELINES

Segregation	Aim of non-segregation but duplication of facilities if separation is required by law.
Employment Practices	Fringe benefits for Blacks. No discrimination in any sphere of work including promotion.
Remuneration	Fair wages above poverty datum line and equal pay for equal work. Reduce wage gap.
Training	Internal or external training including artisan skills. Stop usage of White immigrant labour.
Development	Encouragement of training to develop full potential and non-racial promotion policy.
Social Responsibility	Fringe benefits to and home purchases, education, food.
Trade Unions	Encourage lawful collective bargaining with Blacks. Recognise Black Unions where they exist.
Migratory Labour	Choose locations which permit family based labour. Legal aid for pass offenders.

EUROPEAN ECONOMIC COMMUNITY CODE OF ETHICS

Segregation	Everything possible to be done to desegregate in the factory.
Employment Practices	Improvement of fringe benefits.
Remuneration	Pay to be at minimum effective level. Equal pay for equal work.
Training	Development of training programmes for Blacks.
Social Responsibility	Improvement of employees' living conditions at home.
Trade Unions	Companies must recognise the right of the workers to be represented by trade unions.

CAPE CHAMBER OF COMMERCE

Employment practices	Select, employ, train and promote without regard to race or colour, benefits to all.
Remuneration	Determine salaries, wages on principles of equal pay for equal work.
Training	Select, employ, train and promote without regard to race or colour.
Development	As above.
Migratory labour	Employers must help to ensure freedom of choice as to place of work, help alleviate effects of migratory labour.

SOUTH AFRICAN COUNCIL OF CHURCHES

Segregation	Non-segregation of races in all eating, comfort and work facilities.
Employment Practices	Equal and fair employment practices for all employees.
Remuneration	Equal pay for all doing equal or comparable work.
Training	Initiation and development of training for large scale Black advancement.
Development	Increase number of Blacks and other non-whites in management and supervisory positions.
Social Responsibility	Improve quality of employees' lives outside of work environment.
Trade Unions	Recognise and active encouragement of trade unions.
Migratory Labour	No migrant labour unless married accommodation provided.

URBAN FOUNDATION

Segregation	Removal of discrimination in all aspects of employment practice.
Employment Practices	No discrimination based on race or colour in job advancement and fringe benefits.
Remuneration	Elimination of discrimination based on race or colour.
Training	Training programmes or facilities to improve productivity skills to achieve advancement in technical, administration and managerial positions.
Development	No discrimination in selection, employment, advancement or promotion of all employees.
Social Responsibility	Accelerate the creation of employment opportunities at wage rate to maintain viable living standards.
Trade Unions	Recognition of basic rights of workers of freedom of association, collective negotiation, lawful strikes and protection against victimisation.

Source: Loftus, S. 1986. Sullivan Code - Hard at Work in SA. Business Day: 16, 8 August.

4.5. GUIDELINES FOR EFFECTIVE SOCIAL RESPONSIBILITY IN SOUTH AFRICA

As was indicated earlier, the criteria to be used when deciding on specific social responsibility programmes will differ from one industry and company to another, and it would seem also from one country to another. Fourie and Morris (in Roodt, 1987:14) provide the following criteria to be used when evaluating which social responsibility projects to support in South Africa, especially when these projects are aimed at the Black communities:

- * Acceptability to the community: One of the main criticisms against the social responsibility activities of companies is the fact that the needs of the communities which are to benefit are not taken into account. Furthermore, decision-makers and individuals of these communities are not involved in decision-making and management of the programme.
- * Nature of the project: It should be determined whether the beneficiaries will directly experience the advantages of the programme, whether it reaches a large proportion of the community, whether it leads to a change in social circumstances, whether the programme solves specific social problems over the short and long term, whether the programme could be extended to other areas with equal success, whether the programme is preventative rather than curative, whether the community enjoys the most advantages, and whether the project is non-discriminatory.

Van Gass (1984:53) focuses on internal social responsibility aimed at the labour force within the mining industry and provides the following guidelines for effective social responsibility in the South African environment:

- * Social responsibility programmes should not discriminate against any cultural grouping.
- * Social responsibility programmes should be planned and undertaken scientifically.
- * Companies should consult their employees before undertaking any social responsibility activity.
- * A balance should be reached between social and cultural norms.
- * Companies in the same industry should coordinate their activities.

- * Programmes should be based on codes of employment practices, while responsibility manuals could be drawn up to provide adequate guidelines for social responsibility activities.

The aspect of cooperation or consultation with the community seems to be the most important: "Many companies ... have learnt from bitter experience that there is no substitute for the involvement of and consultation with members of the community who will be the beneficiaries of the 'project'" (Searle, 1989:45).

Ruiters (Toward Responsibility, 1988:10) provides the following guidelines to companies who want to become involved in social responsibility in South Africa: Companies should study the communities which are to benefit from social responsibility programmes, top management support should be obtained and a consultant should be used if a company does not have the necessary expertise. Furthermore, community leaders should be included in the planning and execution phases, programmes should be proactive and should assist the communities in improving their own quality of life.

Other guidelines include that programmes should deliver "products of intrinsic value". These programmes will benefit whole communities and will provide strategic advantages to Blacks. Furthermore, social responsibility efforts should be collective in nature, and resources should be pooled to increase efficiency. These resources should include financial, entrepreneurial, managerial and human resources (Business Sector Beware, 1987:30).

Leoka (in Bedford, 1985:11) defines the socially responsible company in South Africa as one that:

- * acknowledges the discrepancies between the races are as a result of the socio-political structure;
- * does not lecture blacks on the fruits of the free enterprise system before they have experienced them;
- * spends money on educating people for meaningful jobs;
- * employs people charged with developing and advancing blacks with the right attitude;

- * accepts the black majority is under heavy psychological pressure to liberate itself and that this alone and not communist incitement is likely to lead to revolt."

4.6. THE EXTENT OF PRIVATE SECTOR SOCIAL RESPONSIBILITY ACTIONS IN SOUTH AFRICA

No formal data exists to give an indication of the amount of funds spent on social responsibility activities by South African companies or to give an indication of which number of companies are involved in social responsibility activities. Furthermore, information is only made available in the press on a piecemeal basis.

In 1985 social responsibility programmes in South Africa were heralded a "R200-million plus industry" - but it was pointed out that this was contributed by American companies and their subsidiaries operating in South Africa, and excluded other multinational companies and South African companies (R200-m Social Programme Industry Tops Many in South Africa, 1985:1). It was estimated that the larger South African companies spent about one to two percent of their profits on social responsibility in 1985 (Smaller Firms Should be Up Front Too, 1985:4).

In 1987 it was estimated that South African companies spent as much as 10% of their total employee payroll on social responsibility programmes, while the average Fortune 500 company spends about 0,4% (Boundaries of Conscience, 1987:5).

Information supplied by McGregor's Online Information (MOLI), and based on the annual reports of 700 companies in 1988 found that 39% of companies expressed a commitment towards social responsibility. Groups identified as making a substantial contribution include all of the companies in the Ventron group, 76% of Anglo-controlled companies, 60% of Old Mutual-controlled companies, 58% of the Anglovaal Group companies, 56% of Sanlam-controlled companies and 36% of companies in the Rembrandt group (Social Note, 1989:8).

According to a BMI report on social responsibility spending in South Africa in 1989, the total budget amounted to R600 million, with 60% spent on education, 17% on social welfare and health services, 9% on housing, 4% on arts and culture, 4% on environment and 6% on "other" activities (O'Leary:1). A report in Cross Times (1989:37) estimates that 58% of external social responsibility budgets go to education, 22% to social welfare and health services and 3% to housing.

A survey by the Information Transfer Group in 1989 concluded that SA Breweries, Shell, Coca Cola, Anglo American, Perm, Pick 'n Pay and First National Bank are making an exceptional contribution to social responsibility programmes (Chalmers, 1989:9).

In 1990 R800-million was spent on social responsibility, with larger companies spending between 2% and 5% of their after-tax profits on these activities - levels which compare favorably with the United States and the United Kingdom (Social Responsibility, 1991:1).

The BMI-report for 1991 found that R840-million was spent on social responsibility activities, with education receiving the most support, namely 66% of total funds, while 7% was spent on environmental conservation, 7% on health services and 6% on welfare. The remaining 14% was divided between general community projects, small business development, art, culture and housing (The Private Sector Gives Education R554-million Boost, 1991:11).

From reports in the press it would seem that education has received the highest priority in company spending. This support takes many forms and includes the establishment and building of entire educational institutions, contributions to school construction and expansion, grants to educational institutions, scholarship and bursary programmes, funding of educational assistance programmes, training of teachers and own labour force. This is confirmed by a survey undertaken by BMI in 1991 which found that 66% of the average social investment of 70 major companies will be spent on education in 1991 - an increase of 86% from 1987-figures (More spending on education, 1991:10).

Housing has also been indicated as a priority area, and assistance includes the sponsoring of housing schemes, assistance to workers in the obtaining of plots and loans, low interest loans to organisations who undertake construction projects, and the building of homes for workers. Some companies have set up construction companies on a self-help basis. Here the work of the Urban Foundation - as part of private sector initiatives - can be recognised as being substantial and important.

Another traditional interest area for South African companies is support of the arts and of culture. This is done through sponsorships, funding of cultural institutions, and the establishment of art collections.

Esterhuysen (*in* Palliam, 1990:8) confirms that education and housing are considered to be the most important social responsibility activities, and adds that aid to the

informal sector and the establishment of small businesses seem to be the areas of current prominence. A study in 1991 by BMI (More Private Spending on Education, 1991:10) found that the priority of activities are perceived differently by Blacks and Whites: The order of priority among Blacks is education, housing, job creation, health and working conditions, whilst that among Whites is working conditions, education, job creation, in-house training and housing.

Regarding the formal organisation for undertaking social responsibility activities, it would seem that many large companies in South Africa prefer to establish a foundation for the management of its social responsibility programmes. Examples of these include the Mobil Foundation, the Anglo American and De Beers Chairman's Fund, the SA Breweries Trust and others. Many of these foundations were established in response to the country's previous political dispensation, and it remains to be seen whether these foundations would continue their work once a new dispensation has been settled.

It would seem that the extent of funds distributed to social responsibility programmes is determined by the pre-tax profits of a company, and that a certain percentage thereof is spent on social responsibility. Exactly what the percentage is differs from one company to another, depending on the size and profitability of the company. It is estimated that the amount varies between 0.5% and 4% (Charney, 1983:47).

4.7. INSTITUTIONS PROMOTING AND COORDINATING SOCIAL RESPONSIBILITY ACTIVITIES IN SOUTH AFRICA

Social responsibility in South Africa has grown to a fairly large industry, and various incentives are offered to companies to increase their support towards the prosperity and well-being of the community. One of these incentives is the Warner-Lambert Social Responsibility Award for the Western Cape, which aims to encourage local and multinational companies in the Western Cape to undertake socially responsible actions. Companies are evaluated for policies on practices in personnel management, improving the quality of life of their employees and improving the quality of life of the wider community by supporting activities such as housing, transport, recreation, health and social justice.

A number of organisations which strive to coordinate funds for specific social responsibility activities have also developed. One of these is the Urban Foundation, which coordinates the efforts of various local and international companies, and represents about 300 South African business and community leaders. Three-quarters

of its funding is from South African companies, and funds are directed to housing, education and creation of work opportunities (Charney, 1983:9).

In an effort to provide a coordinating body for social responsibility in South Africa the Social Responsibility Management Association was formed in 1985, but according to reports in the press it would seem that this body has not achieved much success (Loftus, 1986:15).

Other organisations that play an important role in promoting and/or coordinating social responsibility actions are the Small Business Development Corporation, which aims to promote small business development, and the Free Market Foundation, which aims at promoting the preservation of the free market system. This last organisation recognises that this can only be done if the private sector is prepared to accept a certain degree of social responsibility (Charney, 1983:9).

4.8. LEGISLATION GUIDING SOCIAL RESPONSIBILITY ACTIVITIES

In the first chapter an attempt was made to define the concept of social responsibility. There it was suggested that social responsibility should include more than just abiding by the law. This section attempts to identify the various legislative measures which would guide a company towards social responsibility behaviour, based on the variety of social responsibility activities identified in Chapter Three. However, no attempt is made to provide a comprehensive overview or a discussion of the legislation. This section should merely guide one's evaluation of whether a company does in fact undertake social responsibility activities, or whether companies merely abide by the law. Information for this section was derived from *The Windex* (1976).

4.8.1. Economic growth and efficiency

Various legislative measures exist which attempt to promote fair and just economic growth and efficiency. These measures are also usually taken into account by companies, because the long term existence of the company is governed by the measures. The measures are provided for by, inter alia, the Board of Trade and Industries Act, the Price Control Act, the Maintenance and Promotion of Competition Act, the Harmful Business Practices Act, the Act on Trade Marks, and the various acts regulating the business practices of banks, building societies and insurance companies.

Other acts which could also be relevant to a greater or lesser degree include the Company Act, the Trade Mark Act, the Dangerous Substances Act, the Health Act and the International Health Regulations Act. Apart from the above acts marketing practices of companies are also regulated by the Usury Act, the Rental Control Act, the Control of Harmful Products Act, the Protection of Companies Act, and various acts pertaining to specific product categories, such as seed, medicine, agricultural products and food products.

4.8.2. Employment and training

Labour practices are regulated by the Basic Conditions of Employment Act, which regulates the conditions of employment companies have to adhere to. This act includes provisions for the hours of work, meal intervals, and annual leave. The Guidance and Placemient Act serves as guideline for the establishment of guidance and employment centres, while the Labour Relations Act forms the basis for negotiation between employers and employees. The Machinery and Occupational Safety Act protects the physical safety of employees and promotes occupational hygiene.

Conditions regarding training is laid down by the Manpower Training Act and promotes and regulates the training of manpower.

Other relevant acts include the Intimidation Act, the Mines and Works Act, the Public Holidays Act, the Temporary Removal of Restrictions on Economic Activities Act, the Wage Act, and the Workmen's Compensation Act (The Official South African Trade Unions Directory and Industrial Relations Handboo¹, 1989-1990).

In 1993 farm labourers and house workers were also included in labour legislation. Houseworkers are included in the Adjustment of the Basic Conditions of Employment Act (Act 137 of 1993), while farm labourers are included in the Agricultural Labour Act (Act no. 147 of 1993), which is in effect an adjustment of the Basic Conditions of Employment Act and the Labour Relations Act.

4.8.3. Environmental control

Environmental issues are regulated by the Environmental Conservation Act of 1989, which provides for the environment by:

- " * Protection of ecological processes, natural systems and natural beauty as well as the protection of biotic diversity.

- * The promotion of sustained utilisation of species and ecosystems and the effective application and re-use of natural resources.
- * The protection of the environment against disturbance, deterioration, defacement, poisoning and destruction as the result of man-made structures, installation, processes, products or human activities.
- * The establishment, maintenance and improvement of the environment which contributes to an acceptable quality of life" (New Act Has Still to Get Teeth, 1989:1).

Furthermore, the following aspects of industrial operations are also provided for, as it could have a detrimental effect on the environment: "land use and transformation, water use and disposal, resource removal, resource renewal, agricultural processes, industrial processes, transportation, energy generation and distribution, waste and sewage disposal, chemical treatment and recreation."

Other relevant acts include the Prevention of Air Pollution Act, the International Convention for Prevention of Pollution by Ships Act, the Control of Dumping at Sea Act, the Prevention and Control of Pollution of the Ocean by Oil Act, the Protection of Sea Birds and Seals Act, the Beach Act, and the Animal Protection Act.

4.8.4. Consumerism

Many of the acts which regulate economic growth and efficiency, as well as the marketing practices of companies are relevant here, such as the Price Control Act, the Maintenance and Promotion of Competition Act, the Harmful Business Practices Act, the Trade Practices Act, and the Trade Mark Act.

4.9. TAX IMPLICATIONS OF SOCIAL RESPONSIBILITY ACTIVITIES

The deductability of any donations to social responsibility activities in South Africa is regulated by the Income Tax Act of 1975. Sections 11 and 23 of this act serve as guidelines in determining the deductible amounts. According to this, "the following conditions must be complied with before an amount can be deducted: the expenditure and losses must be actually incurred in the Republic during the year of assessment in the production of income." It must also be "expenditure and losses of a capital nature, and not being moneys which are not wholly or exclusively laid out or expended for the purposes of trade" (Jin Au, 1977:107-108).

Contributions to charitable or religious institutions are generally not tax deductible, but section 18A of the act does provide for deductions in respect of donations to "any university or college for purposes other than the defrayal of students' fees for, or the granting of any bursary to, any person nominated by a donor to the fund, to any educational fund and to the Bible Society of South Africa incorporated under section 2 of the Bible Society of South Africa Act 15 of 1970" (Divaris and Stein, 1989:88-89).

These deductions are limited to "the greater of R500 or two percent of taxable income" in the case of individuals and to "the aggregate of the amounts donated but subject to a maximum of five per cent of the company's taxable income before any deduction for such donations" (Au, 1977:109).

In the case of donations towards tertiary education, 5% is tax deductible in terms of Section 18A of the Income Tax Act (Getting to Work on Social Ills, 1990:7).

4.10. TRENDS SHAPING FUTURE SOCIAL RESPONSIBILITY PROGRAMMES IN SOUTH AFRICA

The need for social services is rapidly increasing in South Africa. The reasons for this are widespread, but one of the most important reasons is the high population growth rate of 2,3% per annum. This means that the population could amount to 138 million by the year 2040. This will no doubt put immense pressure on the existing social services, especially if it is taken into account that estimates place the ultimate population size at 80 million (South Africa's Ticking Time Bomb, 1989:2). Figures made public by the Central Statistical Service in 1990 projected population figures for the period up to the year 2010. The results of this projection is presented in Table 4.3.

Mostert et al. (in Marais, 1988:80) estimate a total population of 64 million by the year 2010 if low fertility is assumed, and a population of 66 million if high fertility is assumed. The figures for the year 2000 are 51 million in the case of low fertility, and 51,4 million in the case of high fertility assumptions.

Exact figures of the present South African population is hard to come by, but this is put at 38,2 million. The Institute of Futures Research at the University of Stellenbosch (Byna 40 Miljoen Mense in SA, 1990:10) puts the population at 47,2 million by the year 2000, 58,5 million by 2010 and 70,7 million by the year 2020. These figures include the population of the TBVC-countries.

TABLE 4.3.

PROJECTION OF THE SOUTH AFRICAN POPULATION

POPULATION GROUP	1985	2000	2010
Whites	4 839 000	5 293 000	5 561 000
Coloureds	2 935 000	3 784 000	4 250 000
Asians	878 000	1 089 000	1 195 000
Blacks			
Assumption A	19 162 000	30 500 000	42 909 000
Assumption B	19 162 000	29 494 000	39 498 000

Assumption A: The population of the TBVC states will increase by only 50% before permanent emigration to the RSA takes place at the natural rate of increase.

Assumption B: The population of the TBVC states for 1985 will double before permanent emigration to the RSA takes place at the natural rate of increase.

Source: Central Statistical Service. 1988. Pretoria: Government Printers. (Report no. 03-04-01)

The size of the population will no doubt have a large impact on the need for social services, health services, housing, education and job opportunities, and will also have an impact on the environment.

4.10.1. Housing

The enormous housing problem in South Africa has gained momentum with the abolition of influx control, which has led to increased urbanisation and an increase in the need for houses. The private sector will have to play an important role here, as "No government can be expected to carry sole responsibility for the housing of its people" (Kok and Gelderblom *in* Marais, 1988:99).

Table 4.4. illustrates the magnitude of needs for housing in South Africa between 1988 and the year 2010.

The implications of these needs are that unique ways of solving the problem would have to be found, and that substantial funds will be needed to satisfy the housing

needs. It should be clear that government alone will not be able to provide low-cost, quality housing to all.

Snyman and Lötter (in Marais, 1988:116) state that the housing backlog for Blacks amounted to 400 000 units in 1986, and that between 1980 and the year 2000 at least 200 000 hectares of land will be necessary to meet these needs.

TABLE 4.4.

FORECASTS OF POTENTIAL GROWTH IN HOUSING NEEDS IN SOUTH AFRICA, 1988-2020

POPULATION GROUP	1988-2000	2000-2010	2010-2020
- THOUSAND HOUSING UNITS -			
BLACKS	137	173	190
WHITES	9	8	6
COLOUREDS	11	9	9
ASIANS	4	3	3
TOTAL	161	193	208

* Forecasts of the potential growth in housing needs are based on the following assumptions regarding the average size of households: Blacks = 6; Coloureds = 5, Whites and Asians = 4. The actual housing needs may differ from the forecasts of potential growth depending on household size and migratory patterns. The household size may change in accordance with lifestyle trends and trends in the size of families.

Source: Spies, P.H. 1988. Business Futures 1988. Institute for Futures Research. Bellville: University of Stellenbosch: 114.

4.10.2. Health

The average infant mortality rate in South Africa is 78 deaths per 1000 infants, which represents 12 per 1000 White infants, 18 per 1000 Asian infants, 52 per 1000 Coloured infants and 94-124 per 1000 Black infants.

The doctor:population ratio in 1982 was 1:875 in urban areas and 1:12 700 in the rural areas.

Only approximately 5,2% of South Africa's GNP is spent on health, representing an amount of R5 190 million (Corporate Social Responsibility: Special Report, 1989:34-35).

The most important needs in the health sector at this stage are for primary health care, mainly because of the composition of the South African population, the distribution of people in the rural areas and the low educational levels of the majority of the population. South Africa currently spends only 6,13% of its health budget on primary care, which compares unfavourably with other developing countries which spend an average of 15% on primary health care (Seminar on Primary Health Care, 1990).

4.10.3. Education and training

The Board of Population and Growth Development (1989:5) puts illiteracy in Southern Africa at 56% for all population groups. Assuming that a person can be classified as literate once he has passed Standard Two, it is estimated that 81,95 % of the urban population is literate, while only 42,40 % of the rural population is literate. This means that only 66,97 % of the South African population is literate (Illiteracy in South Africa, 1987:260). This has implications for the economic growth and development of the country, and will have an enormous impact on educational needs.

Problems are also experienced in the provision of adequate education due to the shortfall of adequately educated and trained teachers. The teacher:pupil ratio is presented as being 1:16 in the case of Whites and 1:44 for Blacks (Corporate Social Responsibility: Special Report, 1989:36).

When one looks at population growth patterns, it should be clear that the demand for educational services will mostly come from the Black population. It is expected that the number of Black school-children will increase from 6,6 million in 1987 to between 12 and 15 million by 2020. This implies an increase to between 300 thousand and 790 thousand (from 1986-figures of 150 000) teachers. Furthermore, as it is planned that Black education should come on par with White education, it implies an increase in the standard of teacher training, with subsequent escalation in costs (Spies, 1988:119).

The financial implications are the following: "Estimates by the HSRC ... Investigation into Education reveal that if parity in primary and secondary education ... were to be reached by 1990, then 38,3 percent of government expenditure projected to 1990 (at 1980 prices and assuming a real growth rate of 3,5 percent) would have to have been spent on education. These figures include the independent National States. If in

1980 the amount spent on white primary and secondary pupils had been spent on all race groups then R7 926 million would have to be spent on education, which would have constituted 12,91 percent of the GDP in that year. Assuming the same per capita expenditure ... for all pupils by the year 2000, R12 859 million will have to be spent ... this will represent approximately 10,53 percent of GDP by 2000. During the period 1970-1980 3,4 percent of the South African GDP was spent on education, and 63 percent of this on white education. Most developed countries spent between 5-9 percent of their GDP on education" (Spies, 1988:133).

Problems are also experienced in the training of personnel to ensure increased productivity and a higher skilled workforce. A joint study by the Human Sciences Research Council and the National Training Board found that South African companies spend 2% of expenditure on training as opposed to an amount of 5% in the case of other countries (Figuring the Cost, 1991:16).

4.10.4. Employment

It is expected that, even at an economic growth rate of 3% per annum, 8 million people will be jobless by the year 2000. At a growth rate of 4,4% the amount of jobless will still be 5,8 million. At present (1989) it is estimated that between two and four million people are jobless (South Africa's Ticking Time Bomb, 1989: 7). The National Manpower Commission's annual report for 1990 stated that "at least 4m economically active people in SA (including the TBVC areas)" are "without jobs in the formal sector" (Manpower: More unemployed, 1991:6). To combat this unemployment a Special Job Creation Programme was initiated in 1985. In this programme R460 million has been spent on the training of 1.2 million unemployed persons. Thirty percent of the unemployed have been employed as a result of this training.

The above has important implications not only for job creation, but the amount of young people entering the job market and the potential unavailability of labour could lead to a revolutionary climate.

Terblanche et al. (in Marais, 1988:126) estimate that at least 900 job opportunities will have to be created daily between 1985 and 1995 to meet the basic need for jobs.

TABLE 4.5.

THE SUPPLY OF AND THE DEMAND FOR LABOUR IN SOUTH AFRICA

VARIABLE	YEAR			ESTIMATE 2000	
	1960	1970	1980	ECONOMIC GROWTH 3.1% pa	ECONOMIC GROWTH 4.4% pa
(1) SUPPLY	6266	8111	10794	17918	17918
(2) DEMAND	4751	6304	7535	9983	12100
(3) SURPLUS	1515	1807	3259	7935	5818
(3) AS % OF (1)	24%	22%	30%	44%	32%

Source: Dostal, E. in Preece, H. 1991. Where Men Decay: Jobless Crisis Threat to Any Stability in SA. Finance Week:3, February 14-20.

Table 4.5 indicates what the supply and demand of labour were in 1960, 1970 and 1980, and postulates the supply and demand for the year 2000 for two scenarios, namely economic growth of 3.1% per annum, and of 4.4% per annum. The attainability of this growth rate must be interpreted whilst considering that the average growth rate in the 1980s was lower than 2% (Preece, 1991:3).

4.10.5. Environmental issues

Pollution is one of the main issues addressed by environmentalists, and companies will come under constant pressure to take precautions so that industrial processes would not harm the environment. Little information is as yet available regarding the extent of the pollution problem in South Africa, but certain problems are apparent.

Water pollution originates from the discharge of untreated water and industrial wastage into rivers and the ocean. This results in the death of a wide variety of fish species, and in some areas may endanger human life. Another issue is the disposal of human wastes into the ocean, which, although not proven, could have a harmful effect on ocean-life, especially if certain chemicals are disposed of in this way.

The disposal of radioactive wastes into the ocean, or even as yet unoccupied areas, could also have negative effects on the environment, and could endanger human and animal health if these unoccupied areas are later occupied due to urban expansion.

Air pollution is probably the only pollution which has received a great amount of attention, although it is estimated that air pollution levels are still dangerously high in certain areas. The effects of the emission of carbon dioxide and other chemicals such as cfc's, methane and nitrous oxide are well-known, because the so-called "greenhouse effect" and the depletion of the ozone layer have been advertised widely by environmentalists, and companies have come under increased pressure to act on this problem (Spies, 1988:N76-N84).

Huntley et al. (1987:64) state that about 125 million tonnes of air pollutants, including particulants, sulphur dioxide, nitrous dioxides, carbon dioxide, carbon monoxide and hydrocarbons are released annually in the Eastern Transvaal Highveld. Aside from the obvious implication of the so-called "greenhouse effect", this air pollution causes acid rain, which could be detrimental to agricultural processes and forest resources in the particular area.

4.10. Urbanisation

It is expected that the urban population in South Africa will increase from 15,2 million in 1980 to approximately 33,5 million by the year 2000. Huntley et al. (1989:51) put the figure for the year 2000 at 35,7 million, and add that 1000 dwellings will have to be constructed daily until the year 2000 to meet the need for housing which increases with the increase in urbanisation. This will put increased pressure on housing, social services, education and employment: and the government as well as private sector will have to provide adequate solutions to this problem.

Increased pressure will also be put on natural resources, recreational facilities, quality of life, crime prevention, employment levels and the revolutionary climate of a labour force with high expectations (Spies, 1988:73,77,81).

4.11. SUMMARY

Although social responsibility in South Africa is a relatively young science, it has gained importance in the last few years, and will probably do so in future.

Political factors might have been the main initiative for social responsibility in the past, but it should be clear by now that South Africa is moving towards a new political dispensation which will require of companies to meet the newly developed needs of a larger and more diverse society.

It would seem very probable that, even though a new political dispensation is only being negotiated at present, social needs and the survival of the free market system will become the most important considerations for future social responsibility activities. As was pointed out earlier, social needs - especially those of education and housing - are becoming increasingly important. Without these needs being met, a revolutionary climate will continue to exist and will be harvested further. This will be exacerbated by increasing unemployment which will impact directly on the quality of life of the largest part of the South African population. Furthermore, skepticism towards the free market system will have to be removed if the economy is to grow and companies are to continue their existing form of operation.

Companies therefore have many challenges to face in a future South Africa - especially on the terrain of social responsibility.

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CHAPTER FIVE: TRADE UNIONS AND SOCIAL RESPONSIBILITY

5.1. INTRODUCTION

South Africa's trade union history is unique, mainly because of the country's political history. Trade unions are necessarily politicised, and have an impact on the social responsibility activities undertaken by companies. But, because of the country's political history industrial relations in South Africa not only impact on employers and employees and related matters, but also have a distinct impact on the wider social and political spheres.

This chapter acts merely as an introduction to trade unions, and focuses on their importance within the social system of companies. An attempt is made to focus on their importance within the social responsibility programmes and policies undertaken by South African companies.

Trade unions are defined, and an overview is given of trade union origins and its history in South Africa. Furthermore, the objectives of trade unions are named, and their social goals discussed in further depth. The relationship between trade unions and management teams of companies are discussed, and pointers are given for management-trade union relations in a future South Africa.

Furthermore, an indication is given of the extent of trade unionism in South Africa, so that an overview can be gained of the impact of this stakeholder group on company policies and programmes. Finally, an indication is given of the current status of trade unionism in South Africa.

5.2. THE DEFINITION OF TRADE UNIONS

Various definitions of trade unions are found in the literature, and three of these would suffice to provide an insight into the nature of trade unions:

The South African Labour Relations Act defines a union as "any number of workers in a particular enterprise, industry, trade or profession who are united for the purpose, either alone or with other objectives, of organising relations between them or some of them and their employers or some of their employers in that enterprise, industry, trade or profession" (*in* Bendix, 1992:55).

Bendix (1992:55) points to the various shortcomings of the above definition, and considers that of Salamon a better one: "... any organisation, whose membership consists of employees, which seeks to organise and represent their interests both in the workplace and society, and, in particular, seeks to regulate their employment relationship through the direct process of collective bargaining with management."

The International Confederation of Free Trade Unions (*in* Nel and Van Rooyen, 1985:78) defines trade unions as follows: "A trade union is a continuing permanent organisation created by the workers to protect themselves at their work, to improve the conditions of their work through collective bargaining, to seek to better the conditions of their lives, and to provide a means of expression for the workers' views on matters of society."

From a social responsibility point of view, it is significant that the above definitions emphasise the fact that trade unions not only aim to improve the working conditions of their members, but that they also protect the interests of their members in the wider society. One would therefore expect that trade unions would demand social responsibility behaviour from their employers.

Finnemore and Van der Merwe (1992:54) refer to this as follows: "... the term 'working lives' indicates a breadth of goals of trade unions that goes beyond the factory gates. The protection of workers is not only sought in direct negotiation with the employer; unions also have an important broader political role to play in ensuring state support for workers' lives, not only at the workplace but in their communities and in society as a whole."

5.3. OBJECTIVES OF TRADE UNIONS

The objectives of trade unions would be to represent the interests of their members both within and outside the organisations where they work. Such objectives can be categorised as economic objectives, job security objectives, social welfare objectives, job regulation objectives, sociopolitical objectives and individual development objectives (Bendix, 1992: 64).

The most important trade union objectives are those that protect the economic well-being of trade union members, as well as those directly influencing their working lives. In South Africa it is clear that this objective is still important, as trade unions still negotiate extensively with management about remuneration and benefits for their members.

Sociopolitical objectives include efforts to bring about a change in government and government economic policies. The importance of these objectives depends on the sociopolitical environment within which the trade union operates: "... in a society where trade union members perceive themselves as repressed, or where they are not satisfied with the sociopolitical status quo, emphasis will necessarily also be placed on their sociopolitical objectives" (Bendix, 1992: 62).

Bendix (1992:64) concludes that "... the degree of politicisation of trade unions depends largely on the type of system in which they exist. The more inequitable the system, according to the perception of trade union members, the more will their unions be obliged to engage in direct and overt political action."

Considering South Africa's political history and the degree of politicisation experienced by South African trade unions, it is clear that South African companies would be faced by considerable political demands put on them by trade unions. It can be expected, furthermore, that the degree of politicisation could change drastically once a new political dispensation has been negotiated and successfully implemented, with resultant restructuring of the collective bargaining process, and a change in emphasis on sociopolitical objectives.

Social welfare objectives - including calls for the improvement of safety and health, accident, death and pension benefits, and housing and education - are also essential parts of trade unions' bargaining agendas. Douwes Dekker (1990:151) states that workers join trade unions because they are offered economic benefits, they can satisfy both their social and ego needs, and because of the social welfare goals which trade unions strive to achieve: these include social security schemes, job creation programmes, housing and educational assistance, community projects, and transport-related services.

Nel and Van Rooyen (1985:178) also emphasise the importance of trade unions' social goals, and summarise this function of trade unions as follows: "To take the lead in social development so that the position of the worker in the business environment and his total social life can be brought into line with the idea of human dignity, or the requirements of justice, responsibility and freedom."

From the above discussion it becomes clear that social objectives would be an important part of trade unions' negotiating agenda. It is therefore inevitable that companies would have to participate in social responsibility schemes and activities, and that pressure would be put on them by trade unions. One could thus also expect that proactive management by companies would include negotiations with trade

unions to determine what their wishes and demands are of social responsibility. One would expect, furthermore, that companies would focus their social responsibility activities on benefitting their employees before they focus on the rest of the community.

5.4. HISTORICAL DEVELOPMENT OF TRADE UNIONS

5.4.1. Origin of Trade Unions

The origin of modern trade unions can be traced back to the advent of capitalism and the Industrial Revolution when labour was considered to be a factor of production which should be utilised to increase the productivity and profitability of private enterprise.

Although Adam Smith's "invisible hand" was meant to regulate the economy, and would therefore work to the benefit of workers, Marx felt that workers were exploited and only paid subsistence wages, which would eventually lead to the unification of workers against employers (Finnemore and Van der Merwe, 1992:2). In Britain the Webbs disagreed with the management view of considering labour as a commodity, and considered trade unions as organisations which could facilitate the improvement of wages through collective bargaining.

As a result, in the early 1900s calls were made for changes in management attitude towards considering employees as economic commodities. However, early management thought did not focus on trade unions, but on improving efficiency and productivity. Thus trade unions were largely ignored. Only after the Second World War an integrated approach to industrial relations was accepted and practiced by management.

The first worker organisations which attempted to protect the interests of their members were the trade guilds in Great Britain which existed before the Industrial Revolution. In 1799/1800 the unification of workers, and strike action was prohibited by the British Combinations Act. After the Combinations Act was repealed in 1924 workers could unite to protect their own interests, and limited strike action was allowed (Finnemore and Van der Merwe, 1992:3).

After 1850 the first trade unions were established, mainly among craftsmen. These trade unions shared many characteristics with modern trade unions, and were also involved in social and political matters, which were discussed at the first Trade Union Congress in 1868. Non-craft workers only organised in trade unions in the 1880s.

5.4.2. The development of Trade Unions in South Africa

The Carpenters' and Joiners' Union founded in 1881 was the first trade union in South Africa, although employee-employer relationships were already regulated by the Master and Servants Act of 1841 (Douwes Dekker, 1990:14).

Due to the industrialisation which occurred after the discovery of gold and diamonds, and the relative shortage of skilled labour, immigrants from Europe, and especially Britain, were imported as labour. For this reason more trade unions were formed, and early trade unionism in South Africa had a distinct British flavour.

Right from the beginning trade unionism in South Africa was influenced by politics. In 1911 the Mines and Works Act was introduced, which reserved 32 job types for Whites only. Between 1907 and 1911 a number of strikes were undertaken by both Black and White workers in attempt to prevent further regulation of the Black to White worker ratio, and to prevent the increasing use of unskilled labour.

Strike action between 1914 and 1918 led to the recognition of workers' unions by the Chamber of Mines, but action on the worker front continued and reached a climax with the General Strike of 1922 which directly led to the promulgation of the Industrial Conciliation Act in 1924, which for the first time formalised industrial relations in South Africa. This act excluded Black unions, although it is estimated that by 1927 the Industrial and Commercial Workers' Union (ICU) had 100 000 Black members (Finnemore and Van der Merwe, 1992:21).

In 1925 the Wage Act laid down minimum wages for workers, irrespective of race. The Mines and Works Act of 1926 promoted job reservation to a further extent, which increased the politicisation of labour relations. Black leaders with communist ideals joined trade unions and fulfilled their political ideals through the trade unions.

Consequently, with the passing of the Suppression of Communism Act in 1950 Black trade unions decreased from 200 to 60, and their membership decreased from 158 000 to 64 000 (Finnemore and Van der Merwe, 1992:22). In 1953 the Bantu Labour (Settlement of Disputes) Act was passed in an attempt to prevent the further unionisation of Black workers, by enabling the establishment of workers' committees. Only 24 committees were registered under the act by 1973, but were not widely supported by Black workers due to many shortcomings. This was, however, the only way Black employees could have formal recognition.

Between 1972 and 1977 an estimated total of 70 000 Black workers participated in strikes countrywide. This led to the Black Labour Relations Regulation Act which

was passed in 1973. Liaison committees, consisting of employees and employers, could be established in the place of workers' committees. Black trade unions were, however, still militant, and in 1977 a commission of inquiry was appointed into Labour Legislation under the chairmanship of Nic Wiehahn.

Some of the recommendations of this commission of enquiry were included in the new Industrial Conciliation Amendment Act of 1977, with further amendments made between 1980 and 1983. This act is now known as the Labour Relations Amendment Act.

In the beginning this act did not prevent the politicisation of labour relations, as many Black trade unions refused to register under the act, since they perceived the act as enforcing increased government control over trade unions. However, this resistance against registration decreased as the advantages of registration became clear, and because companies refused to negotiate with unregistered unions.

Furthermore, although Black and White workers were now equal in the industrial relations sphere, Black employees still had no political say, which increased pressure on trade union leaders to present a forum for political ideals and ideologies.

Throughout the history of trade unionism in South Africa it seems clear that the worker movement was politicised. This can be contributed to the political policies of the South African government: "However, trade union growth coincided with the mushrooming of protest movements and trade unions, as the major representatives of the Black working class increasingly found themselves in a politically prominent position. This was to be expected since, until 1990, the trade union movement constituted the only legitimate public forum for disenfranchised employees" (Bancix, 1992: 345).

5.5. THE RELATIONSHIP BETWEEN MANAGEMENT AND TRADE UNIONS

The essential nature of the relationship between trade unions and business management is guided by the objectives these parties strive to meet. As has been discussed in a previous section, trade union objectives centre around the protection of their members' interests both inside and outside the work environment.

Management objectives ultimately centre around the maximisation of profits, which would include the increase of productivity. Essentially, therefore, management objectives would be in conflict with those of trade unions. However, as employees are an essential ingredient of business success, trade union objectives would have to be

integrated into business planning - this would have to be the case regarding social responsibility objectives as well.

Just as the nature of management's labour relations policies would be influenced by the attitudes, perceptions, values and personalities of individual managers, so the nature of trade unions' demands would be influenced by the attitudes, perceptions, values and personalities of their leaders. If one would therefore like to determine what the nature of social responsibility negotiations would be between these two parties, it would be necessary to gain an insight in'to the attitudes, perceptions, values and personalities of both these parties.

5.6. MANAGEMENT-TRADE UNION RELATIONS IN A FUTURE SOUTH AFRICA

Bendix (1992:127) points out that social changes worldwide, and to a certain extent in South Africa, have changed - and will change - the relationship between management and trade unions:

The support of the pure capitalist society has decreased, and mixed economies are coming to the fore. This in itself has already led to an increased support of social responsibility, and governments are forced to protect both the interests of workers at their workplace, as well as their social interests. In a future South Africa one could expect this trend to continue.

As South African trade unions move into maturity - compared to trends in international trade unionism - one would expect trade unions to be less concerned about the wages and working conditions of their members, and employees would start to "question the absolutism of managerial authority and the managerial right to sole decisionmaking..." (Bendix, 1992: 128).

Bendix (1992:128) points out that in countries where change in sociopolitical values had occurred, employees "expect to find greater personal satisfaction and meaningfulness in their work" and adds "... being generally better educated, employees question the absolutism of managerial authority and the managerial right to sole decisionmaking. ... Employees themselves have become more aware and more knowledgeable, and aspirations have increased."

Finnemore and van der Merwe (1992:217) see trade unions in a future South Africa as follows: "Unions, while no longer seen as communist-inspired organisations by an intolerant public, may come under pressure from their own political parties to scale

down their demands for the common "good." Employers will not get away with overt union bashing strategies ... and will find that justice at the workplace will involve much more than merely a legal requirement. Justice administered solely according to the norm and prerogatives of management will be replaced by a system with a wider legitimacy."

An indication of the nature of future trade union-employer relations can be gained by studying the draft charter accepted by Saccola and Cosatu in August 1992 (Cargill, 1992:14-16). Of this charter Liebenberg (*in* Cargill, 1992:14) says: "In the history of our country, I don't think employers and trade unions have ever stated jointly that we believe in a united, sovereign state in which all will enjoy a common citizenship."

5.7. THE EXTENT AND STATUS OF TRADE UNIONISM IN SOUTH AFRICA

As employees are a major stakeholder group in companies, most employees of large companies belong to trade unions. The extent of trade unionism in South Africa would give one an idea of the importance of this particular stakeholder group:

The Department of Manpower's report for 1990 stated that 967 619 members belonged to registered Black trade unions, and Black and Coloured membership amounted to 1 228 619 - total registered membership was 2 458 712 (*in* Bendix, 1992:344).

The South African Labour and Development Research Unit identifies 182 trade unions who were not affiliated to any labour federation at the beginning of 1990, with paid-up membership of just over one million members (Bendix, 1992:567).

Various trade union federations also exist: Cosatu had 14 affiliated unions in 1991, with a paid up membership of 983 181; NACTU had 24 affiliated unions, with a total of 278 068 members, and SACOL with six affiliated unions and 85 811 members (SALDRU *in* Bendix, 1992: 568-570).

Because equal employee rights in trade unionism only became a reality in 1979, and the political dispensation has started to change in 1990, industrial relations in South Africa are still very young.

In the early 1980s South African trade unions still negotiated with employees about wages, job security, and fair treatment of employees, whereas these issues are considered basic in other Western countries. In the later 1980s more advanced issues were discussed, but a minimum living wage would still be on the collective bargaining

agenda of trade unions for quite some time. Bendix states: "Yet, in general the role of trade unions ... was reminiscent of early trade unionism in Europe and America (1992:559). However, as the political dispensation in South Africa is changing, one can expect the nature of industrial relations to change as well."

Although the South African political dispensation is changing, trade unions will still retain their political role for quite some time - this might even increase at first. The trade union movement would be part of political negotiations in an effort to improve their members' social and economic situation.

Bendix (1992: 561) confirms this by stating: "Any government which takes office within a democratic South African state will initially be expected to legislate in favour of employees. This is so because those who have hitherto been disenfranchised still regard themselves as exploited within the work situation and still view the present government as prejudiced towards big business."

Furthermore, during the political transition process trade unions will still be considerably active, as they will have to establish their ability to protect workers' interests in a future political dispensation.

5.8. TRADE UNIONS AND SOCIAL RESPONSIBILITY

The values, interests, perceptions and attitudes of employees essentially differ from those of employers: "Employees may view themselves as a disadvantaged class, may not have the same work ethic as the employer or may expect the employer to practice social responsibility according to the perception of this concept" (Bendix, 1992: 95). This, in itself, would make it necessary for social responsibility issues to become part of the collective bargaining process.

The following statement by Bendix (1992: 129) also has important implications for social responsibility: "As a result of the sociopolitical and economic transition and changes in individual values and attitudes, the labour relationship has come to be viewed not merely as an economic relationship ... but more as a socioeconomic partnership where both parties have equal rights, where the decisionmaking process is shared between managers and employees or their representatives, and where profits are distributed on a more egalitarian basis."

As was pointed out earlier, social objectives are important parts of trade union objectives. Below follows an extract from COSATU's objectives: "To secure social and economic justice for all workers. To strive for just standards of living, social

security and fair conditions of work for all. To facilitate and coordinate education and training of all workers ..." (in Bendix, 1992: 374).

In its Draft Worker's Charter SACTU specifies certain social goals (in Bendix, 1992: 590): "All workers shall have the right to live with their families in decent housing near their place of work. Workers shall be paid a wage which enables him/her to satisfy the minimum needs of the family."

Trade unions have to a large extent influenced the social responsibility activities of companies, as many companies were forced to accept social responsibility programmes in order to prove that they were not supporters of the apartheid system. To a large extent many companies, especially those that have overseas interests, negotiated both with the South African government, as well as with other political parties in an effort to bring about political change. Finnemore and Van der Merwe (1992:93) make an important observation: "Collaboration with union officials and local community groups is considered essential if these programmes are to be seen as legitimate."

Van Gass (1990) undertook a study which focused on the specific implications social responsibility has for labour relations. He summarises his main conclusion as follows (1990:129) "...organised labour is a key stakeholder group which not only impacts on the rules of the workplace but to a large degree influences the behaviour of society as a whole." He (1990:116-120) also points to the opinions trade unions have towards social responsibility programmes undertaken by South African companies. These are not discussed here, as these opinions are an essential part of the study at hand. Basic elements which are mentioned are general skepticism that companies use social responsibility to soothe their consciences or to improve the images of companies, without focusing on the social benefits; and the fact that companies focus on social factors, rather than primarily on the economic well-being of their employees.

Van Gass (1990:121) also mentions that "Little research has been done on union attitudes pertaining to social responsibility programmes in South Africa."

Van Gass' view on the labour relations dimensions of corporate social responsibility programmes (1990:141-142) seems particularly important, and also has implications for the study at hand: "It is clear that labour relations issues cannot be separated from social responsibility issues ... Trade unions play a pivotal role in the social responsibility debate ..."

Brogden and Veitch (1992:52) state that companies have to address certain important issues as part of strategic management if they were to survive the social and political turmoil prevalent in the South African society. The issues they discuss are social responsibility; recruitment and training; and company values and culture.

They also comment that trade unions generally have a negative view of social responsibility undertaken by South African companies (1992:58), and that trade unions want to participate in social responsibility decision-making. The importance of the study at hand is also emphasised: "To answer these questions satisfactorily requires time, research, patience and most importantly a change in attitude to labor by management."

5.9. SUMMARY

Trade unions exist not only to protect their workers' interests in the working place, but also to represent their social and other interests. Therefore, although the economic goals of trade unions will always be the most important, socio-political and social welfare goals would have to be met as well.

South African trade union history is essentially coloured by politics, mainly due to the country's political history. This implies that negotiation with companies would essentially have a political flavour.

However, the trade union movement in South Africa is closely linked to social responsibility, and will have to be linked to social responsibility if company management is to satisfy its employees as stakeholder group. Gaining an insight into trade unions' attitudes towards social responsibility will assist company management in making effective strategic decisions regarding social responsibility.

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CHAPTER SIX: THE BOARD OF DIRECTORS AND SOCIAL RESPONSIBILITY

6.1. INTRODUCTION

A company is one of the three most common types of business enterprise and can be distinguished from the sole proprietorship and partnership by the fact that its shareholders only carry risk proportionate to their shareholding.

Although some kind of company did exist in Britain in the eighteenth century, the public company as we know it today only developed after the Industrial Revolution. It is for this reason that the basis for the development of the company as business enterprise is essentially British in nature.

The very first general company act was passed in Britain in 1844 (in Van Heerden, 1978:2). This act made it possible for companies to become legal entities by officially registering. Companies registering under the act had unlimited liability, but amendments made to the act in 1855 facilitated the registration of companies where shareholders only had limited liability.

Cilliers and Benade (1982:4) state that a formal definition of the concept "company" is not available, and describes the company loosely as "an association of persons for the common object of the acquisition of gain."

Companies are not the object of discussion of this chapter, and is therefore not discussed in fine detail. It is necessary, however, to focus on some of the important characteristics of companies. The focus of this chapter is, however, on the board of directors, their functions and responsibilities.

6.2. CHARACTERISTICS OF COMPANIES

6.2.1. Legal personality

Companies in South Africa become legal personalities after registering within the provisions of the Company Act. This enables a company to acquire rights and duties in exactly the same way an individual does. Furthermore, the legal personality implies that a company could never be empowered to convey itself unlawfully. The legal personality is deemed to have the same characteristics as a natural person: "It is a living being which wills and acts as such through its organs" (Cilliers and Benade, 1982:9). These "organs" are the board of directors, or a managing director.

Leveson (1970:3) explains the legal personality of a company as follows: "The company is at law a different person altogether from the subscribers to the memorandum, and though it may be that after incorporation the business is precisely as it was before, and the same persons are managers, and the same hands receive the profit, the company is not in law the agent of the subscribers or trustee for them."

6.2.2. A separate entity

Due to its legal personality, the company is a separate entity, which implies that the company's assets and liabilities are separate from those of its members, and that members can thus not be held responsible for any debts of the company. It also means that the profits belong to the company, and members can only receive part of those profits if the company declares dividends.

6.3. CONDUCT OF COMPANIES

"...the general meeting of shareholders can be seen as the fundamental and ultimate repository of power in the corporate structure. ... Other such parties or bodies are the board of directors, committees of directors, the managing director, the secretary, employees of the company, and the company's agents who may but need not be appointed from the ranks of the abovementioned" (Cilliers and Benade, 1982: 261).

It has always been an issue to determine who of the above parties are the most important, and who has the final power or authority. This is decided by the provisions of the articles of a company. Cilliers and Benade (1982: 263) note however, that "where powers are vested in the members and directors concurrently it would seem that the final say would rest with the members as the superior body, and in the case of concurrent powers of directors and managing directors the final say would similarly rest with the directors", but warns that "If the directors were to be at the beck and call of a mere chance majority of attending shareholders, other members of the company could be seriously prejudiced."

Gower (*in* Cilliers and Benade, 1982: 265) also states "...that apparently in law and definitely in practical fact the general meeting is no longer alone the company's primary organ. The company's power is divided between the general meeting and the directors who can disregard the wishes of the shareholder in all matters not specifically reserved (in the Act or articles) to a general meeting."

6.4. THE BOARD OF DIRECTORS

Any company registered in South Africa must have a director or directors (in Van Heerden, 1978:4). The number of directors, and composition of the board of directors, are determined by the articles of association of the company.

No company is obliged to lay down a share qualification for directors, but if such requirements are put forth, directors must be allowed two months to comply. The following persons are disqualified from becoming directors (Benade and Cilliers, 1982: 309): body corporates, minors or other persons with legal disabilities, a person disqualified by provisions of the Act, unrehabilitated insolvents, a person retrenched from a trustworthy position because of misconduct, and persons found guilty and sent to prison with the option of a penalty for theft, fraud, forgery and perjury.

In the same vein, the Company Act does not lay down any specific qualifications, especially regarding skill and ability, for directors to comply with. However, it should be clear that companies would, when appointing directors, select those directors who comply with the standards and necessary capabilities and skills applicable to the particular company.

6.4.1. Rights and duties of directors

The Company Act does not specifically stipulate that directors should be responsible for the management of a company, although certain guidelines are provided: "...the directorate conceptually exists to undertake the management of the company or, at least, to assume responsibility for it" (Cilliers and Benade, 1982: 323).

Leveson (1970:50) presents a very good exposition of the role of the board of directors in the company: "The essence of the matter, therefore, is that the board of directors is the nerve centre of the company. It is the instrument through which the decisions of the company are expressed. It is the medium through which effect is given to the aims and objectives of the company. Its members, sitting as a body, decide the policy of the company. Some of its members, as employees, may execute that policy, but it is always for the board to see that its decisions are carried out, whether by individual directors in terms of their contractual obligations or whether by other employees."

Drucker (1977:540-41) states that the board of directors has three tasks: It is a review body, which advises top management on important issues. Although they really have a control function, they also offer objective information and perspectives, and have to

ensure that decisions taken by the company are in spirit with company policies and corporate culture. The board also has to ensure that top management performs, or otherwise to replace them with competent top management. Finally, the board has a public relations function, in order to facilitate communication with all stakeholder groups. Drucker (1955:217-218) also states: "Somebody has to approve the decision what the company's business is and what it should be. Somebody has to give final approval to the objectives the company has set for itself and the measurements it has developed to judge its progress towards these objectives..."

Koontz, O'Donnel and Wehrich (1980:466-469) attribute the following tasks to directors: They have to protect the long-term interests of stockholders, employees, suppliers and other important publics of the company. Directors are responsible for determining enterprise objectives - especially those basic to the company's existence, and for the selection of top management necessary to oversee the long term running of the company, and ensuring that the company has a clear plan and checking that these plans are carried out correctly. Other functions include the approval of budgets, securing long term existence of the company and the maintenance of earnings.

The extent to which directors are responsible for the running of a company would depend on whether they are executive or non-executive directors: The executive director has to participate in the daily management of the company, while the non-executive director does not give long-term attention to company matters. Leveson (1970: 109) adds that "A director is not bound to give continuous attention to the affairs of his company." When directors act within the internal structure of a company, the acts of the directors and those of the company are exactly the same. In the case of external transactions the directors can only bind the company legally if they have authority to that effect.

Directors' responsibilities which result from common law include that company directors must honour their responsibilities towards their company. This includes that directors must act within the limits of their capabilities. Furthermore, directors must act within the limits of a relationship of trust, which means that they must prevent a clash of personal interests with those of the company. Information may not be used to the personal advantage of directors, and they must act with discretion to the advantage of the company. Directors' capabilities should be used for the purpose it was meant, and they must act with the necessary care and skill.

6.4.2. Composition of the board

The board of directors usually comprises the chairman, the managing director and the directors, who can be executive directors and non-executive directors.

Companies need not appoint a chairman, and in most cases the chairman is not an executive of the company. He is selected by the board of directors for a specific time period. Although the chairman has exactly the same power as the directors, he does have improved status, especially since he delivers a report at general meetings, and makes public announcements concerning the company.

The managing director is usually appointed when some directors in the company cannot fulfill their obligations to the company on a full-time basis. "Upon him devolves the day-to-day management of the company's business and he is usually given powers which he is entitled to exercise without reference to the board" (Leveson, 1970:55).

Executive directors render their services full-time to the company, but need not have entered into a service contract with the company. Non-executive directors, on the other hand, "owe their sole status to the fact that they have been elected to serve on the board of directors, and, when sitting with others as a body, formulate the policy of the company" (Leveson, 1970:56).

6.5. FACTORS INFLUENCING THE BOARD

The board of directors is increasingly influenced by both internal and external pressures. These include demands from shareholders, trade unions, employees, and consumers. These pressures not only influence the board's ethics, but essentially also the decisions they make. Mills (1985: 180) states that the board of directors has a responsibility towards "... the law at large, the customer, the community, through the law; the shareholders; the creditors and the lenders."

The current economic climate in South Africa, coupled with the resultant social conditions, as well as the current political transformation process, all put increasing pressure on the board of directors in an effort to satisfy all their stakeholders.

As has been pointed out in the previous chapter, trade unions increasingly demand participation in management decisions. This participation could be problematic for

companies, but could also facilitate employee satisfaction and productivity. The board of directors must consider ways of enabling productive and acceptable worker participation.

Although the Company Act defines companies as lifeless entities, companies cannot act in isolation. It should be recognised that legislative measures merely exist to prevent a company from abusing its environment, but, as stated in Mills (1985:60) "... a company, like a natural person, must be recognised as having functions, duties and moral obligations that go beyond the pursuit of profit and the specific requirements of legislation."

Shareholders are very often considered to be the owners of companies, and that they are therefore the most important stakeholder group. One should consider, however, that "the shareholders do not own the company or the assets. They own shares, which gives them certain rights. The company only belongs to them, in a formal sense, at a time of dissolution, and even then they come last in the list of interested parties" (Mills, 1985:181). The first responsibility of directors is thus towards the company as an entity, and shareholders would be part of the lower level of responsibilities.

Shareholders are, however, in a position to expect certain behaviour from the board of directors. Their agreement or disagreement with the board of directors could be expressed by utilising their vote at annual general meetings. However, in the case of small individual shareholders, it is very doubtful whether the shareholders would be able to change the composition of the board.

Mills points out that not even institutional shareholders are in a position to change decisions made by the board, and the only real power they have is to change the composition of the board if they disagree with the decisions made by the board. Leveson (1970: 86) comments that "... the shareholder of today seldom looks upon himself as part of that association; he is really a supplier of capital, and his only interest is the return he will get from his investment."

6.6. THE BOARD OF DIRECTORS AND SOCIAL RESPONSIBILITY

Based on the company's legal personality, it should be clear that a company as such could not carry any responsibility, including social responsibility. However, the board of directors, and as such the individual directors, would carry such a responsibility as part of their management task. Although opinions do exist which question whether the company or directors have any such responsibility, these are not discussed here, as they were discussed as a separate part of this study. As the study accepts social

responsibility as an important and basic strategic management decision, the nature of such a responsibility is reaffirmed here.

Because companies exist within a wider system, as was discussed extensively in previous chapters, and because companies receive benefits from such a system, it is implied that they also have a responsibility to uphold and support the players in such a system.

To determine exactly what these social responsibilities of the board of directors are, is particularly difficult. However, as was discussed in this chapter, as the organ responsible for the objectives, essential nature and management of the company, the board of directors would be instrumental in social responsibility management. The board of directors will have to accept responsibility especially when company profits are utilised for social responsibility activities.

Social responsibility management decisions will also be regulated by the provisions of a company's articles of association. Therefore, should the articles prevent donations directors would have to act accordingly (Van Heerden, 1978: 175).

6.7. SUMMARY

Due to the fact that companies are legal entities, and therefore not natural persons, the board of directors are essential in providing life to the company.

Although the board of directors are not exclusively appointed to manage a company, they have to accept responsibility for the management of the company. This implies that they have to accept responsibility for determining the company's main objectives, for determining what the company's business is to be, and they have to protect the interests of both the external and internal stakeholders of the company. This in itself implies that a degree of social responsibility will have to be implemented by the board of directors.

As the board of directors essentially consists of natural persons, it should be clear that the attitudes, expectations and opinions of the board would be instrumental in the management of social responsibility within a company, and that a study of these attitudes, expectations and opinions would provide insight into social responsibility as such.

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PART THREE: EMPIRICAL RESEARCH

CHAPTER SEVEN: THE THEORETICAL BASIS OF CONTENT ANALYSIS

7.1. INTRODUCTION

If one wishes to study or analyse the extent of the social responsibility behaviour of a company, three research instruments could be employed, namely the social audit, reputational ratings or content analysis. The choice of an instrument would depend on the availability of adequate quality information and a large enough sample group (Abbott and Monsen, 1979:502).

The social audit was referred to and shortly discussed in Chapter Three. Based on the conclusion reached there, as well as the fact that only a selected few companies are using this technique, it is not considered a viable research instrument.

Reputational ratings are probably the easiest technique to apply and derive results from, but offer the following disadvantages: It is difficult to find a large enough sample group who would be knowledgeable about all the subjects to be included in a representative study. Reputational ratings are also subjective, and are influenced by the predisposition of the particular sample member to the company or to social responsibility.

The third research instrument, namely content analysis, is the subject of this chapter.

7.2. DEFINITION OF CONTENT ANALYSIS

Weber (1989:9) probably presents the least complex definition of content analysis: "Content analysis is a research methodology that utilizes a set of procedures to make valid inferences from text. These inferences are about the sender(s) of the message, the message itself, or the audience of the message."

Holsti discusses various definitions of content analysis by different researchers, and goes on to explain that the boundaries of content analysis are broadening. Before suggesting a final definition, however, it would be useful to study the characteristics or salient features of content analysis (in Lindzey and Aronson, 1968:597):

- **Objectivity:** Any scientific research method should comply with this. It implies the formulation of precise rules in order that two different persons could obtain the same results (make the same inferences) while using the same documents.
- **Systematical:** A systematic analysis is necessary to ensure the scientific analysis of data, and means that "all the relevant content is to be analysed in terms of all the relevant categories" (Berelson *in* Stone, Dunphy et al., 1966:11).
- **Generality:** This feature requires that findings have theoretical relevance, and therefore scientific purpose.
- **Making inferences:** The making of inferences is the primary purpose of content analysis, and should therefore be included in any definition of the concept. This means that certain deductions can be made from the content studied. These deductions would vary according to the purposes of the particular study.
- **Specified categories:** In order to make inferences, specific aspects of the contents should be measured. The choice of categories (aspects of contents) and the construction thereof are important components of content analysis, as inferences made are based on this.

Some researchers also add a further feature, namely quantitative. This is motivated by the fact that content analysis invariably facilitates the expression of qualitative data in quantitative form (Cartwright *in* Festinger and Katz, 1953:424).

Without diluting the definition of content analysis, it is felt that a broad definition of the concept would probably facilitate better understanding of the concept and its possible uses for this particular research study: Content analysis can be seen as a scientific research method which conforms to the principles of objectivity, systematical analysis and generality; and which enables the making of inferences based on the presence (or absence) of specified categories of content.

7.3. PURPOSES AND USES OF CONTENT ANALYSIS

The following statement by Holsti probably explains best why content analysis is used: "Communication, the most basic form of human interaction, is necessary for any enduring human relationship ... It therefore follows that the study of the processes and products of communication is basic to the student of man's history, behavior, thought, art, and institutions" (1969:1).

Weber (1989:9) proposes eleven purposes for which content analysis could be utilised, namely to:

- " * disclose international differences in communication content
- * compare media or "levels" of communication
- * audit communication content against objectives
- * code open-ended questions in surveys
- * identify the intentions and other characteristics of the communicator
- * determine the psychological state of persons or groups
- * detect the existence of propaganda
- * describe the attitudinal and behavioral responses to communications
- * reflect cultural patterns of groups, institutions, or societies
- * reveal the focus of individual, group, institutional or societal attention
- * describe trends in communication content."

Holsti (1969:42,43) adds the following to the above: Content analysis can be used to study the trends in content, to relate characteristics of communicators to their messages and to measure communications content against specific standards. Other uses include the analysis of style and persuasion. Berelson (in Krippendorff, 1980:33,34) also adds that content analysis can be used to "reflect attitudes, interests, and values ("cultural patterns") of population groups."

The above uses or purposes of content analysis are classified into three main categories by Cartwright (in Katz and Festinger, 1953:424), namely that category where a study is made of the nature of the content itself; the second category where inferences are made about the communicators; and finally the category where an interpretation is made of the content, and inferences are made about the effect of the content on its specific audience, or about the audience itself.

7.4. ADVANTAGES AND DISADVANTAGES OF CONTENT ANALYSIS

Bailey (1978:267) suggests that content analysis offers a variety of advantages, which includes the fact that persons or groups which are usually inaccessible by the researcher can be studied. Furthermore, the sample studied cannot react to the interviewer in any way, which implies that data which is gathered cannot be manipulated by subjective responses or interviewer bias. Content analysis also facilitates the studying of sample groups over an extended period of time, which makes the identification of trends possible. The method furthermore makes it possible to study larger samples, and at a relatively low cost, especially as public

documents are usually easily accessible in either archives or libraries. Finally, analysis is usually easier, as most public documents are typeset and written skillfully. Other advantages include that documents can be copied, that data can be analysed more than once and can be reused for further studies (Stone, Dunphy et al., 1966:19).

As with any other research instrument, content analysis also offers some disadvantages, which include that of bias. Because public documents are published to influence the public in one way or other, the contents could be either exaggerated or even fabricated in favour of a favourable public image (Bailey, 1978:269). Other disadvantages include that especially older documents could be in a bad condition, and that the documents can be incomplete regarding the research matter, especially if the purposes of the communicator's content and/or document differ from that which the researcher wishes to study. It is also possible that appropriate documents for a particular study are not available, so that sampling bias can occur. Documents also do not allow for the study of nonverbal behaviour, and do not conform to the same formatting standards. Finally if a study is to be made of documents over time, the data will have to be adjusted, as concepts, the meaning thereof, or the application thereof, may change over time.

7.5. METHODOLOGY OF CONTENT ANALYSIS

Bailey (1978:278) states that the five primary tasks of the content analyst are to

1. Draw the sample of documents.
2. Define the content categories.
3. Define the recording unit.
4. Define the context unit.
5. Define the system of enumeration."

7.5.1. Drawing the sample of documents

As with any other sampling process, this process firstly requires that a sampling frame is compiled, and then that a sample is drawn. The purpose of the research study will, to a large extent, influence the type of documents chosen. Other influencing factors would be the quality of documents and the availability thereof.

Holsti (in Lindzey and Aronson, 1968) suggests a multistage sampling procedure, which consists of three steps, namely the selection of sources of communication, followed by the sampling of documents, and finally the sampling within documents.

The first step serves to identify all the relevant communications sources from which information can be gathered. Once all appropriate sources have been identified, a sample of these should be selected if the researcher has an unmanageable quantity of documents. The sampling method used, as well as the size of the sample, will be influenced by a variety of factors which would include, *inter alia*, the generalisation of results, the validity and reliability of results, and finally efficiency. The third step, namely sampling within documents, would be used in the case of comprehensive documents, or where only a part of the document has applicable information.

7.5.2. Definition of content categories

This step will eventually facilitate the coding of qualitative data, in order that it can be quantified. Holsti (*in* Bailey, 1978:278) requires that content categories "reflect the purposes of the research, and be exhaustive, mutually exclusive, and independent." The categories chosen should facilitate the achievement of the objectives set for the study, enough categories should be chosen, and duplication should be prevented.

Berelson states both the complexity and importance of this task: "Content analysis stands or falls by its categories," (*in* Lindzey and Aronson, 1968:644). He goes on to suggest different types of categories which could be used. This is represented in Table 7.1.

TABLE 7.1.

ALTERNATIVE CONTENT CATEGORIES

WHAT IS SAID - CATEGORIES

Subject matter:	What is the communication about?
Direction:	How is the subject matter treated?
Standard:	What is the basis on which the classification by direction is made?
Values:	What values, goals, or wants are revealed?
Methods:	What means are used to achieve goals?
Traits:	What are the characteristics used in description of people?
Actor:	Who is represented as undertaking certain acts?
Authority:	In whose name are statements made?
Origin:	Where does the communication originate?
Target:	To what persons or groups is the communication directed?
Location:	Where does the action take place?
Conflict:	What are the sources and levels of conflict?
Endings:	Are conflicts resolved happily, ambiguously, or tragically?
Time:	When does the action take place?

HOW IT IS SAID - CATEGORIES

Form or type of communication:	What is the medium of communication?
Form of statement:	What is the grammatical or syntactical form of the communication?
Device:	What is the rhetorical or propagandistic method used?

Source: Berelson, B. in Lindzey, G. and Aronson, E. (eds). 1968. The Handbook of Social Psychology. Vol. 2. Massachusetts: Addison-Wesley Publishing Co.

It could be useful if content categories are standardised, as this would facilitate the comparison of studies in different countries, over different samples and over time. This would aid the development of a comprehensive database which could act as a guideline and basis for further research. This standardisation does present some

difficulties, however, since the purposes of research studies may vary, and because concepts (and therefore categories) and their definitions are likely to change over time.

7.5.3. Definition of the recording unit

The recording unit is also called the unit of analysis, and usually comprises all or some of the following: a single word or symbol, a theme, a character (person), a sentence or paragraph or an item (Bailey, 1978:281).

A word is the smallest unit which can be employed, but in the case of lengthy documents the individual words may be too exhaustive to use, as it will complicate the researcher's task. This method is more reliable, however, than those using paragraphs, sentences or themes (Weber, 1989:23).

A theme refers to the purpose or goal of a document, or part thereof. Determining the boundaries thereof is, however, a much more complex task, and interpretation would also leave results open to the criticism of subjectivity. The use of a character as a recording unit is very limited, and will usually be utilised when the contents of novels, plays or dramas are studied.

Identifying the boundaries of a sentence or paragraph is relatively easy, but this usually contains one or more topics or themes and thus complicates the analysis. The item is interpreted as an entire document, and because of its exhaustive nature, is usually not applicable for research purposes.

7.5.4. Definition of the context unit

In order to ensure that the recording unit is interpreted correctly by the encoder, it is (sometimes) necessary to define the context within which the recording unit is to appear. This is done by identifying a number of indicators which would aid the determination of whether or not a specific recording unit should be included in a specific category.

7.5.5. Defining the system of enumeration

This step is necessary in order to quantify data. Bailey (1978:283) identifies four ways in which data can be quantified: Firstly, by indicating whether the category appears or not; secondly, by indicating the frequency with which the category appears; thirdly,

by indicating the amount of space the category takes up, and finally, by indicating the intensity with which the category is presented.

Deciding which method of quantification to use will depend on, *inter alia*, the purpose of the analysis and the type of document to be studied. Holsti (*in* Lindzey and Aronson, 1968) offers guidelines for deciding which system of enumeration to utilise.

Using the amount of space as a system of enumeration is easy, but lacks precision for the measurement of attitudes and values. Determining the appearance of a recording unit is an easy method with high reliability if the coder does not have to take the context unit into account as well. Even if the context unit is taken into account, data can be quantified easily. Frequency as a system of enumeration is used most commonly, but any researcher using this method of measurement "incorporates two related assumptions into his research design. First, he assumes that the frequency with which an attribute appears in messages is a valid indicator of some variable such as focus of attention, intensity, value, importance ... Second, he assumes that each unit of content ... should be given equal weight with every other unit ..." (Holsti *in* Lindzey and Aronson, 1968:650).

Intensity as a system of enumeration is most often used in studies of values and attitudes. This is a more complex method, however, especially since appropriate attitude scales will have to be constructed.

Once the above steps have been completed, the researcher would continue to actually code the necessary information. There are, however, two further aspects which should be considered by the researcher in his research design, namely validity and reliability (Bailey, 1978:288).

7.6. VALIDITY AND RELIABILITY

Krippendorff (*in* Weber, 1989:16) states that three types of reliability are applicable to content analysis, namely stability, reproducibility and accuracy.

Stability refers to the fact that the results of content analysis should be the same over time. This a researcher can establish by coding the same data more than once and comparing results. Reproducibility, also known as intercoder reliability, refers to the situation where two different coders obtain the same results while coding the same content. Accuracy refers to the way in which codification conforms to a specific standard.

Weber (1989:18) defines validity in two distinct ways: "If the same construct is measured by two different methods, and the resulting variables are highly correlated, then these variables are valid indicators of the construct." In terms of social responsibility one can prove construct validity by undertaking both content analysis and reputational ratings in order to measure the extent of social responsibility actions. If the results of both studies are highly correlated, one would conclude that the content analysis study has construct validity.

Weber considers face validity as the weakest form of validity. He states that "A category has face validity to the extent that it appears to measure the construct it is intended to measure" (1989:19). This is, however, very difficult to determine, but can be enhanced by determining construct validity.

Hypothesis validity is present "if in relationship to other variables it "behaves" as it is expected to" (1989:20). "A measure has predictive validity ... to the extent that forecasts about events or conditions external to the study are shown to correspond to actual events or conditions." Weber points out that content analysis usually does not have predictive validity. Krippendorff (in Weber, 1989:21) states that semantic validity is apparent when "persons familiar with the language and texts examine lists of words ... placed in the same category and agree that these words have similar meanings or connotations."

7.7. PREVIOUS STUDIES ON SOCIAL RESPONSIBILITY USING CONTENT ANALYSIS AS RESEARCH INSTRUMENT

Cochran and Wood (1984) have undertaken a study to determine the relationship between corporate social responsibility and a company's financial performance. This study does not use content analysis, but reputational ratings. Their comment is important, however, to researchers considering or evaluating the use of content analysis: "Neither content analysis nor reputation indexes can be considered wholly adequate measures of CSR ... Yet, at the moment there obviously are no better measures available" (Cochran and Wood, 1984:44).

Ingram (1978) has also studied the information content of social responsibility disclosures in an attempt to determine the relevance of disclosures to investors. Ingram comments that various suggestions have been made for reporting of social responsibility data, but that only a few of these methods have been studied

empirically. He refers to the study undertaken by Belkaoui in 1972 (1978:271), which concluded that the disclosure of pollution costs does in fact influence investment decisions.

Ingram's study assumes that "capital markets are efficient, in which case the information content of new announcements will be immediately and unbiasedly impounded into security prices" (Ingram, 1978:271). He studied information disclosed in the annual reports of Fortune 500 companies between May 1970 and April 1976. Five categories of social responsibility behaviour were identified, namely environmental issues, fair business practices, personnel, community involvement and product issues.

Ingram found that "the information content of firms' social responsibility disclosures is conditional upon the market segment with which the firm is identified" (1978:283). He goes on to suggest that information content studies should differentiate between the findings of different industrial sectors.

Preston (1978) describes the most important methods by which corporate social responsibility can be analysed, and studies the impact of social reporting. He states that any measurement system should conform to the following requirements (1978:137): It should refer to a comprehensive list of social performance dimensions; particulars should be specified, and preference should be given to quantification; emphasis should be on actual output, results or experience and the measurement system should be uniform, but nevertheless flexible.

Preston (1978:143) finds that very few studies have been undertaken to determine whether social performance reporting does in fact impact on a company's stakeholders.

Bowman and Haire (1975) undertook a study with the objective of determining the relationship between corporate social responsibility and profit performance. Corporate social responsibility behaviour was measured by counting the lines of prose devoted to social responsibility in annual reports.

The results of their study are very briefly summarised here: It was found that one cannot - from the content analysis study - determine whether social responsibility behaviour influences profits either positively or negatively. Companies devoting an average amount of attention to social responsibility devoted approximately 3,63% of an annual report to the issue. Companies reporting a higher percentage thus devoted an above average amount of attention to social responsibility.

In their study Abbott and Monsen (1979) develop a corporate social involvement disclosure scale based on the annual reports of the Fortune 500 companies. They note that the measurement of corporate social responsibility is underdeveloped, mainly due to the unavailability of information, and the identification of an appropriate measuring instrument.

They refer to, and present the results of content analysis studies undertaken by Ernst and Ernst during 1973 and 1974. These findings were validated by comparing it with the reputational ratings from a study by Vance. It was found that there was a high correlation between the reputational ratings of businessmen and the findings of the Ernst and Ernst-study.

Their conclusion is consistent with that of Cochran and Wood (1984:44): "The self-reported social disclosure method of measuring corporate social responsibility involvement, despite its own drawbacks, was found to have significant advantages as a technique for measuring corporate social responsibility ..." (1979:514,515).

The only South African study identified which used content analysis, is that undertaken by Wilkinson in 1989. Wilkinson used the Chairman's Reports in the annual reports of companies listed on the Johannesburg Stock Exchange. The content categories were derived from interviews with executives of the selected companies. The theme was used as recording unit, and the amount of space allotted to the category was used as the system of enumeration. Validity was determined by obtaining reputational ratings.

He found that the reputational ratings and content analysis scores were statistically dependent, but that the relationship was not strong enough for one measure to predict the other. Furthermore, it was found that companies with an above average reputational rating had an equal chance of having an above or below average content analysis score.

The results obtained by Wilkinson must be interpreted while keeping in mind that only the chairman's statements were measured, while companies might also reveal social responsibility information in the rest of the financial statement, or in other corporate publications.

Most of the studies described above can be considered as exploratory in nature, as no previous studies using content analysis to study social responsibility have been undertaken. The above studies therefore serve as guidelines for future studies. Certain shortcomings are identified, however: the studies do not describe the

research methodology in detail, which implies that no comparative studies can be undertaken by other researchers. Furthermore, every researcher must basically develop his own research methodology, which makes it difficult to develop a comprehensive research base.

Finally, the statistical manipulation of data, and the determination of validity and of reliability are not discussed in detail, which hampers the development of better content analysis studies in future.

7.8. SUMMARY

It would seem that a perfect research instrument for the measurement of social responsibility behaviour by companies does not exist.

Nevertheless, content analysis offers more advantages for social responsibility measurement than any of the other research instruments available to the researcher, despite the fact that it is a more complex method. It would be scientifically more advantageous to validate content analysis studies by using one of the other research instruments, but it is necessary to first consider what the exact purposes are of the research project, as well as the content analysis study, before such a decision is made.

Previous content analysis studies on social responsibility were exploratory in nature, and all future studies will also be explorative, unless researchers indicate clearly on which basis their study was planned, so that future researchers can build on that, in order to aid the establishment of a comprehensive science of content analysis for social responsibility purposes.

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CHAPTER EIGHT: EMPIRICAL RESEARCH UTILISING CONTENT ANALYSIS

8.1. INTRODUCTION

After the previous chapter, the theoretical nature of content analysis should be clear. This method is definitely not the easiest method for assessing the extent of social responsibility activities, but nevertheless seems to be more objective and comprehensive than other methods of social responsibility measurement.

The choice of content analysis as a research instrument is partly influenced by the time and budget limits the researcher is subjected to. Nevertheless the objectives of the study must prevail when the final selection of a research instrument is made.

This chapter discusses the nature and results of the empirical research study which was undertaken, and which entailed the analysis of the annual reports of selected public companies in South Africa.

8.2. CHOICE OF A RESEARCH INSTRUMENT

In the previous chapter three research instruments which could be used to study the extent of social responsibility behaviour were identified, namely the social audit, reputational ratings and content analysis.

Although some form of social accounting has been widely advocated (see Chapter Three), no real success has yet been achieved in the implementation of such an accounting method, therefore no universal accounting method has been widely accepted by companies. Wilkinson (1989) also found that only a few South African companies actually use any formal social accounting method. For this reason, the social audit is not a viable research instrument for this particular study.

According to Abbott and Monsen (1979:503) the reputational rating is a commonly used research instrument, especially when public opinions about a particular social subject are measured. Reputational ratings are easy to administer and derive results from, but as this particular study includes a sample of various companies, it would be particularly difficult to find a representative sample group where every sample member will be adequately knowledgeable about the social responsibility behaviour of all the companies included in the sample. Furthermore, reputational ratings also tend to be subjective, as every sample

member's rating will be influenced by his/her predisposition to the company to be rated or by his/her predisposition to social responsibility.

Content analysis is chosen as a research instrument primarily because of its relative advantages compared to the previously mentioned instruments. These advantages were discussed in the previous chapter, and include that information is readily available, that objectivity is enhanced because individual sample members cannot influence the content retrospectively, that social responsibility disclosures can be studied over an extended period of time, that a relatively large amount of documents (annual reports) can be studied at low cost, that documents are easily accessible, that documents are typeset and written skillfully, and finally, that documents can be analysed more than once.

Despite the many advantages discussed above, certain disadvantages were also identified in Chapter Seven, of which the most important one is probably the fact that because annual reports are published to influence the company's stakeholders, the contents could be overly positive. Furthermore, the exact information which the researcher wants to obtain, might not be available in the document - in the case of annual reports a company could refrain from disclosing any social responsibility activities, because it has a separate corporate publication with this information. This would influence findings negatively. Other aspects which would complicate the study include the problems experienced when sampling documents and sampling within documents, and the definition of adequate content categories. It is felt, however, that the information which could be obtained with content analysis is valuable enough not to dismiss the research instrument based on the disadvantages it offers.

8.3. PURPOSE OF THE EMPIRICAL STUDY

As discussed in the introduction, this particular part of the study has the objective of determining the extent of social responsibility disclosure in annual reports, whilst utilising content analysis as research instrument.

8.4. RESEARCH METHODOLOGY

In the previous chapter the research methodology of content analysis was identified as consisting of five steps, namely drawing the document sample, defining the content categories, the recording unit, the context unit and the system of enumeration.

8.4.1. The sample of documents

To ensure the easy availability of information, the sampling frame consisted of the annual reports of public companies listed on the Johannesburg Stock Exchange. In order that corporate disclosure could be studied over an extended period of time, the annual reports were studied over a period of ten financial years, ranging from the 1981/1982 financial year to the 1991/1992 financial year. In this way trends in social responsibility disclosure could be identified.

The companies included in the study were those Financial Mail Top 100-companies which had been part of the Top 100 for the financial years identified above. Companies which had changed ownership in this time were excluded, in order that a comparative sample could be utilised. The Financial Mail Top 100-companies were chosen, because the companies included there are fairly large and established, which could imply that some form of social responsibility behaviour would be undertaken by these companies. These companies could also be considered as leaders, and their social responsibility disclosure could thus act as guideline for smaller and less established companies. Furthermore, information on these companies are more easily obtainable than in the case of less established companies. As this study is largely exploratory in nature it is deemed necessary to include companies which are large, well established and of which the necessary information is readily available.

The documents used in the study were the annual reports of the companies to be included in the study, for each of the financial years identified.

Annual reports were chosen for various reasons. The most important reason is that companies listed on the Johannesburg Stock Exchange have to publish annual reports once every financial year, as stipulated in the Company Act. This ensures the easy availability and accessibility of these documents for research purposes. Furthermore, the annual report is considered to be "the most important document a listed company issues," (Annual Reports and Corporate Confidence Building; May 1990:22) and includes not only financial information, but other optional information which the company uses to "mould the opinions" (Annual Reports and Corporate Confidence Building; May 1990:22) of the various stakeholder groups it considers as important and relevant.

Based on the above, one can postulate that companies which consider social responsibility as an important activity about which stakeholders should be informed, will voluntarily disclose some form of information on the subject in its annual report.

Bowman and Haire (1975:50) justify the use of the annual report for their study by stating that companies have wide latitude in what they include in the report, which could range from detailed information about social responsibility commitment, to absolutely nothing if they choose to do so. They came to the conclusion that socially responsible companies do in fact disclose more about their social responsibility activities than do less socially responsible companies.

Furthermore, the objective of financial statements is defined as follows: "...to report on those activities of the enterprise affecting society which can be determined and described or measured and which are important to the role of the enterprise in its social environment" (in Spicer, 1978: 94). For this reason, one would expect companies to disclose social responsibility activities in their annual reports rather than in any other corporate publication.

Abbott and Monsen (1979:506-507) discuss the advantages and disadvantages of utilising annual reports for the purposes of content analysis. The limitations of the annual report include that companies can either underreport social responsibility activities, if they fear retribution from shareholders who might consider these activities as having a negative influence on their share in the company profits; or an exaggeration of facts might occur because a company wishes to project as positive an image as possible.

Advantages identified by Abbott and Monsen that make the annual report a particularly useful document for content analysis, include the fact that because of the easy availability of documents, a larger amount of companies can be studied at a relatively low research cost, and that no cooperation is necessary from companies as annual reports are distributed to a large variety of individuals and institutions, such as research and public libraries. Furthermore, the reliability of the results can be determined as the study can be replicated relatively easily.

The annual reports of thirty six companies for the financial years identified earlier, were obtained either directly from companies, or from various research libraries in South Africa. A complete list of the companies included in the study is presented below. To ensure the cooperation of all companies, confidentiality had to be guaranteed, and therefore individual companies will not be linked to particular research results.

TABLE 8.1.

LIST OF COMPANIES INCLUDED IN THE STUDY

AECI LIMITED
 AFRICAN OXYGEN LIMITED
 AMALGAMATED RETAIL LIMITED
 ANGLO AMERICAN LIMITED
 ANGLO-ALPHA LIMITED
 ANGLOVAAL LIMITED
 ARGUS HOLDINGS LIMITED
 ASSOCIATED FURNITURE COMPANY LIMITED
 BARLOW RAND LIMITED
 BLUE CIRCLE LIMITED
 CONSOL LIMITED
 DORBYL LIMITED
 EDGARS STORES LIMITED
 ELLERINE HOLDINGS LIMITED
 EVERITE HOLDINGS LIMITED
 GRINAKER HOLDINGS LIMITED
 HIGHVELD STEEL LIMITED
 IRVIN AND JOHNSON LIMITED
 LTA LIMITED
 MCCARTHY GROUP LIMITED
 METKOR GROUP LIMITED
 MURRAY & ROBERTS LIMITED
 NAMPAK LIMITED
 OK BAZAARS LIMITED
 PICK 'N PAY STORES LIMITED
 PREMIER GROUP HOLDINGS LIMITED
 PRETORIA PORTLAND CEMENT LIMITED
 REMBRANDT GROUP LIMITED
 ROMATEX LIMITED
 SAPPI LIMITED
 SENTRACHEM LIMITED
 SA BREWERIES LIMITED
 THE IMPERIAL COLD STORAGE COMPANY LIMITED
 TIGER OATS LIMITED
 TOYOTA SOUTH AFRICA LIMITED
 USKO LIMITED

The companies represent various branches of industry and sectors of the JSE. A summary of which sectors of the JSE these companies represent, is given in Table 8.2. It is important to note, however, that these companies cannot be seen as representative of all companies listed on the JSE, but - as was pointed out earlier - were included, based on the fact that they were part of the Top 100 Financial Mail companies from 1981/82 to 1991/92.

TABLE 8.2.**SECTORS OF THE JSE REPRESENTED**

INDUSTRIAL HOLDING	6
TOBACCO & MATCHES	1
BEVERAGES & HOTELS	1
FOOD	4
PAPER & PACKAGING	3
CHEMICALS & OILS	2
ENGINEERING	3
BUILDING & CONSTRUCTION	5
RETAILERS & WHOLESALE	3
STEEL & ALLIED	1
MOTORS	2
PRINTING & PUBLISHING	1
CLOTHING, FOOTWEAR & TEXTILES	1
FURNITURE & HOUSEHOLD	3
TOTAL	<u>36</u>

Therefore fourteen of a total of 44 sectors on the JSE are represented, although it should be noted that many of the industrial holding companies have interests in companies that operate in other sectors. Therefore a wide spectrum of companies are actually included, so that the social responsibility disclosures should be indicative of activities in a wide selection of sectors.

8.4.1.1. Sampling within documents

Wilkinson uses the chairman's report in the annual report for his study, and states that "In most companies CSR activities are driven by the upper level of management, in many cases the Chairman himself. For these reasons the Chairman's statement is regarded as a good indicator of the company's attitude, goals, and values" (Wilkinson, 1989:47).

However, Abbott and Mosen (1979:506) came to the conclusion that "Whereas the disclosures in 1973 tended to be distributed more or less equally among the president's letter, a special section, or the general body of the report, about one-half of the disclosures are in the general body of the 1974 reports."

It is expected that this trend identified by Abbott and Mosen could be even more enhanced at present, and therefore the following contents of the annual report were analysed to ensure that all possible disclosures are studied: The chairman's statement,

the goals, objectives or purposes, and any separate section included in the annual report which deals with the social responsibility behaviour of the company such as manpower or social reports. An exposition will be given of where in the annual reports disclosures were located.

8.4.2. The content categories

This step in content analysis has been identified as the most important (Stone, Dunphy et al., 1966:9). In the previous chapter it was stated that the content categories chosen should facilitate the achievement of the objectives of the study, that enough categories should be identified and that duplication should be prevented.

The objective of the content analysis study has been stated very broadly, namely "to determine the extent of social responsibility disclosure", therefore the content category will be the "subject matter" - based on Berelson's identification of alternative content categories (in Lindzey and Aronson, 1968:644).

The "subject matter" includes social responsibility and all activities undertaken by the company which are related to social responsibility. These activities have been identified in Chapter Three, and this identification guides the definition of content categories for the empirical research study. The definition of content categories was refined by studying some of the annual reports to ensure that adequate categories were identified, and by consulting with experts on the subject, to ensure that the terminology was clear and mutually exclusive.

The content categories used by Ernst and Ernst, and represented in Abbott and Monsen (1979:505), and the categories used by Bowman and Haire (1975:50) and Ingram (1978:273) were also used as guidelines. The full list of content categories identified, is presented in Table 8.3.

TABLE 8.3.**SOCIAL RESPONSIBILITY ISSUES AND INDICATORS****CONSUMERISM**

- * Customer Relations
- * Product-related Behaviour

EMPLOYMENT AND TRAINING

- * Remuneration and Employee Benefits
- * Employee Counselling
- * Industrial Relations
- * Health and Safety
- * Training
- * Equal Opportunity

ENVIRONMENTAL CONTROL

- * Pollution Control
- * Rehabilitation of Environment
- * Conservation
- * Waste Management

URBAN RENEWAL AND DEVELOPMENT**COMMUNITY INVOLVEMENT**

- * Welfare and Charity Support
- * Small Business Development
- * Education
- * Culture and Arts
- * Medical Care

GOVERNMENT RELATIONS

- * Influence on Legislation and Government Policy

Specific problems were experienced in the identification and definition of content categories: The identification of appropriate categories was a relatively easy task, as the various social responsibility activities identified in Chapter Three could be used for this. However, the identification of appropriate indicators for each of these categories was much more complex, especially since every company uses different terminology, which made the identification of standard indicators difficult. Furthermore, the absence of categories and indicators utilised in previous studies required the researcher to study a vast amount of documents in order to ensure the identification of comprehensive categories.

Apart from the basic problems experienced above, Abbot and Monsen (1979:506-507) also state that the categories formulated could possibly not be comprehensive enough,

and therefore all social responsibility issues could not be identified, which will therefore give lower scores to companies than their actual behaviour warrants. On the other hand, the more comprehensive the identification and formulation of content categories, the more complex the research task is bound to become. Furthermore, it is impossible to identify all the possible content categories which could be used, as activities of companies are bound to differ.

The identification of categories is complicated even further by the two requirements to which the final analysis must conform, namely "systematic and objective" (Stone, Dunphy et al., 1966:11). "Objective" implies that the procedure utilised should be made very clear, so that future analysts would be able to duplicate the study exactly. Berelson (in Stone, Dunphy et al., 1966) interprets "systematic" as implying that all the relevant content should be analysed according to all the relevant categories. In order to conform to the requirement of objectivity, it was necessary to define explicit categories, which could in future be used by other analysts. As the object of the study is to determine the extent of social responsibility disclosure, and not to determine attitudes towards social responsibility, only expressions of actual social responsibility-related behaviour, or a commitment to undertake such behaviour, was included, and not general comments about these activities.

8.4.3. The recording unit

In Chapter Seven seven different recording units were identified, namely words and symbols, themes, characters, sentences, paragraphs or items.

A single word was chosen as recording unit for this particular study, because it is more reliable than using paragraphs, sentences or themes, and because items and characters as recording units were rendered inapplicable.

Utilising single words as recording unit required careful consideration of all possible words which could be used, as well as a clear definition of those words. All possible synonyms also had to be identified.

The study of Bowman and Haire (1975:49-58) utilises the theme as recording unit, and therefore "social responsibility" is used as the theme. The disadvantage thereof, however, is that one can only deduct from the study the extent of total social responsibility disclosure, without any indication of the specific activities undertaken by the company. This prevents one from determining exactly what companies consider as social responsibility behaviour, and the relative importance of different social responsibility activities. Wilkinson (1989) also utilised the theme as recording unit.

8.4.4. The context unit

Since many of the activities identified as being socially responsible - such as environmental control, employment and training, and others - can be interpreted differently if used in a different context, it is necessary to define the exact context within which the different words are to appear, in order to conform to the requirements of reliability and validity. This was done by identifying a number of indicators (as shown in Table 8.3.) which would enable the inclusion (or exclusion) of a recording unit in a specific content category.

8.4.5. The system of enumeration

Four alternative systems of enumeration were identified in the previous chapter, namely indication of whether a category appears or not, indication of the frequency of appearance, indicating the space allotted to the category and indicating the intensity of appearance.

The purpose of the study would essentially be the determining factor when the system of enumeration is chosen. As this study aims to determine the extent of social responsibility disclosure, the amount of space allotted to social responsibility was chosen as system of enumeration. This was done by counting the number of lines of text devoted to social responsibility, broken down into the different activities identified. This method has also been used by Bowman and Haire (1975:49) and by Wilkinson (1989:50), although these researchers did not differentiate between different social responsibility activities.

Festinger and Katz (1953:459) identify this system of enumeration as seemingly the most popular one, and indicates that it offers definite advantages, such as "reliability and susceptibility to mathematical manipulations."

8.5. RESEARCH FINDINGS

Table 8.4, offers a summary of the number of companies with social responsibility disclosures, as well as an indication of the percentage of companies with disclosures.

An average of 71% of selected companies participated in social responsibility activities, and disclosed it in their annual reports. This confirms the prior assumption that the companies which were part of the Financial Mail Top 100 companies for a longer time period could be taken as a norm to gain insight into the nature of social responsibility activities in South Africa. However, it should be clear that activities undertaken by these

companies cannot act as an indicator of what other companies are doing. But, as these companies are leaders in their field one could expect that their attitudes and actions would definitely influence decision-making of other companies.

TABLE 8.4.

TOTAL NUMBER OF COMPANIES WITH SOCIAL RESPONSIBILITY DISCLOSURES

YEAR	NUMBER OF COMPANIES	PERCENTAGE OF COMPANIES
1982	30	83
1983	28	78
1984	26	72
1985	25	69
1986	27	75
1987	25	69
1988	25	69
1989	27	75
1990	24	67
1991	21	58
1992	22	61

From the above table it becomes clear that less companies had social responsibility disclosures in 1992 (61%), than in 1982 (83%). It might seem contradictory to the fact that social responsibility expenditure has increased significantly over the past few years (refer Chapter Four), and that social responsibility has indeed been rated a more important undertaking by companies. However, it should be considered that content analysis only indicates whether disclosures were made, and does not indicate the intensity of social responsibility activities or the extent of social responsibility expenditure.

The only plausible reason for the decrease in the number of companies with social responsibility disclosures could be the fact that companies seem to have devolved authority to controlled companies in the group, and are therefore reporting social responsibility activities in the annual reports of controlled companies; or that companies have established a chairman's fund to manage social responsibility, and that disclosures are now settled in publications of such a chairman's fund.

TABLE 8.5.

LOCATION OF SOCIAL RESPONSIBILITY DISCLOSURES

YEAR	-----PERCENTAGES-----			
	OBJECTIVES	CHAIRMAN'S STATEMENT	SEPARATE SECTION	TOTAL
1982	1.8	58.4	39.8	100
1983	4.7	58.8	36.5	100
1984	7.5	69.0	23.5	100
1985	7.9	43.8	48.2	100
1986	8.3	48.7	43.0	100
1987	9.2	50.8	40.0	100
1988	7.2	51.1	41.7	100
1989	5.6	53.6	40.8	100
1990	9.6	50.3	40.1	100
1991	4.7	43.3	52.0	100
1992	2.8	58.4	38.8	100

According to this table the chairman's statement is considered as the most appropriate vehicle for social responsibility disclosures, with separate sections and objections increasingly being devoted to the subject. This would support the viewpoint that social responsibility is increasingly becoming an important part of companies' strategic decision-making.

An average of 53.2% of social responsibility disclosures are located in the chairman's statement. This percentage was relatively stable over the period, with 69% of social responsibility disclosures in 1984 located in the chairman's statement.

Separate sections are identified as the second most important location for social responsibility disclosures (average of 40%), and companies increasingly committed themselves to social responsibility until 1990 as evidenced by the higher disclosure of social responsibility behaviour in the objectives.

It is interesting to note, however, that the 1991/1992 annual reports show a different trend: more focus on the chairman's statement, and less on the objectives and separate section. Whether this is an indication of a new trend remains to be seen, and future research studies would have to be undertaken. However, one has to consider that companies could have, due to budget restrictions, elected to focus less

on social responsibility disclosure for this particular year, and could possibly disclose more in a following year.

TABLE 8.6.

EXTENT OF SOCIAL RESPONSIBILITY DISCLOSURE

YEAR	PERCENTAGES			
	OBJECTIVES	CHAIRMAN'S STATEMENT	SEPARATE SECTION	TOTAL
1982	10	6	45	10
1983	26	7	60	11
1984	21	6	49	9
1985	22	4	58	8
1986	22	4	42	8
1987	22	4	69	9
1988	31	6	52	11
1989	26	6	55	11
1990	36	5	99	10
1991	36	4	69	9
1992	39	5	51	8

From Table 8.6. one can see that companies devote between 10% and 39% of their objectives to a commitment towards social responsibility. This is favourable if one considers that objectives express the essential nature of a company, and also include commitments towards employees, external stakeholders and the economical well-being of the company.

Only 4 to 7% of the chairman's statement is devoted to social responsibility, and this represents the bulk of social responsibility disclosure (see Table 8.5.). This figure has to be interpreted whilst considering that the chairman has to comment on a large number of issues in his statement, and that only a small proportion of prose can be devoted to social responsibility.

Between 42% and 99% of the separate sections contain social responsibility disclosures. Although this percentage is high, it must be considered that these separate sections usually deal specifically with social responsibility-related issues, such as human relations, customer relations and product information.

In summary, an average of 9.5% of the annual report (consisting of the objectives, chairman's statement and separate sections) is devoted to social responsibility issues. This figure has remained more or less stable over the period studied, which would indicate that companies are not devoting more space to social responsibility in their annual reports than they used to, and in essence it becomes clear that one would have to measure actual social responsibility expenditure to determine whether companies' commitment to social responsibility has changed over this time period.

TABLE 8.7.

DETAILED BREAKDOWN OF CONTENT AREAS

SOCIAL RESPONSIBILITY ISSUES	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
	PERCENTAGES										
CONSUMERISM											
CUSTOMER RELATIONS	3.0	5.5	3.0	4.5	1.1	1.7	2.1	1.2	9.9	1.4	3.8
PRODUCT-RELATED BEHAVIOUR	3.8	6.4	6.5	1.9	3.7	2.2	2.5	1.5	1.4	2.1	2.0
EMPLOYMENT AND TRAINING											
REMUNERATION & BENEFITS	31.3	22.2	27.2	31.6	20.6	26.8	21.2	19.0	20.7	11.2	11.5
EMPLOYEE COUNSELLING	0.4	3.5	1.1	1.1	2.9	0.0	4.1	6.0	4.0	4.7	2.7
INDUSTRIAL RELATIONS	13.1	19.0	17.4	16.1	18.5	20.6	15.9	12.5	19.7	18.3	15.8
HEALTH & SAFETY	2.6	3.1	8.1	7.9	6.4	8.2	12.5	4.7	3.9	5.4	3.6
TRAINING	22.2	18.3	20.6	18.9	18.9	18.1	18.9	15.2	9.7	18.0	15.9
EQUAL OPPORTUNITY	5.8	7.5	5.7	3.7	5.9	6.2	6.2	3.0	3.0	4.2	3.1
ENVIRONMENTAL CONTROL											
POLLUTION CONTROL	0.0	0.0	2.0	0.0	1.8	1.7	0.0	0.0	1.6	0.0	0.0
REHABILITATION OF THE ENVIRONMENT	10.5	0.5	0.9	1.1	0.6	0.8	0.5	0.3	0.6	0.0	0.4
CONSERVATION	0.0	1.2	0.0	2.2	0.7	1.2	0.1	3.3	4.0	5.9	8.1
WASTE MANAGEMENT	0.0	0.8	0.0	0.0	0.0	3.1	0.8	1.8	2.5	0.6	0.3
URBAN RENEWAL AND DEVELOPMENT											
URBAN DEVELOPMENT	0.0	0.0	0.0	0.3	0.9	0.3	0.4	1.9	0.1	2.7	2.2

TABLE 8.7. (Continue)

DETAILED BREAKDOWN OF CONTENT AREAS

SOCIAL RESPONSIBILITY
ISSUES

1982 1983 1984 1985 1986 1987 1988 1989 1990 1991 1992

-----PERCENTAGES-----

COMMUNITY INVOLVEMENT

WELFARE & CHARITY

SUPPORT

6.9 9.1 2.8 3.7 8.1 4.4 3.5 2.1 4.9 1.6 4.7

SMALL BUSINESS

DEVELOPMENT

1.0 0.0 0.2 3.9 0.1 0.0 0.3 8.4 1.0 12.6 12.4

EDUCATION

7.3 2.8 4.2 2.9 8.1 0.4 10.7 15.9 10.4 5.6 10.1

CULTURE & ARTS

0.2 0.0 0.0 0.0 0.0 0.0 0.0 1.5 0.1 2.8 0.8

MEDICAL CARE

1.5 0.0 0.0 0.0 0.1 0.0 0.0 1.7 0.9 2.8 2.7

GOVERNMENT RELATIONS

INFLUENCE ON

GOVERNMENT POLICY

0.0 0.0 0.3 0.0 1.2 0.0 0.4 0.0 1.2 0.0 0.0

Table 8.7. presents one with a detailed breakdown of companies' disclosure of their social responsibility activities per social responsibility issue (number of lines devoted to each social responsibility issue as a percentage of the total number of lines devoted to social responsibility)

From this table one can see that companies consistently disclosed more about their remuneration and benefits between 1982 and 1988 than about any other activity. This is followed by disclosures of industrial relations and training activities. In 1989 and 1990 more disclosures were made about education than about training.

Of the activities which favor external stakeholders, the most space was devoted to education, followed by equal opportunity and welfare and charity support. Small business development gained more importance since 1989.

Table 8.8. aggregates the social responsibility measures by social responsibility issue, which gives an index of the relative emphasis of every issue. The social responsibility issues are ranked by the results of the 1992-analysis.

TABLE 8.8.

RELATIVE EMPHASIS OF SOCIAL RESPONSIBILITY ISSUES

INDICATOR	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992
EMPLOYMENT AND TRAINING	35.3	33.7	33.3	28.7	24.7	27.8	25.2	20.8	29.4	28.5	27.6
COMMUNITY INVOLVEMENT	7.6	5.4	7.8	7.8	6.6	3.8	7.2	9.6	7.5	8.7	9.5
CONSUMERISM	9.5	9.5	12.0	16.0	12.5	12.5	11.0	8.5	11.3	6.4	5.5
URBAN DEVELOPMENT	0.0	0.0	0.0	5.0	5.0	2.0	2.0	5.0	4.5	4.8	5.2
ENVIRONMENT CONTROL	2.8	2.3	1.8	2.3	2.3	3.5	1.5	2.3	3.6	2.9	3.2
INFLUENCE ON GOVERN- MENT POLICY	0.0	0.0	2.0	2.0	2.0	0.0	2.0	0.0	1.5	0.0	0.0

From this table one can deduct the relative importance of various stakeholder groups to companies:

Employees are rated the most important stakeholder group, although the percentage of companies with disclosures regarding employment and training have decreased steadily over the period studied. An average of 28.6% of companies disclose information about activities which directly benefit their employees.

Customers seem to be the second most important stakeholder group (an average of 10.4%), followed by the community (an average of 7.4%), although the community is ranked second in 1992. Urban development is ranked fourth - mostly because of large companies' support of the Urban Foundation.

Emphasis on environmental matters has increased considerably over the period being studied, while government relations as a social responsibility issue receives the least attention, although many of the chairman's statements include a call on the government

to react in a specific way. It becomes clear that very little is actively undertaken by South African companies to convince government to change its policies - compared to the active lobbying by private enterprise in the United States of America.

More insight could be gained from these rankings once they are compared with the results of the attitude study to be undertaken.

8.6. SUMMARY

It becomes clear that fewer companies disclose information about their social responsibility activities in their annual reports over the period studied. The reasons for this can only be determined by further research studies, such as identifying and analysing all possible publication companies could use for social responsibility disclosure.

The chairman's statement is still proven to be the most important part of the annual report for locating social responsibility disclosures, and more use is being made of special separate sections.

Employees are proven to be companies' most important stakeholder group - based on the fact that the highest percentage of companies disclosed information about social responsibility activities which favour their employees. Employees are followed by customers and the community as important stakeholder groups.

In conclusion, valuable insight is gained from the content analysis study, although certain shortcomings were experienced and identified.

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CHAPTER NINE: THE MEASUREMENT OF ATTITUDES: THEORETICAL CONCEPTS

9.1. INTRODUCTION

In the Introduction the main objective of this study was defined as follows: "To measure the attitudes and expectations of executives and of major internal stakeholders, namely employees, regarding social responsibility; and to determine the correlation between the attitudes and expectations of management and the identified stakeholder group. Based on the results, suggestions are made for the adjustment of social responsibility strategies to consider these attitudes and expectations in order to increase the acceptability and support of social responsibility programmes by stakeholders."

In order to reach this research objective it is necessary to develop the necessary measuring instrument and to formulate the research design. It is important that the complete research design should be based strongly on scientific grounds, so that results can be interpreted sensibly and meaningfully, and can be generalised.

It could also be useful to compare research results with those of studies previously undertaken and completed. These studies not only serve as a starting point for one's own study, but also serve the purpose of enhancing one's own findings in order to gain a better perspective of the subject being studied. As was pointed out earlier, attitudes do change over time. Therefore, any study undertaken now can be compared meaningfully with previous studies in order to gain insight into attitude changes. Furthermore, results obtained can become the basis for management decision-making during social responsibility management.

When one studies the theoretical background and bases of attitude measurement one quickly reaches the conclusion that many different approaches exist and are advocated to a greater or lesser degree. To discuss all those approaches will not only take up a lot of space, but will also confuse the reader and lead to unnecessary duplication. Therefore, this chapter focuses only on the major approaches, and on those which would actually underlie research in this project.

9.2. DEFINITION OF ATTITUDES

Attitudes were defined in the introduction to this study, but that definition could be supplemented by the definition of Anastasi, who defines an attitude as "... a tendency to react favorably or unfavorably toward a designated class of stimuli, such as a national or racial group, a custom, or an institution" (Anastasi, 1976:543). In the same vein as that presented in the introduction, Summers (1970:1-2) summarises various alternative definitions of attitudes by presenting the following salient features: "... attitude is a predisposition to respond ... rather than the actual behavior ... attitude is persistent over time ... attitude produces consistency in behavioral outcroppings ..." and "attitude has a directional quality."

The definition of attitude presented by Cook and Selltiz (*in* Summers, 1970:23) is probably the best for research purposes: Attitude is defined as "...an underlying disposition which enters, along with other influences, into the determination of a variety of behaviors toward an object or class of objects; including statements of beliefs and feelings about the object and approach-avoidance actions with respect to it."

This definition is important, in so far as it acknowledges the fact that "other influences" shape a person's attitudes. Two categories of other influences are identified, namely characteristics of the individual, and characteristics of the situation (*in* Summers, 1970:24).

9.3. THE IMPORTANCE OF ATTITUDES

The importance of attitudes can be clarified by referring to the role of systems theory in business management, and acknowledging the fact that businesses operate within a system where their key stakeholders play an important part, and that these stakeholders need to approve of social responsibility if these programmes are to be accepted by the wider community.

How important attitudes are - irrespective of whether it is that of the company's management, employees, customers, or the general management - for management decision-making, becomes clear from the following: "A good corporate image is one of the most important single assets a company possesses. The objective of building a favorable image of a company, is to gain acceptance, not only for its products and services, but more especially, for its presence and its policies by the community or country in which it operates." "...The larger and more diversified the operation, the more exposed it is to public opinion and reaction. Therefore, the entire image of a

company, which ultimately reflects its management's attitudes, has become increasingly sensitive to the actions of special interest groups, consumer organisations, student unions, investors, religious and environmental agencies. And last, but by no means least, political activists, trade unions and opportunists" (Bewick, 1983:95).

The importance of studying the attitudes of various individual stakeholders is discussed widely in research material. Some of those viewpoints are presented here: Collins and Ganotis (in Stevens, 1979:304) state that knowledge of employee attitudes can aid management in implementing those social goals perceived as worthwhile. Furthermore, management will have advance knowledge to influence attitudes so that employees would be more prepared to accept the social goals their employers want to achieve. Goodt (1987:4) explains why it is important to study the attitudes of trade unions towards social responsibility: "Looking at social responsibility from a Black trade union perspective could ... possibly provide:

- * legitimate, authentic Black opinion on the relevant issues;
- * better understanding of what is bound to become a priority item on the trade union's negotiating agenda."

The most authoritative work on the measurement of attitudes towards social responsibility seems to be that of Ostlund (1977:35-49). He emphasises why knowledge about the attitudes of managers is important: "The inescapable issue for the corporate executive usually concerns implementation. That is, his or her opinions as to the "best" corporate social responsibility (CSR) policies may or may not agree with society's view, or with those of fellow executives. But regardless of attitudes toward any one social responsibility policy, the executive may well be left to undertake its implementation. The executive's degree of enthusiasm for the policy may well be reflected in the implementation timetable, however."

Schocker and Sethi (1973:98) summarise the importance of studying the attitudes and expectations of important stakeholder groups as follows: "An ever-growing number of individuals, groups and institutions are endeavouring to monitor corporate actions and inactions for indications of social responsible behavior and to develop strategies for exerting pressure on the corporations to change their behavior in a manner that is more in accord with the expectations of one or more of these groups.

- 1) Regardless of our preferences, the society is going to measure the corporation's performance according to some preconceived notions of good behavior.

- 2) Because the corporation is a social institution, it must alter its behavior from time to time to conform more closely to changing social expectations.
- 3) A pluralistic and democratically organised society is comprised of different groups. Each of these groups has its own goals, and hence, its own criteria for evaluating a corporation's behavior. Invariably, these criteria are broad and general, and their application encompasses a high degree of subjectivity. Moreover, such criteria are often poorly communicated to the organisation and frequently conflict in the guidance they provide for corporate action.
- 4) It is generally true that the corporation only imperfectly understands the consequences of inadequate response - the set of forces that will be set in motion if the corporation fails to live up to the expectations of various groups. Notwithstanding the inadequacy and imperfection with which it is understood, the process of action --> evaluation --> pressure --> reaction is a continuously occurring fact of life, and the corporation would be foolhardy to ignore the opportunity to understand it better."

Worcester (1972:65) emphasizes the importance of measuring stakeholders' attitudes as follows: "Research into these and other issues is necessary in order to understand the real world as it exists and not as a typical business executive thinks of it. ... Governments, politicians, companies and executives are making increased use of opinion and attitude research in an attempt to understand the demands of the public in solving social and environmental problems. A 'deaf ear' or 'blind eye' can no longer be turned to these issues, and people's level of concern about them is now, without question, going to affect business decisions. The attitudes of consumers, shareholders, employees and the general public must in the future be given full consideration when determining and planning business and government policies."

From the above discussion it should therefore be clear that monitoring - and possibly influencing - the attitudes of management and important stakeholder groups could be important if the company is to implement social responsibility on a successful basis. However, the starting point of attitude change and implementation of social responsibility policies would be to actually measure present attitudes.

9.4. METHODS OF MEASURING ATTITUDES

9.4.1. Self-report measures

The measurement of attitudes is fairly complex, especially since attitudes cannot be observed directly, but must be inferred in one way or the other (Summers, 1970:1). Summers (1970:3) comments about the inference of attitudes as follows: "What is called for as a basis of inference regarding attitude are specimens of behaviour that reveal the individual's beliefs, feelings, and action tendencies with respect to the object in question."

Five bases of inference are offered by Summers, based on that of Katz and Stotland, namely self-reports of beliefs; observation of behavior; reaction to or interpretation of stimuli which involve the attitude object; performance of tasks involving the attitude object and physiological reactions to the attitude object (Summers, 1970:4).

Self-reports are used most often, because they represent the least complex way of obtaining information. This method entails verbal or non-verbal communication between the researcher and sample members selected for the study. Tests can be used to collect information in four ways, namely by administering it individually or in a group, and by having it enumerated by the researcher or the respondents. This is discussed in great length by Summers (1970:5-10).

The group administered, respondent enumerated procedure is one used widely, as it saves time and effort if a large enough "willing" group of respondents can be found. Individually administered and researcher enumerated self-reports are used in the case of personal interviews, and is therefore more costly and time consuming.

The self-report method used most widely is probably the individually administered and respondent enumerated method, namely mailed questionnaires. This method is usually used in the case of a geographically scattered respondent group and a limited budget. Mailed questionnaires do, unfortunately, offer various disadvantages, including the fact that return thereof cannot be guaranteed, that it is impossible to determine whether the intended respondent answered the questionnaire and whether questions were interpreted in the way intended by the researcher.

Summers (1970:7) points out that "the use of self-reports as behavioral specimens is clearly the dominant approach to the study of attitudes." He points out, furthermore, that self-report measures should not be overemphasised, and should be used in conjunction with other methods. However, time and cost restrictions and the nature of the attitudinal

of the attitudinal object will determine whether this is possible. Henerson, Morris and Fitz-Gibbon (1978:21) comment as follows on self-reports: "Self-report procedures represent the most direct type of attitude assessment and should probably be employed unless you have reason to believe that the people whose attitudes you are investigating are unable or unwilling to provide the necessary information." Furthermore, they point out that the underlying assumptions of self-report procedures are that the subjects being assessed are themselves aware of their own beliefs and feelings, and that they can articulate them, and that the subjects will not lie about their attitudes.

9.4.2 Attitude scales

Attitude scales are used to provide a quantitative measure of a person's attitude toward an attitudinal object. It yields a total score which indicates both the direction and intensity of a person's attitude.

Anastasi (1976:546-552) discusses two types of attitude scales, namely Thurston-type scales and Likert-type scales:

Thurston-type scales are complex to construct, and time-consuming and was therefore rendered inappropriate for this study. Anastasi (1976:547-550) offers a detailed discussion of the development of Thurstone-type scales, and the problems associated with it.

The Likert-scale "consists of a series of attitude statements ... these sentences ... embody extreme statements, either clearly favorable or clearly unfavorable" (Henerson, Morris and Fitzgibbon, 1978:86).

Emory (1976:248) explains the process of constructing a Likert-type scale:

- Step 1: A large number of statements should be collected. These statements should meet two criteria, namely be relevant to the attitude being studied, and should reflect a favorable or unfavorable position toward the attitude.
- Step 2: A respondent group with the same characteristics as the one to be studied, should read and evaluate every statement by indicating the degree of agreement or disagreement with that statement.
- Step 3: Individual response values are added and a total score per person is obtained.

The Likert-type scales are not without disadvantages, however. Some of the disadvantages include that, although one can in fact determine whether a person has a favorable or unfavorable attitude towards a subject, one cannot determine to which degree the expressed attitude is favorable or unfavorable. Furthermore, the same total score can be obtained with a variety of answer patterns.

9.5 METHODOLOGICAL PROBLEMS WITH THE MEASUREMENT OF ATTITUDES

The most common problem experienced, is probably that of accuracy: Is a person revealing his genuine attitudes, or is he/she expressing public attitudes? Another problem which emerges, is whether the attitudes expressed are accurate indicators of a person's actions: Whether it actually represents what a person "does", rather than just what he "says". Cook and Selltiz (*in* Summers, 1970:23) identify two factors which give an indication of the way in which a person's attitude can be influenced: Firstly, some persons have a general tendency to agree (or disagree) with statements, regardless of the content of the statement; or to choose answers appearing in a specific position or moderate answers only; and secondly, a person might have a tendency to give a socially acceptable answer, rather than the actual attitude.

Other problems which the researcher has to cope with, is the proper formulation of questions, adequate sampling, control of the circumstances under which the study is undertaken, and the reduction of researcher bias.

With regard to the above, Thurstone (*in* Summers, 1970:129) comments as follows: "All that we can do with an attitude scale is to measure the attitude actually expressed with the full realisation that the subject may be consciously hiding his true attitude or that the social pressure of the situation has made him really believe what he expresses."

9.5.1 Reliability and validity

Summers (1970:8) comments that the meaning of attitude measurements can only be determined if accuracy can be ensured by calculating the reliability and validity of the measurements. This will ensure that at least some of the problems of attitude measurements are overcome.

Summers (1970:15) defines reliability of a measuring instrument "... as its ability to produce identical scores on repeated application to the same subjects in the absence of change in their true scores."

Ensuring that results are valid, is just as important, and means that the measuring instrument must indeed measure that which it is supposed to measure. Webb and Salancik (*in* Summers, 1970:318) offer a list of sources of research invalidity. This is represented in Table 9.1.

TABLE 9.1

SOURCES OF RESEARCH INVALIDITY

I. Reactive measurement effect

1. Awareness of being tested
2. Role playing
3. Measurement as change
4. Response sets

II. Error from Investigator

5. Interviewer effect¹¹
6. Change - fatigue (practice)

III. Varieties of sampling error

7. Population restriction
8. Population stability over time
9. Population stability over areas

IV. Access to content

10. Restrictions on content
11. Stability of content over time
12. Stability of content over areas

V. Operating ease and validity checks

13. Drop rate
14. Access to descriptive cues
15. Ability to replicate

Source: Webb and Salancik *in* Summers, G.F. (ed). 1970. Attitude Measurement. Chicago: Rand McNally & Co.

Emory (1976:120) distinguishes between external and internal validity. External validity refers to the extent to which one can generalise research results, while internal

validity refers to the extent to which the chosen research design actually measures what it aims to measure.

Emory identifies three major forms of internal validity, namely content validity, criterion-related validity and construct validity:

Content validity is the extent to which the topic which is being studied, is adequately covered. It is therefore important that the research instrument should contain a representative sample of the universe of the relevant subject matter. Content validity can be ensured by carefully defining the content being studied, the items to be chosen and the scales to be used, and then use a panel of judges to indicate how well the measuring instrument meets the standards.

Criterion-related validity "reflects the success of measures used for some empirical estimating purpose" (Emory, 1976:121).

9.6. PREVIOUS STUDIES ON THE MEASUREMENT OF ATTITUDES TOWARDS SOCIAL RESPONSIBILITY

Worcester (1972:61) points out that market research was first used in 1943 to measure changes in the social environment. The study, undertaken by Dr Claude Robinson, measured public opinion towards issues in the social environment.

In 1965 a study was undertaken in the USA to determine the public's opinion towards air and water pollution by companies (Worcester, 1972:63).

Dornoff and Tankersley (1975-1976:33-4?) undertook a study to determine how retailers perceived their social responsibility role, and how this perception differed between different kinds of retailers. The study found that retailers were more often concerned with profits than with social responsibility, and that significant differences existed in the perceptions of different kinds of retailers.

Holmes (1976:34-40) has conducted interviews with business executives about their opinions on social responsibility and outcomes of social involvement over a period of five years.

Opinions were measured with the aid of five statements on social responsibility on a Likert-type scale, while outcomes of social responsibility were determined by supplying a list of positive and a list of negative outcomes which might result from social responsibility, and asking executives which outcomes they expected would result

because of social responsibility involvement. Furthermore, executives had to indicate the factors which they considered as the most important considerations in the selection of areas of social responsibility.

Findings of this study included that opinions had changed considerably over a period of five years, that social responsibility was expected to yield more positive than negative outcomes - especially positive outcomes such as improved corporate reputation and goodwill; and that the competency of the company in handling some situations, and the seriousness of the social need were considered most influential for social responsibility decision-making.

Ostlund's study of manager attitudes (1977:35-49) was previously identified as one of the most authoritative research projects on attitude measurement regarding social responsibility.

Ostlund's study focused on six aspects, namely arguments for and against corporate social responsibility involvement, the level of priority of specific social responsibility areas, the extent of difficulty which managers see their corporations experiencing in the above social responsibility areas, the extent of manager involvement in policy formulation and implementation within each social responsibility area, management attitudes toward specific aspects of social responsibility activities and clarification of implementation difficulties.

General findings included that arguments against social responsibility were considered less important than arguments favouring social responsibility, and that opinions of top management and operating management seemed to agree most of the time. Equal opportunity hiring practices, pollution control and employee safety seemed to be the highest priority activities, and these were also activities which offered the most difficulty.

Top management executives were - as one would suspect - quite involved in social responsibility policy making, while operating managers seemed to be only slightly less involved. The same findings were reported in the case of the implementation of social policy. Attitudes toward specific areas of social responsibility were virtually the same, with only minor differences identified.

Sturdivant and Ginter (1977:30-39) have undertaken a study to "explore the relationship between corporate social performance as perceived by an external evaluator, and values and attitudes of top management."

The reasons for undertaking the study were presented as follows, and emphasises the importance of adequate knowledge of stakeholders (Barnett, 1985: 10): "... corporate policies and practices tend to have social consequences ... their observation over time by the corporation's various constituents leads to the shaping of an image related to social responsiveness ... it is assumed that corporate policies and practices reflect the values and attitudes of the top management group."

Companies were divided into a socially responsible and a socially irresponsible group, and definite differences in attitudes were identified: Managers of socially irresponsible companies followed traditional ethical values for moral decision-making, while managers of socially responsible companies were more concerned about individual rights and changes in the economic system. The economic performance of socially responsible companies was superior to that of irresponsible companies.

Brenner and Molander (1977) undertook a study to determine, inter alia, how executives felt about social responsibility. Two of the most significant findings included that respondents had overcome the "ideological barriers to the concept of social responsibility" and that it was therefore accepted as an agreeable objective for a business entity (Brenner and Molander, 1977:25). Secondly, customers were ranked as the main group to whom companies felt a social responsibility. Shareholders and employees were ranked lower than customers.

Furthermore, only 28% of respondents considered the profit motive as superior to social responsibility and only 23% saw social responsibility as a public relations exercise. Forty six percent of respondents felt that the concept of social responsibility was vague.

Abouzeid and Weaver (1978:29-35) have undertaken a study about how top executives perceived the status and position of social responsibility. This study found that companies considered the concept of social responsibility as ill-defined, and that it was not considered a prominent part of companies' goal hierarchies. However, executives were contemplating social responsibility as a major corporate goal.

Grunig (1979:738-764) identified the uncertainty a company experiences in deciding which social responsibility activities to support, as one of the problems in social responsibility management. He stated that the study of opinions could be considered as one of the criteria that should be considered in social responsibility decision-making, but pointed out that information about public opinions on social

responsibility is extremely limited. Grunig developed a measure which can be used to assess public opinions. The measure, which is based on situational theory is extensively discussed in the article.

The study was undertaken among two hundred Maryland residents, and found that business should focus on production of quality goods and services, and should attempt the alleviation of any negative consequences its behaviour might have. Furthermore, business should not be involved in education, charital support or any other activities not directly related to its activities. The public expressed genuine interest in the social responsibility activities of companies, and required more information about these activities. The relevant media for this information transfer was identified as business periodicals, personal communication with members of the public and published social reports.

The importance of communicating social responsibility activities undertaken by companies, was emphasised as follows: "Thus, it is important that business actively communicate what it is doing to be socially responsible if it is to reduce this high level of public frustration with business."

Wagenaar (1979) has undertaken a study to determine the attitudes and expectations of both business leaders and the community towards social responsibility. This study can definitely be considered as the most scientific and the most comprehensive undertaken on the subject of social responsibility attitude measurement in South Africa.

The most significant findings are briefly summarised here: The concept of social responsibility was accepted as part of business strategy. More positive attitudes were experienced toward social responsibility activities which favoured employees and community affairs, such as education. Business leaders expected that pressure for socially responsible behaviour would increase in future.

It was found that the community had far greater expectations of social responsibility than business leaders, but did not expect companies to undertake social responsibility to the detriment of profitability. Furthermore, the community experienced a lack of trust in businesses, as well as a lack of information about companies' purposes in the economic system.

Collins and Ganotis (in Stevens, 1979:303-320) have undertaken a study to determine employee attitudes towards social responsibility. Questionnaires were sent to the

managers of a specific company, and consisted of statements representing various attitudes towards social responsibility. Questionnaires were categorised into three, namely "Personal responsibility and sense of futility"; "Business-government-society interrelationship"; and "Contemporary social responsibility issues".

An important conclusion made by the researchers was that, because the employees of only one company was included in their study, the findings could be generalised for this company only. Nevertheless, the basis was laid for further research in this area.

Reeves and Ferguson-De Thorne's study (1980:40-55) measured the effects of social responsibility-related public relations messages on the attitudes that individuals had towards businesses. It was found that public relations messages were interpreted favorably in the case of companies which expressed some kind of social responsibility, and that biographical data could have had an influence on the actual attitudes expressed. The major limitation of this study is, however, that university students were used as sample members, and that the findings can therefore not be generalised to include the general public or certain stakeholder groups.

Chrisman and Fry (1982:19-26) noted that very little research has been undertaken about the social responsibility activities of small business. To rectify this in some way, they undertook a study into the attitudes and ideas of small businesspersons and some members of the general public.

A telephone survey was undertaken, and the following findings resulted: Small business owners knew more about social responsibility and its nature than did the general public, but they had less confidence in their social responsibility performance than the public had - possibly because the general public had lower expectations for small business. Customer relations and business ethics were identified as important social responsibility issues, followed by accurate advertising, economic survival, fair prices, the working environment and product quality.

Hooper (1983) undertook a study into the attitudes of companies operating in South Africa towards social responsibility, and the nature of their practices in the fields of benefit schemes, housing and educational assistance.

His study consisted, *inter alia*, of a mailed questionnaire sent to a selected sample of public companies listed on the JSE and of foreign-controlled companies operating in South Africa.

Fundamental findings included that differences did exist between South African companies and foreign-controlled companies: Foreign-controlled companies had a more positive attitude compared to South African companies, with regards to their responsibilities to employees.

The study undertaken by Ford and McLaughlin (1984:666-674) "... sought to determine whether or not business leaders and business educators are in agreement as to what practices are evidence of socially responsible behavior, how intensely these activities are being supported by business leaders, and what arguments for and against the acceptance of social responsibility have merit."

Both business school deans and business leaders expressed similar priorities for social responsibility activities, but deans perceived business support of social responsibility activities to be more limited than business leaders. Deans furthermore seemed to have a more cynical view of business behavior. Ford and McLaughlin concluded that more studies should be undertaken to compare the attitudes of business leaders with that of other stakeholder groups, because "the literature on social responsibility seems to be developing a certain smugness as to the degree to which agreement has been reached and disseminated on the definition of social responsibility" (Ford and McLaughlin, 1984:673).

Abratt and Urdang (1985:15-26) have undertaken a study to determine the nature and philosophy of business giving in South Africa. The study was undertaken amongst sixty three public companies on the JSE, and found that South African companies were socially responsible, and that social responsibility had been accepted as an integral part of business strategy. Furthermore, genuine interest in aiding society seemed to be the major reason for social responsibility, followed by the improvement of company image.

O'Neil (1986:64-76) undertook a study of American and European managers' attitudes towards social responsibility, business ethics and government's role in the economy.

Some of the findings included that European managers were sensitive to employee needs, while American managers considered stockholder expectations as a primary responsibility. Although American and European viewpoints might differ, it was found that attitudes towards social responsibility of managers of the two countries were essentially the same. This seems to confirm the viewpoint of Khan and Atkinson discussed below.

Khan and Atkinson (1987:419-432) have identified the need for further research on the attitudes of decision-making managers towards social responsibility.

Their study focused on a comparison of managers' attitudes towards social responsibility in India and Britain. The aspects included in the study were the following: "... (a) the relevance of social responsibility in the functioning of organisations; (b) the structural changes that are being introduced by the companies in India and Britain in response to social demands; (c) the perceived corporate involvement in social action programmes; (d) the problems encountered by the companies in implementing social responsibility programmes, and (e) how can the behaviour of organisations be monitored to ensure that all actions and their consequences are socially responsible" (Khan and Atkinson, 1987:420).

Significant findings included that managers in both countries accepted the relevancy of social responsibility to business, with social responsibility to employees, consumers, shareholders and government considered as equally important in both countries.

Managers in both countries agreed that the acceptance of social responsibility would probably lead to positive advantages for business - such as a better relationship between business and the public, a better working environment, enhanced customer relations and corporate image. British managers doubted whether tangible gains would be achieved, and expected some negative outcomes from social responsibility.

Furthermore, managers of both countries opposed an increase in legislation to enforce social responsibility, while they were in favour of written codes of social responsibility, but they did not consider this as a good method in which to promote or maintain social responsibility actions.

Khan and Atkinson (1987:425) divided social responsibility activities into three categories, namely urban affairs (employment and training, medical assistance, contribution to education, urban renewals and contribution to culture and arts); consumer affairs (design improvements, quality control, marketing improvements, customer services, customer information and education) and environmental affairs (air and water pollution, assistance to government for controlling pollution and 'other').

Employment and training, medical assistance and contributions to education were identified as the most important activities in the case of urban affairs in both

countries; while quality control and design improvements were perceived as the most important in the case of consumer affairs; and air and water pollution in the case of environmental affairs.

Other findings included that a limited number of companies - and then usually only the larger companies - had a written social policy statement, or have changed their organisational structure to include social responsibility.

The interesting final conclusion reached by the researchers reads as follows (Khan and Atkinson, 1987:431): "There is no evidence to suggest on the basis of this study that managerial attitude to social responsibility would vary significantly in two distinct cultures."

Levin (1987) undertook a study which investigated the philosophy and values of South African CEO's regarding social responsibility, as well as the nature of social responsibility actions and practices of organisations.

Significant findings included that companies accepted that they were predominantly economy-driven, that social responsibility was of long term advantage to companies and that it was undertaken mainly for reasons of self-interest. Furthermore, respondents feared stakeholder criticism if social responsibility was undertaken, while shareholders were regarded as the most important stakeholder group. Employees were considered the most important group to benefit from social responsibility actions, however. Social responsibility was generally perceived as a way of increasing profitability, while CEO's played a large part in the implementation thereof, although very few companies had a formal social policy.

Orpen (1987:89-96) undertook a comparative study of the attitudes of American and South African managers towards social responsibility. It was found that American companies expressed more favorable attitudes towards social responsibility than South African companies. South African companies expressed a lower acceptance of the statement that social responsibility actions will lead to an increase of profits, and furthermore felt that businesses should stay out of social responsibility, because managers lacked training in the handling of such matters. Differences in attitudes of managers in the two countries were contributed to the different expectations of the public in the two countries: South African managers felt that the South African public would expect less social responsibility support from customers, than did American managers from the American public.

In their study, which attempts to measure the relative importances of social responsibility components, Spencer and Butler (1989:573-577) concluded that the moral and ethical behaviour of companies is most important in determining social responsibility, while economic behaviour was judged the least important.

They finally concluded "... that managers who wish to improve perceptions of their firm's social responsibility would benefit by determining which decision criteria are emphasised by their key constituents in making this judgment. Management could then focus on improving performance in those specific areas. Such actions should lead to more positive judgments about their firm's social responsibility."

Louw (1990) undertook a study about the perceptions of managers in the food manufacturing industry about community matters. Factors which could possibly influence these perceptions, namely personal factors and situational factors, and the nature of the influence, were studied as well.

Louw reached the conclusion that situational factors have an influence on perceptions, while personal characteristics have no significant influence. Negative perceptions were identified towards the extension of the power base of trade unions, sub-economical housing, sharing responsibility with the government and political participation of top management.

Positive perceptions were identified towards all social responsibility activities which would be advantageous to the employees of the company, such as sick leave and pension benefits, and educational assistance. This is a trend which one would probably identify generally, because companies would view their employees as the most important stakeholder group - at least for social responsibility activities.

The final conclusion, with regard to social responsibility reached by Louw, was that managers in the food manufacturing industry considered social responsibility as one of the lowest priorities for growth and survival, and considered such activities as being limited by economic efficiency and profit maximisation.

Teoh and Shiu (1990) undertook a study to determine what the attitudes of institutional investors would be towards social responsibility involvement, and whether social responsibility information disclosed in annual reports would influence their decision-making.

They found that investors rated financial information as much more important than social responsibility information for decision-making purposes. Nevertheless, respondents did have a favourable attitude towards social responsibility, and

supported companies' social responsibility involvement. It was found that social responsibility information would be rated as more important if this information would be presented in a quantitative and financial format, rather than in the more usual descriptive format. Criticism against present disclosures included that it could be "window-dressed" and therefore overly positive, and not detailed enough.

Preston, Fuggle and Siegfried (1990) undertook a study to determine what attitudes business leaders and ecologists, respectively, would harbour towards "corporate social funding" of environmental conservation. "Corporate social funding" was defined as "a willingness to fund programmes to the benefit of society out of money that would otherwise be part of shareholders' profits (1990:79).

Although this study focused on corporate funding of conservation programmes, a number of interesting findings were made: Agreement was reached that "programmes to the benefit of society" should be funded by business, with business leaders mentioning an average percentage of 3% of after tax profits which should be allocated for this purpose (1990:79). Furthermore, business leaders considered social funding as being in their enlightened self-interest. Ecologists expressed concern that "... a company responsible for extensive environmental degradation might attempt to buy respectability by the funding of environmental programmes ..." (1990:81). - This skepticism or concern about the genuine motive of corporate social responsibility, can be expected from any stakeholder group, as was pointed out in Chapter Four.

Finally, business leaders felt that education, job creation and housing should receive most corporate support, while ecologists ranked environmental conservation as the third most important activity for corporate support.

Havenga, Coetzee and Visagie (1991) undertook a study with the primary objective of determining small- and medium-sized businesses' attitude towards social responsibility. They found that entrepreneurs of these companies were ignorant about social responsibility, although they were sympathetic to community welfare. The majority of businesses spent 1% to 2% of their gross annual income on social responsibility. Activities supported, included the creation of jobs, community involvement and profit-making, while the training of employees and the combatting of unemployment was identified as important areas for social responsibility.

9.7. SUMMARY

As one can deduct from the definition of attitudes, it is a difficult concept to measure, as it is "an underlying disposition," and a person's behaviour is just one way in which it can be expressed.

Despite this difficulty, the importance of measuring stakeholders' attitudes should be clear: no business operates in a vacuum, and therefore businesses have to consider how their activities will affect all parties outside the company, and how these parties will react. These activities referred to, need not be only those that have a negative effect, such as pollution and health dangers resulting from production processes, but include activities with positive effects, such as fringe benefits to employees, quality products and other social responsibility activities. A company can indeed select only a number of stakeholders as being most important, provided that those excluded definitely do not have a major influence on the existence and future profitability of a company.

Research literature identifies various methods in which attitudes can be measured, and researchers face the complex task of selecting that method most relevant to their particular study. This choice is made easier by the fact that researchers operate within a specific time and budget limit. This would mean that a less complex method, which would cost less and take a shorter time, would be selected. It is important, however, that time and budget limits would not be rated as more important than achieving the initial research objectives and meeting scientific standards.

Various studies have been undertaken both locally and internationally on the measurement of attitudes towards social responsibility. These studies have been undertaken between 1975 and 1991 and all contribute towards the measurement of attitudes towards social responsibility to a greater or lesser degree. Two studies can definitely be mentioned for their comprehensiveness, their thorough scientific basis and their contribution towards attitude measurement towards social responsibility, namely the study of Ostlund and that of Wagenaar. These studies can both be used as a definite starting point for research in the area of social responsibility attitude measurement.

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CHAPTER TEN: THE MEASUREMENT OF THE ATTITUDES OF THE BOARD OF DIRECTORS AND TRADE UNION MANAGEMENT TOWARDS SOCIAL RESPONSIBILITY

10.1. INTRODUCTION

A mailed questionnaire was used to gather the data for the empirical research required to meet the primary objective of this study.

In spite of criticism against it, the Likert-scale was chosen as an appropriate scale to quantify respondents' attitudes towards social responsibility.

Questionnaires were sent out to two respondent groups, namely the board of directors of selected public companies, and the management team of selected trade unions. Response rates of respectively 75% and 33% were recorded.

This chapter presents an exposition and discussion of the research design utilised and the research results obtained.

10.2. OBJECTIVE OF THE EMPIRICAL STUDY

The objective of the empirical research study is to measure the attitudes of the top management of a selected group of public companies, and of a major stakeholder group, namely the management of South African trade unions, towards social responsibility.

A comparison will be made to determine to which extent the attitudes of top management of public companies agree with that of trade union management. From this important conclusions could be drawn which could impact on companies' strategic decision-making regarding social responsibility.

10.3. RESEARCH DESIGN

10.3.1. Data collection

Data was collected by means of a mailed questionnaire in spite of the fact that the response rate was expected to be very low.

Erdos (1970:5) lists the major advantages of mailed questionnaires, which include that a wider distribution is possible, no interviewer bias is introduced, the chances are greater that a more truthful and more thoughtful reply will be obtained and, furthermore, it is usually more time and cost saving.

Smit (1987:6-8) also discusses the advantages of mailed questionnaires, which include that responses are not forced from a respondent, responses can be obtained in a short time, analysis of data is relatively easy, and can be done quickly; and that anonymity of the respondents can be ensured.

The limitations of mailed questionnaires, as discussed by Erdos (1970:5-6), include difficulties in obtaining a complete and unbiased mailing list, constructing a structured, short and easy questionnaire, and ensuring that the respondent is also the addressee. To this Smit (1987:8-9) adds the problem of non-response, especially due to the generally negative attitude of the public towards questionnaires. Furthermore, mailed questionnaires are impersonal, respondents are limited to the literate, and it takes long to construct a suitable and professional questionnaire.

Another limitation of mailed questionnaires - especially when attitudes are measured - is mentioned by Thurstone (1928: 532), namely that: "... a man's action is a safer index of his attitude than what he says." This is especially so, because what a person says, and what he does, do not necessarily correspond. This limitation is seriously considered in this study, and attitudes expressed can therefore not necessarily be accepted as an indicator of actual behaviour undertaken by either company or trade union management. Nevertheless the viewpoint of Teoh and Shiu (1990: 73) is supported, namely that: "Past studies have suggested that there is a relationship between an individual's attitude and behaviour ... This is based on the theory of reasoned action ... which suggests that attitude toward an act is a determinant of behavioral intention. Thus a more favorable attitude ... is likely to result in a behavioural intention."

Because attitudes are to be measured, it was decided to use a Likert-type scale, as was discussed in the previous chapter. The attitude statements were obtained by studying South African and overseas journals, business magazines, annual reports of companies, as well as statements used by previous researchers of the same subject.

In order to ensure that statements would be understood correctly, and would be concise, the questionnaires were tested extensively. Interaction with the respondents who completed the test questionnaires ensured that all statements were as concise as

possible, were easy to understand, and that the questionnaire did not take a long time to complete.

Questionnaires were sent to respondents together with an accompanying letter from the promotor of the study and the dean of the Commerce Faculty, on a departmental letterhead. All respondents received both an Afrikaans and English copy of the questionnaire, as well as a prepaid return envelope.

Questionnaires were addressed personally to the specific respondents, and confidentiality was ensured by not requiring the names of the respondents to be filled in on the questionnaires.

To encourage prompt return of questionnaires respondents were requested to return questionnaires within seven days of receipt thereof. This would help to ensure, furthermore, that environmental factors, such as socio-political changes, could be controlled. This is very important in attitude measurement, as events pertaining to an attitude could change a person's attitude from one day to the next.

A common problem in attitude studies is the tendency by respondents to provide socially acceptable answers. To prevent this it was stated in the questionnaire that there were no wrong or right responses.

An example of the questionnaire, as well as the cover letter, is included as an appendix to this chapter.

10.3.2. Sampling

10.3.2.1. Survey population

The survey population consists of the management team (chairman/president, vice-chairman, general secretary) of all South African trade unions - as the one group - and the boards of directors of the public companies included in the content analysis study. Reasons for choosing these two groups as respondents were discussed extensively in Chapters Five and Six.

The difficulty of obtaining a complete and unbiased mailing list was overcome by using the South African Trade Unions Directory to obtain the names and addresses of trade union management, while the most recent annual reports of the selected public companies were used to obtain the names of board members.

It was decided to include only the management of trade unions and public companies, because they are the decision-makers of these organisations, and their attitudes would therefore influence companies' social responsibility decision-making. The problem with using these groups of respondents is, however, that they are under tremendous time and work pressure, and it was thus expected that the response rates would be quite low.

10.3.2.2. Sample size

Sampling is usually done because of the cost and time involved in the case of extensive surveys. Furthermore, because correct sampling could yield results as accurate as those resulting from a total census (Sanders, Eng and Murph, 1985: 153), it would be more productive to use a sample.

Deming (*in* Emory, 1976: 135) also states that "Sampling possesses the possibility of better interviewing, more thorough investigation of missing, wrong or suspicious information, better supervision, and better processing than is possible with complete coverage."

In consultation with statisticians it was decided that a sample of 100 for each respondent group would meet both budget constraints and statistical requirements. Results obtained would therefore be adequate to generalise for the whole universe of public companies and trade unions, especially if both the largest companies and biggest trade unions would participate in the study.

10.3.2.3. Sampling method

Because a full list of respondents was available, it was decided to use simple random sampling for the selection of sample members. A scientific calculator was used to generate the random numbers for selection purposes. This method ensured unbiased selection of sample members. Although only thirty-six companies were included in the study a total of approximately 330 board members and 270 trade union leaders had to be selected from.

10.4. RESULTS

One of the problems anticipated was that some companies would object against the completion of questionnaires.

This realised, and six of the thirty six companies were not prepared to participate in the study. This meant that only thirty companies were included in the final study. Reasons given for non-participation included that valuable time would be lost, that too many requests were received and selection of worthy research projects was impossible, and that it was against company policy to supply information about its internal business strategies. No trade unions objected against the completion of questionnaires.

10.4.1. Response rate

As was pointed out before, respondents were asked to return the questionnaires within seven days after receipt thereof. This would aid to ensure that external factors could be controlled, but also that questionnaires would be returned promptly. Fourteen days after the initial questionnaires were sent out, a reminder letter was sent out to respondents to remind them to return the questionnaire. Only questionnaires received one month after they were initially sent out, were included in the study.

In total 75 of the 100 questionnaires sent out to members of the boards of directors of the public companies were received back, which represents a response rate of 75%, while 33 of the 100 questionnaires sent out to trade union management was received back - thus a response rate of 33%.

It is significant that the response rate of trade unions was almost half that of the members of the boards of directors, especially since trade unions are usually more critical of the activities undertaken by companies, and insist that companies focus their social responsibility activities on their employees. However, all of the ten largest trade unions returned their questionnaires, which facilitates generalisation of results. Therefore, the response rates for both respondent groups were considered high enough to be able to generalise results.

10.4.2. Biographical profile of respondents

The biographical profiles were used mainly to ensure that those respondents intended to complete the questionnaire would indeed complete it. It therefore only provides a background to the respondent groups, but will not be used for statistical interpretation.

TABLE 10.1.**POSITION OF RESPONDENTS ON THE BOARD OF DIRECTORS**

POSITION	NUMBER (N = 75)
CHAIRMAN	4
MANAGING DIRECTOR	11
DIRECTOR	60

TABLE 10.2.**INCOME OF MEMBERS OF THE BOARD OF DIRECTORS**

INCOME	NUMBER (N = 75)
LESS THAN R20 000	1
R20 000 - R29 999	0
R30 000 - R39 999	0
R40 000 - R49 999	2
R50 000 - R74 999	1
R75 000 - R99 999	5
R100 000 OR MORE	66

TABLE 10.3.**AGE OF MEMBERS OF THE BOARD OF DIRECTORS**

AGE	NUMBER (N = 75)
29 YEARS OR YOUNGER	0
30 - 39 YEARS	15
40 - 49 YEARS	25
50 - 59 YEARS	24
60 YEARS OR OLDER	11

TABLE 10.4.

SEX OF MEMBERS OF THE BOARD OF DIRECTORS

SEX	NUMBER (N = 75)
MALE	68
FEMALE	7

TABLE 10.5.

YEARS OF SERVICE WITH THE PRESENT COMPANY

YEARS OF SERVICE	NUMBER (N = 75)
LESS THAN 2 YEARS	7
2 - 5 YEARS	11
6 - 10 YEARS	13
11 - 15 YEARS	14
16 - 20 YEARS	9
21 YEARS OR LONGER	21

TABLE 10.6.

HIGHEST ACADEMIC QUALIFICATION OF RESPONDENTS

ACADEMIC QUALIFICATION	NUMBER (N = 75)
UNIVERSITY DEGREE	54
DIPLOMA	11
MATRIC	9
STD 8	0
OTHER	1

Table 10.1. to Table 10.6. depicted the biographical profile of members of the boards of directors in the public companies included in the study.

From this it is clear that mostly general directors completed the questionnaire. Most of these directors earn in excess of R100 000 per year, are between 40 and 59 years old, and the respondent group was predominantly male. Furthermore, these directors have worked an average of between 6 and 15 years for their particular company, and has a university degree as highest academic qualification. Their experience with the company would qualify them as being informed about social responsibility.

Table 10.7. to Table 10.12. depict the biographical profiles of the members of trade union management who completed the questionnaires.

TABLE 10.7.

POSITION IN THE TRADE UNION

POSITION	NUMBER (N = 33)
PRESIDENT/CHAIRMAN	12
GENERAL SECRETARY	17
OTHER	4

TABLE 10.8.

NUMBER OF MEMBERS IN THE TRADE UNION

NUMBER OF MEMBERS	NUMBER (N = 33)
1 - 499	3
500 - 1 999	8
2 000 - 4 999	5
5 000 - 9 999	4
10 000 OR MORE	13

TABLE 10.9.**SEX OF MEMBERS OF TRADE UNION MANAGEMENT**

SEX	NUMBER (N = 33)
MALE	28
FEMALE	5

TABLE 10.10.**AGE OF MEMBERS OF TRADE UNION MANAGEMENT**

AGE	NUMBER (N = 75)
29 YEARS OR YOUNGER	0
30 - 39 YEARS	9
40 - 49 YEARS	8
50 - 59 YEARS	11
60 YEARS OR OLDER	5

TABLE 10.11.**NUMBER OF YEARS MEMBER OF PRESENT TRADE UNION**

NUMBER OF YEARS	NUMBER (N = 33)
LESS THAN 2 YEARS	1
2 - 5 YEARS	6
6 - 10 YEARS	13
11 YEARS OR LONGER	13

TABLE 10.12.

HIGHEST ACADEMIC QUALIFICATION OF TRADE UNION MANAGEMENT

ACADEMIC QUALIFICATION	NUMBER (N = 33)
STD 6 OR LOWER	0
STD 8	3
MATRIC	13
DIPLOMA	13
UNIVERSITY DEGREE	4

It was mainly the general secretaries of the trade unions who completed the questionnaires. Trade unions of all sizes participated in the study, with most trade unions having more than 10 000 members. Most of the trade union management are male, between 40 and 59 years of age, are members of their particular trade union for more than 6 years, and have matric or a diploma as highest academic qualification.

10.4.3. Responses per individual item

Table 10.13. and Table 10.14. offer the following results for the individual items in the questionnaire: The frequency of response (expressed as a percentage of the total to enable comparisons), the mean, the median and the standard deviation. (In both cases the A, B, C, D and E refers to points on the Likert-scale, where A = strongly agree, B = agree, C = neutral, D = disagree, E = strongly disagree). To facilitate statistical manipulation, values were attached to the points on the Likert-scale, where A = 5, B = 4, C = 3, D = 2 and E = 1. It was decided that each point on the Likert-scale would carry the same weight, therefore each point would carry a weight of 20%. Furthermore, a basic assumption made was that all the questions were independent of one another.

Table 10.13. presents the results of the responses of the members of the boards of directors, while Table 10.14. presents the results of members of trade union management.

The mean gives an idea of central tendency, and therefore gives an indication of the value around which the data is distributed. It also facilitates easier comparison of the results of the boards of directors and that of trade union management.

The median was specifically used to determine whether the data is affected by extreme values. This makes it easy to interpret the responses statistically correct when used in conjunction with the mean.

The standard deviation indicates how the data is dispersed around the mean. The larger the standard deviation is, the greater the dispersion around the arithmetic mean, therefore, the more the respondents differ from one another in their choice between alternatives. This means that the smaller the standard deviation is, the more respondents agree about their attitudes towards social responsibility.

TABLE 10.13.

DESCRIPTIVE STATISTICS FOR THE BOARDS OF DIRECTORS PER INDIVIDUAL ITEM

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
A. SOCIAL RESPONSIBILITY AND COMPANY PROFITS									
1. The welfare of society would best be achieved if companies concentrated their efforts on maximising profits	20	40	7	29	4	100	3.427	4.000	1.221
2. Companies could increase chances of long term profit by playing a leading role in solving urgent social problems.	30	47	11	12	0	100	3.960	4.000	0.951
3. A company should be able to divide profit after tax according to the wishes of management, without considering the wishes of its:									
(a) shareholders.	1	-	4	48	44	100	1.693	2.000	0.788
(b) employees.	3	23	20	43	11	100	2.667	2.000	1.070
(c) clients.	15	35	20	23	7	100	3.307	4.000	1.185
4. Every social responsibility activity should yield a direct and immediate return to the company.	0	8	11	73	8	100	2.187	2.000	0.692
5. A company should help to solve social problems:									
(a) even if there is no profit potential.	8	64	10	17	1	100	3.600	4.000	0.915
(b) even if doing so reduces its short term profit, and no long term profit is possible.	4	32	13	40	11	100	2.787	2.000	1.131
(c) only if it will increase its profit.	1	13	12	65	9	100	2.320	2.000	0.872
(d) as long as there is some profit potential.	12	43	15	27	7	100	3.373	4.000	1.100

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
6. A company should justify social responsibility expenses to its:									
(a) shareholders.	29	63	6	2	0	100	4.200	4.000	0.615
(b) employees.	14	53	25	8	0	100	3.720	4.000	0.798
(c) clients.	6	26	24	36	8	100	2.853	3.000	1.074
(d) management.	16	69	12	3	0	100	3.987	4.000	0.626
C. SOCIAL RESPONSIBILITY AND THE GOVERNMENT									
1. It should be the responsibility of government, and not companies, to solve social problems.	8	22	12	49	9	100	2.693	2.000	1.150
2. Companies are in a better position to solve social problems than the government.	7	20	29	38	6	100	2.840	3.000	1.027
3. Companies and the government should cooperate in the solving of social problems.	30	65	1	4	0	100	4.240	4.000	0.612
4. Companies should assist in solving social problems, without being forced by legislation to do so.	34	58	4	2	2	100	4.240	4.000	0.714
5. If companies were more socially responsible it would discourage additional regulation of the economic system by government.	21	45	15	16	3	100	3.667	4.000	1.070
6. Problems confronting society cannot be solved by government alone.	38	55	4	3	0	100	4.293	4.000	0.673
7. If companies should be involved in solving society's problems, the government should use tax incentives or subsidies for encouragement.	32	48	9	11	0	100	4.013	4.000	0.923
D. SOCIAL RESPONSIBILITY AND SOCIETY									
1. The free enterprise system would lose ground to alternative systems, unless companies exercise a strong sense of social responsibility.	18	53	13	13	3	100	3.693	4.000	1.000
2. Companies do not sufficiently understand society's needs to make decisions on how and in which social responsibility areas they should become involved.	4	29	8	52	7	100	2.720	2.000	1.085
3. Social responsibility should benefit society, while at the same time favouring the company.	15	63	17	5	0	100	3.867	4.000	0.723
4. Since companies utilise such a substantial amount of society's managerial and financial resources, they should assist in the solving of social problems.	8	60	16	16	0	100	3.600	4.000	0.854

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
5. Because the future of companies depends on their relationship with society, they should accept social responsibility.	25	63	8	4	0	100	4.093	4.000	0.701
6. Companies already have too much social power and should not engage in social responsibility, which might give them more social power.	2	1	8	72	17	100	1.973	2.000	0.657
E. THE MANAGEMENT OF SOCIAL RESPONSIBILITY ACTIVITIES									
1. Some measure of a company's social responsibility involvement should be built into the assessment of a company's performance.	8	51	12	24	5	100	3.320	4.000	1.092
2. Companies should publish their involvement in social responsibility in their annual reports.	11	63	13	12	1	100	3.693	4.000	0.870
3. A company should not only donate money, but should also be personally involved with social responsibility projects.	16	60	19	5	0	100	3.867	4.000	0.741
4. The company social fund should be invested in areas that have some relation to the needs and interests of the company.	15	56	19	9	1	100	3.733	4.000	0.875
5. The primary objective of social responsibility undertaken by companies should be:									
(a) to solve society's problems.	9	69	11	9	2	100	3.760	4.000	0.803
(b) to obtain a favourable image for companies.	3	48	29	20	0	100	3.333	4.000	0.828
(c) to increase patronage to companies.	3	35	33	28	1	100	3.093	3.000	0.888
(d) to aid employees and their dependents.	28	52	12	8	0	100	4.000	4.000	0.854
6. Expenses incurred to cover public relations building, should not be considered as part of a company's social responsibility.	16	58	13	13	0	100	3.760	4.000	0.883
7. It is not advisable for a company to undertake social responsibility when there is no direct way to hold it accountable for such activities.	5	24	19	44	4	100	2.787	2.000	1.031

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
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F. THE ADVANTAGES AND DISADVANTAGES OF SOCIAL RESPONSIBILITY

1. The acceptance and implementation of social responsibility can result in the following advantages to companies:

- a positive image.	25	71	4	0	0	100	4.213	4.000	0.501
- promotion of the free enterprise system.	18	67	8	4	3	100	3.947	4.000	0.820
- increased work satisfaction for employees.	24	52	15	9	0	100	3.907	4.000	0.873
- prevention of government action.	8	40	25	25	2	100	3.280	3.000	0.980
- increased work satisfaction for managers.	10	55	27	8	0	100	3.580	4.000	0.774
- increased ability to attract and retain talent.	8	39	36	16	1	100	3.360	3.000	0.895
- increased profits over the long term.	11	59	25	5	0	100	3.747	4.000	0.718
- better relations with clients.	10	52	27	11	0	100	3.627	4.000	0.818
- increased ability to attract capital.	7	28	47	17	1	100	3.213	3.000	0.859
- increased profits in the short term.	2	8	35	47	8	100	2.507	2.000	0.860

2. The acceptance and implementation of social responsibility will result in the following disadvantages to companies:

- a decline in profits over the short term.	3	40	39	17	1	100	3.253	3.000	0.824
- increased prices of goods and services.	1	15	31	52	1	100	2.627	2.000	0.802
- a decrease in productivity.	0	5	15	67	13	100	2.120	2.000	0.697
- dissatisfaction of shareholders.	0	9	28	56	11	100	2.320	2.000	0.791
- a decline in profits over the long term.	0	12	11	64	13	100	2.227	2.000	0.815
- increased government regulation.	1	3	1	64	16	100	2.093	2.000	0.738
- weakening of the free market system.	0	1	1	65	18	100	2.030	2.000	0.784
- dissatisfaction of employees.	3	10	1	49	27	100	2.133	2.000	1.018

G. FACTORS COMPANIES SHOULD CONSIDER WHEN IMPLEMENTING SOCIAL RESPONSIBILITY

The following factors should be considered by the management of companies when social responsibility is implemented:

1. The urgency of social problems.	25	67	3	4	1	100	4.107	4.000	0.746
2. The attitudes of their									
(a) top management.	20	73	4	3	0	100	4.107	4.000	0.583
(b) employees.	15	69	12	4	0	100	3.947	4.000	0.655
(c) shareholders.	12	73	11	4	0	100	3.933	4.000	0.622
(d) clients.	1	40	32	27	0	100	3.160	3.000	0.839
3. The pressure government exerts on the company.	0	29	27	35	9	100	2.773	3.000	0.967
4. The additional work load that might be created for management.	5	48	17	27	3	100	3.257	4.000	1.004
5. To make a long term contribution, rather than to solve short term problems.	16	73	8	3	0	100	4.027	4.000	0.592
6. Whether the firm has the necessary skills, resources and abilities.	12	77	9	2	0	100	4.000	4.000	0.519
7. The impact of social responsibility on the company's profitability.	11	68	13	8	0	100	3.813	4.000	0.729

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
8. The inability of other institutions to solve social problems.	6	53	21	19	1	100	3.427	4.000	0.903
9. The acceptability of social responsibility to the company's									
(a) employees.	20	65	12	3	0	100	4.027	4.000	0.657
(b) shareholders.	18	69	8	5	0	100	3.987	4.000	0.688
(c) managers.	20	72	7	1	0	100	4.107	4.000	0.559
(d) clients.	7	41	33	19	0	100	3.360	3.000	0.864
10. The involvement of the company's									
(a) management with social responsibility.	16	70	7	7	0	100	3.960	4.000	0.706
(b) employees with social responsibility.	13	60	17	10	0	100	3.773	4.000	0.798
(c) shareholders with social responsibility.	11	52	24	12	1	100	3.587	4.000	0.937
(d) clients with social responsibility.	4	28	36	32	0	100	3.040	3.000	0.877

H. SOCIAL RESPONSIBILITY ACTIVITIES

A. ECONOMIC GROWTH AND EFFICIENCY

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
33	15	8	3	7	7	5	9	1	11	99	4.013	3.000	3.240

B. CONSUMERISM

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
7	11	12	7	15	7	11	12	9	8	99	5.533	5.000	2.877

C. EMPLOYMENT AND TRAINING

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
33	23	13	8	3	5	3	7	0	4	99	3.080	2.000	2.546

D. ENVIRONMENTAL CONTROL

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
12	4	8		17	8	9	16	4	2	99	4.960	5.000	2.463

E. URBAN RENEWAL AND DEVELOPMENT

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
7	12	13	13	17	13	8	8	5	3	99	4.747	5.000	2.394

F. WELFARE

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
4	5	4	11	17	13	12	15	11	7	99	6.000	6.000	2.171

G. GOVERNMENT RELATIONS

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
5	5	4	3	13	8	11	16	21	13	99	6.733	8.000	2.702

H. EDUCATION

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
24	16	13	12	5	8	3	9	4	5	99	3.933	3.000	2.868

I. CULTURE AND ARTS

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
0	4	3	2	5	9	12	15	9	40	99	7.893	8.000	2.431

G. MEDICAL CARE													
1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
11	4	15	15	11	11	12	10	5	5	99	5.093	5.000	2.636

(NOTE: One respondent did not answer section H, as it was considered too difficult to do.)

TABLE 10.14.

DESCRIPTIVE STATISTICS FOR TRADE UNION MANAGEMENT PER INDIVIDUAL ITEM

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
A. SOCIAL RESPONSIBILITY AND COMPANY PROFITS									
1. The welfare of society would best be achieved if companies concentrated their efforts on maximising profits	6	16	18	30	30	100	2.364	2.000	1.245
2. Companies could increase chances of long term profit by playing a leading role in solving urgent social problems.	36	52	3	3	6	100	4.091	4.000	1.042
3. A company should be able to divide profit after tax according to the wishes of management, without considering the wishes of its:									
(a) shareholders.	9	7	18	36	30	100	2.273	2.000	1.232
(b) employees.	9	22	9	21	39	100	2.394	2.000	1.435
(c) clients.	15	22	18	27	18	100	2.879	3.000	1.364
4. Every social responsibility activity should yield a direct and immediate return to the company.	13	36	15	30	6	100	3.182	3.000	1.185
5. A company should help to solve social problems:									
(a) even if there is no profit potential.	21	55	9	15	0	100	3.818	4.000	0.950
(b) even if doing so reduces its short term profit, and no long term profit is possible.	15	27	15	43	0	100	3.152	3.000	1.149
(c) only if it will increase its profit.	15	15	15	33	22	100	2.697	2.000	1.380
(d) as long as there is some profit potential.	15	39	9	24	13	100	3.212	4.000	1.317

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
6. A company should justify social responsibility expenses to its:									
(a) shareholders.	45	45	0	3	7	100	4.212	4.000	1.053
(b) employees.	27	58	0	9	6	100	3.909	4.000	1.100
(c) clients.	7	30	24	33	6	100	2.970	3.000	1.075
(d) management.	18	70	3	3	6	100	3.909	4.000	0.947

C. SOCIAL RESPONSIBILITY AND THE GOVERNMENT

1. It should be the responsibility of government, and not companies, to solve social problems.	28	12	9	42	9	100	3.061	2.000	1.435
2. Companies are in a better position to solve social problems than the government.	16	42	9	27	6	100	3.333	4.000	1.216
3. Companies and the government should cooperate in the solving of social problems.	70	27	0	0	3	100	4.606	5.000	0.788
4. Companies should assist in solving social problems, without being forced by legislation to do so.	39	42	3	13	3	100	4.030	4.000	1.104
5. If companies were more socially responsible it would discourage additional regulation of the economic system by government.	28	48	18	6	0	100	3.970	4.000	0.847
6. Problems confronting society cannot be solved by government alone.	39	52	0	3	6	100	4.152	4.000	1.034
7. If companies should be involved in solving society's problems, the government should use tax incentives or subsidies for encouragement.	30	60	4	0	6	100	4.091	4.000	0.947

D. SOCIAL RESPONSIBILITY AND SOCIETY

1. The free enterprise system would lose ground to alternative systems, unless companies exercise a strong sense of social responsibility.	30	45	15	7	3	100	3.939	4.000	0.998
2. Companies do not sufficiently understand society's needs to make decisions on how and in which social responsibility areas they should become involved.	18	55	6	21	0	100	3.697	4.000	1.015
3. Social responsibility should benefit society, while at the same time favouring the company.	21	58	6	12	7	100	3.818	4.000	1.014
4. Since companies utilise such a substantial amount of society's managerial and financial resources, they should assist in the solving of social problems.	39	45	3	13	0	100	4.121	4.000	0.960
5. Because the future of companies depends on their relationship with society, they should accept social responsibility.	33	55	6	0	6	100	4.091	4.000	0.980

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
6. Companies already have too much social power and should not engage in social responsibility, which might give them more social power.	6	3	15	55	21	100	2.182	2.000	1.014

E. THE MANAGEMENT OF SOCIAL RESPONSIBILITY ACTIVITIES

1. Some measure of a company's social responsibility involvement should be built into the assessment of a company's performance.	18	55	21	6	0	100	3.848	4.000	0.795
2. Companies should publish their involvement in social responsibility in their annual reports.	34	60	3	3	0	100	4.242	4.000	0.663
3. A company should not only donate money, but should also be personally involved with social responsibility projects.	37	45	6	6	6	100	4.000	4.000	1.118
4. The company social rand should be invested in areas that have some relation to the needs and interests of the company.	9	48	16	24	3	100	3.364	4.000	1.055
5. The primary objective of social responsibility undertaken by companies should be:									
(a) to solve society's problems.	42	30	13	15	0	100	4.000	4.000	1.090
(b) to obtain a favourable image for companies.	13	45	15	24	3	100	3.394	4.000	1.088
(c) to increase patronage to companies.	13	36	30	21	0	100	3.394	3.000	0.966
(d) to aid employees and their dependents.	43	48	3	3	3	100	4.242	4.000	0.902
6. Expenses incurred to cover public relations building, should not be considered as part of a company's social responsibility.	24	43	9	15	9	100	3.576	4.000	1.275
7. It is not advisable for a company to undertake social responsibility when there is no direct way to hold it accountable for such activities.	9	39	22	27	3	100	3.242	3.000	1.062

F. THE ADVANTAGES AND DISADVANTAGES OF SOCIAL RESPONSIBILITY

1. The acceptance and implementation of social responsibility can result in the following advantages to companies:									
- a positive image.	36	52	3	3	6	100	4.091	4.000	1.042
- promotion of the free enterprise system.	28	45	18	9	0	100	3.909	4.000	0.914
- increased work satisfaction for employees.	30	52	0	3	6	100	4.152	4.000	1.034
- prevention of government action.	23	27	33	15	3	100	3.394	3.000	0.998
- increased work satisfaction for managers.	25	45	27	3	3	100	3.788	4.000	0.927
- increased ability to attract managerial talent.	17	46	18	3	0	100	4.091	4.000	0.805
- increased profits over the long term.	18	55	15	12	0	100	3.788	4.000	0.893
- better relations with clients.	18	60	16	3	3	100	3.879	4.000	0.857
- increased ability to attract capital.	24	58	12	3	3	100	3.970	4.000	0.883
- increased profits in the short term.	9	39	30	22	0	100	3.364	3.000	0.929

	A	B	C	D	E	100%	MEAN	MEDIAN	STANDARD DEVIATION
2. The acceptance and implementation of social responsibility will result in the following disadvantages to companies:									
- a decline in profits over the short term.	18	39	13	30	0	100	3.455	4.000	1.121
- increased prices of goods and services.	9	34	18	36	3	100	3.091	3.000	1.100
- a decrease in productivity.	6	9	15	52	18	100	2.333	2.000	1.080
- dissatisfaction of shareholders.	13	24	21	39	3	100	3.030	3.000	1.132
- a decline in profits over the long term.	3	13	21	42	21	100	2.333	2.000	1.051
- increased government regulation.	3	15	30	39	13	100	2.336	2.000	1.071
- weakening of the free market system.	0	0	22	48	21	100	2.182	2.000	0.880
- dissatisfaction of employees.	0	12	9	55	24	100	2.091	2.000	0.714

G. FACTORS COMPANIES SHOULD CONSIDER WHEN IMPLEMENTING SOCIAL RESPONSIBILITY

The following factors should be considered by the management of companies when social responsibility is implemented:

1. The urgency of social problems.	48	43	6	3	0	100	4.364	4.000	0.742
2. The attitudes of their (a) top management.	27	52	12	9	0	100	3.970	4.000	0.883
(b) employees.	21	70	6	0	3	100	4.061	4.000	0.747
(c) shareholders.	24	58	9	9	0	100	3.970	4.000	0.847
(d) clients.	13	27	36	21	3	100	3.242	3.000	1.032
3. The pressure government exerts on the company.	6	37	30	18	9	100	3.121	3.000	1.083
4. The additional work load that might be created for management.	12	58	12	15	3	100	3.606	4.000	0.998
5. To make a long term contribution, rather than to solve short term problems.	27	64	6	3	0	100	4.152	4.000	0.667
6. Whether the firm has the necessary skills, resources and abilities.	15	76	9	0	0	100	4.060	4.000	0.496
7. The impact of social responsibility on the company's profitability.	28	39	24	6	3	100	3.818	4.000	1.014
8. The inability of other institutions to solve social problems.	6	48	22	24	0	100	3.364	4.000	0.929
9. The acceptability of social responsibility to the company's(a) employees.	30	60	7	3	0	100	4.182	4.000	0.683
(b) shareholders.	22	69	3	3	3	100	4.030	4.000	0.810
(c) managers.	12	73	12	3	0	100	3.939	4.000	0.609
(d) clients.	13	30	33	21	3	100	3.273	3.000	1.039
10. The involvement of the company's									
(a) management with social responsibility.	28	63	6	3	0	100	4.152	4.000	0.667
(b) employees with social responsibility.	22	75	0	3	0	100	4.151	4.000	0.566
(c) shareholders with social responsibility.	21	52	9	18	0	100	3.758	4.000	1.001
(d) clients with social responsibility.	13	30	36	21	0	100	3.333	3.000	0.957

H. SOCIAL RESPONSIBILITY ACTIVITIES

A. ECONOMIC GROWTH AND EFFICIENCY

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
48	3	3	9	16	6	6	0	3	6	100	3.424	2.000	2.883

B. CONSUMERISM

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
30	6	9	9	0	9	15	3	3	16	100	4.697	4.000	3.368

C. EMPLOYMENT AND TRAINING

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
55	18	6	6	6	0	0	6	0	3	100	2.424	1.000	2.346

D. ENVIRONMENTAL CONTROL

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
18	3	18	6	6	15	9	6	6	13	100	5.121	5.000	3.049

E. URBAN RENEWAL AND DEVELOPMENT

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
24	9	6	13	15	6	6	9	6	6	100	4.515	4.000	2.949

F. WELFARE

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
15	6	3	6	13	9	6	24	6	12	100	5.879	6.000	3.029

G. GOVERNMENT RELATIONS

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
18	6	3	6	9	7	9	9	9	24	100	6.061	7.000	3.409

H. EDUCATION

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
36	15	9	13	9	6	3	6	0	3	100	3.242	2.000	2.500

I. CULTURE AND ARTS

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
9	6	3	3	3	9	0	15	22	30	100	7.273	9.000	3.115

J. MEDICAL CARE

1	2	3	4	5	6	7	8	9	10	100%	MEAN	MEDIAN	STANDARD DEVIATION
24	13	21	15	6	0	6	9	3	3	100	3.758	3.000	2.634

In order to determine whether the attitudes of the boards of directors and the trade union leadership differ meaningfully, a chi-square test was applied to the data.

The following hypotheses were put:

H₀: There is consensus in the attitudes trade union leadership and members of the boards of directors express towards social responsibility.

H₁: There is no consensus between trade union leadership and members of the boards of directors regarding their attitudes towards social responsibility.

A 5% and 1% level of significance were selected, and both were determined within four degrees of freedom. The critical value for the 5% level of significance is 9.5 (9.488). This means that if the chi-square value is smaller than or equal to 9.5, the null hypotheses will be accepted, and that trade union leadership attitudes correspond with the attitudes of members of the boards of directors. The critical value for a 1% level of significance is 13.2 (13.277).

TABLE 10.15.

CHI-SQUARE VALUES TO DETERMINE WHETHER SIGNIFICANT CONSENSUS EXISTS BETWEEN THE RESPONDENT GROUPS

A. SOCIAL RESPONSIBILITY AND COMPANY PROFITS			
1.	The welfare of society would best be achieved if companies concentrated their efforts on maximising profits.	23.358	H ₀ rejected
2.	Companies could increase chances of long term profit by playing a leading role in solving urgent social problems.	8.482	H ₀ accepted
3.	A company should be able to divide profit after tax according to the wishes of management, without considering the wishes of its:		
	(a) shareholders.	11.745	H ₀ rejected*
	(b) employees.	15.375	H ₀ rejected
	(c) clients.	4.593	H ₀ accepted
4.	Every social responsibility activity should yield a direct and immediate return to the company.	27.702	H ₀ rejected

5.	A company should help to solve social problems:		
	(a) even if there is no profit potential.	4.165	H_0 accepted
	(b) even if doing so reduces its short term profit, and no long term profit is possible.	7.622	H_0 accepted
	(c) only if it will increase its profit.	15.032	H_0 rejected
	(d) as long as there is some profit potential.	4.402	H_0 accepted
6.	Social responsibility is not incompatible with the profit motive - as a matter of fact, profit is necessary to enable any degree of social responsibility.	5.351	H_0 rejected
II. SOCIAL RESPONSIBILITY AND STAKEHOLDERS			
1.	Company executives should not spend company funds for social purposes, because:		
	(a) they would be spending shareholders' funds or a general social purpose.	8.93	H_0 accepted
	(b) they would be spending employees' remuneration and benefits for a general social purpose.	13.727	H_0 rejected
	(c) they have not been elected in a democratic manner to carry out social policy.	15.662	H_0 rejected
	(d) such action will provide other companies with a competitive advantage	13.371	H_0 rejected
2.	Companies should have a definite obligation to undertake social responsibility, even if it means:		
	(a) that costs must be cut by reducing the number of employees.	3.539	H_0 accepted
	(b) that costs must be cut by reducing employees' remuneration package.	3.217	H_0 accepted
	(c) reducing dividends to shareholders.	11.387	H_0 rejected*
	(d) increased prices of goods/services.	1.183	H_0 accepted
3.	A company which confines its social responsibility to its		
	(a) employees	5.397	H_0 rejected
	(b) shareholders	20.325	H_0 rejected
	(c) clients	18.458	H_0 rejected
	would be acting in the best interests of society at large.		
4.	The strongest determinant of a company's social responsibility should be the personal beliefs and commitment of the company's:		
	(a) top management.	5.691	H_0 accepted
	(b) employees.	5.487	H_0 accepted
	(c) shareholders.	9.364	H_0 accepted
	(d) clients.	5.310	H_0 accepted
	(e) middle and lower levels of management.	5.519	H_0 accepted

5.	A company would be criticised no matter what social responsibility activities it attempts, because there is disagreement among		
	(a) clients	7.104	H_0 accepted
	(b) employees	5.027	H_0 accepted
	(c) shareholders	6.690	H_0 accepted
	(d) management	10.823	H_0 rejected*
	as to how and in what areas companies should be involved.		
6.	A company should justify social responsibility expenses to its:		
	(a) shareholders.	10.303	H_0 rejected*
	(b) employees.	15.545	H_0 rejected
	(c) clients.	0.294	H_0 accepted
	(d) management.	6.614	H_0 accepted
C.	SOCIAL RESPONSIBILITY AND THE GOVERNMENT		
1.	It should be the responsibility of government, and not companies, to solve social problems.	7.587	H_0 accepted
2.	Companies are in a better position to solve social problems than the government.	10.997	H_0 rejected*
3.	Companies and the government should cooperate in the solving of social problems.	8.315	H_0 accepted
4.	Companies should assist in solving social problems, without being forced by legislation to do so.	7.443	H_0 accepted
5.	If companies were more socially responsible it would discourage additional regulation of the economic system by government.	3.205	H_0 accepted
6.	Problems confronting society cannot be solved by government alone.	5.922	H_0 accepted
7.	If companies should be involved in solving society's problems, the government should use tax incentives or subsidies for encouragement.	10.018	H_0 rejected*
D.	SOCIAL RESPONSIBILITY AND SOCIETY		
1.	The free enterprise system would lose ground to alternative systems, unless companies exercise a strong sense of social responsibility.	3.246	H_0 accepted
2.	Companies do not sufficiently understand society's needs to make decisions on how and in which social responsibility areas they should become involved.	16.880	H_0 rejected
3.	Social responsibility should benefit society, while at the same time favouring the company.	6.481	H_0 accepted

4.	Since companies utilise such a substantial amount of society's managerial and financial resources, they should assist in the solving of social problems.	17.146	H ₀ rejected
5.	Because the future of companies depends on their relationship with society, they should accept social responsibility.	6.761	H ₀ accepted
6.	Companies already have too much social power and should not engage in social responsibility, which might give them more social power.	4.584	H ₀ accepted
E. THE MANAGEMENT OF SOCIAL RESPONSIBILITY ACTIVITIES			
1.	Some measure of a company's social responsibility involvement should be built into the assessment of a company's performance.	9.260	H ₀ accepted
2.	Companies should publish their involvement in social responsibility in their annual reports.	11.528	H ₀ rejected*
3.	A company should not only donate money, but should also be personally involved with social responsibility projects.	12.175	H ₀ rejected*
4.	The company social fund should be invested in areas that have some relation to the needs and interests of the company.	4.976	H ₀ accepted
5.	The primary objective of social responsibility undertaken by companies should be:		
	(a) to solve society's problems.	20.168	H ₀ rejected
	(b) to obtain a favourable image for companies.	8.029	H ₀ accepted
	(c) to increase patronage to companies.	4.618	H ₀ accepted
	(d) to aid employees and their dependents.	6.664	H ₀ accepted
6.	Expenses incurred to cover public relations building, should not be considered as part of a company's social responsibility.	9.022	H ₀ accepted
7.	It is not advisable for a company to undertake social responsibility when there is no direct way to hold it accountable for such activities.	14.888	H ₀ rejected
F. THE ADVANTAGES AND DISADVANTAGES OF SOCIAL RESPONSIBILITY			
1.	The acceptance and implementation of social responsibility can result in the following advantages to companies:		
	- a positive image.	9.144	H ₀ accepted
	- promotion of the free enterprise system.	6.597	H ₀ accepted
	- increased work satisfaction for employees.	12.507	H ₀ rejected

- increased work satisfaction for managers.	5.359	H_0 accepted
- increased ability to attract managerial talent.	15.626	H_0 rejected
- increased profits over the long term.	3.561	H_0 accepted
- better relations with clients.	6.498	H_0 accepted
- increased ability to attract capital.	22.840	H_0 rejected
- increased profits in the short term.	21.471	H_0 rejected
2. The acceptance and implementation of social responsibility will result in the following disadvantages to companies:		
- a decline in profits over the short term.	14.985	H_0 rejected
- increased prices of goods and services.	10.517	H_0 rejected*
- a decrease in productivity.	6.260	H_0 accepted
- dissatisfaction of shareholders.	15.680	H_0 rejected
- a decline in profits over the long term.	7.482	H_0 accepted
- increased government regulation.	10.858	H_0 rejected*
- weakening of the free market system.	5.791	H_0 accepted
- dissatisfaction of employees.	1.154	H_0 accepted

G. FACTORS COMPANIES SHOULD CONSIDER WHEN IMPLEMENTING SOCIAL RESPONSIBILITY

The following factors should be considered by the management of companies when social responsibility is implemented:

1. The urgency of social problems.	7.274	H_0 accepted
2. The attitudes of their		
(a) top management.	6.557	H_0 accepted
(b) employees.	4.976	H_0 accepted
(c) shareholders.	4.138	H_0 accepted
(d) clients.	9.465	H_0 accepted
3. The pressure government exert on the company.	7.428	H_0 accepted
4. The additional work load that might be created for management.	3.557	H_0 accepted
5. To make a long term contribution rather than to solve short term problems.	1.931	H_0 accepted
6. Whether the firm has the necessary skills, resources and abilities.	0.624	H_0 accepted
7. The impact of social responsibility on the company's profitability.	11.205	H_0 rejected*
8. The inability of other institutions to solve social problems.	0.916	H_0 accepted
9. The acceptability of social responsibility to the company's		
(a) employees	1.936	H_0 accepted
(b) shareholders	3.595	H_0 accepted
(c) managers.	1.985	H_0 accepted
(d) clients.	3.902	H_0 accepted
10. The involvement of the company's		
(a) management with social responsibility.	2.221	H_0 accepted
(b) employees with social responsibility.	8.731	H_0 accepted

(c) shareholders with social responsibility.	5.526	H ₀ accepted
(d) clients with social responsibility.	3.304	H ₀ accepted

(*H₀ rejected in the case of a 5% level of significance, but accepted with a 1% level of significance.)

10.4.4 Discussion of results

Trade union leadership disagrees with the boards of directors that the welfare of society would best be achieved if companies concentrated their efforts on maximising profits. This is in spirit with trade union objectives and policies, as trade unions generally speak out against capitalism and the profit motive of companies. It seems significant, however, that companies generally would have one believe that they favour a policy of enlightened self-interest and social responsibility, yet 60% of board members express a favourable attitude towards the maximising of profits. This puts companies' credibility when undertaking social responsibility activities under suspicion. However, one has to consider exactly what companies understand under "maximisation of profits". If it allows for social responsibility, as many companies claim, the response could be justified. However, the classical interpretation of the term rules out any social responsibility, as was discussed in earlier chapters. Proper interpretation of the results of this statement requires further research to determine exactly how both respondent groups interpret the term "maximisation of profits".

Both respondent groups agree that companies' chances of long term profit would be increased if companies played a leading role in solving social problems, and that social responsibility should be undertaken, even if there would be no resultant profit potential. However, both groups disagree that social responsibility should be undertaken if short term profits are going to be reduced and no long term profit is possible, but also disagree that social responsibility should only be undertaken if profits will be increased. In conclusion, it seems that both respondent groups agree that although social responsibility should not be undertaken to increase profits, it would not be wise to undertake social responsibility if profits are going to be decreased.

Company management feel strong (92%) about the statement that companies should consider the wishes of shareholders when profit after tax is divided. Trade union management also agrees with the above statement (66%), although 18% expresses no attitude towards the statement. Nevertheless, one would expect that trade unions

expresses no attitude towards the statement. Nevertheless, one would expect that trade unions would recognise that shareholders would have to be considered when profit after tax is divided.

Both respondent groups agree that employees' wishes should be considered when profit after tax is divided, although a higher percentage of members of the boards of directors is neutral towards the statement. Regarding clients, both groups agree that they need not be considered when profit after tax is divided.

The boards of directors disagree strongly with the statement that every social responsibility activity should yield a direct and immediate return to the company, while trade union management is divided about the issue: 36% disagrees with the statement, 49% agrees with it and 15% is neutral. The attitude expressed by the boards of directors indicates companies' credibility in undertaking social responsibility - it is not primarily undertaken to benefit the company directly, although one could anticipate that companies would expect some sort of return, which could be expressed by increased patronage by customers, increased loyalty and support by employees, increased share prices due to shareholder support or a favorable image with the wider community. The response of members of the boards of directors regarding this statement sheds some light on their response to statement A1: Profit maximisation is probably interpreted as including a certain measure of social responsibility.

The members of the boards of directors agree strongly (95%) with statement A6, namely that profit is necessary to enable any degree of social responsibility. Trade union management also agrees with the statement, but to a lesser extent. This response proves that trade unions are not against the profit motive as such, and that they realise that profits are necessary if companies have to undertake social responsibility.

Regarding statement B1, which mentions a number of reasons why company management should not undertake social responsibility, it is interesting to note that both respondent groups disagree with all reasons, although not necessarily to the same extent. This would seem to indicate a strong vote in favour of company management's implementation of social responsibility.

However, if one looks at the responses to statement B2 it becomes clear that both respondent groups are in favour of a responsible approach towards social responsibility - it should not be undertaken if employees or clients are going to be negatively affected. The only stakeholder group regarding whom the respondent

groups differ, are shareholders: The boards of directors disagree (49%) that companies should have a definite obligation to undertake social responsibility, even if it means that dividends to shareholders need to be reduced (35% agree with the statement), while 61% of trade unions agree that shareholder dividends could be reduced. This would seem to indicate that although trade unions acknowledge that shareholders should be considered when profit after tax is divided, they feel that shareholders should sacrifice higher dividends, rather than allow the reduction of the number of employees, the reduction of employees' remuneration packages or the increase in prices of goods and services to facilitate social responsibility. Trade unions have often expressed their discontent with the fact that shareholder dividends are maximised while employees earn low wages, or have no fringe benefits such as housing and educational assistance. Their response to this statement would seem to support these views.

Trade unions strongly agree with the statement that a company which confines its social responsibility to its employees would be acting in the best interests of society at large, while the boards of directors disagree with the statement. Trade union management's response is consistent with trade unions' objective of protecting and promoting the rights of their members. The members of the boards of directors disagree with all three statements, which seems to indicate that they support the viewpoint that companies have to prove a responsibility towards a wider variety of stakeholders, and therefore cannot confine their social responsibility to only one stakeholder.

Statement B4 attempts to determine how important certain stakeholders are rated by the respondent groups. While both groups agree that the personal beliefs and commitment of all of these respondent groups, except clients, would be strong determinants of companies' social responsibility, the members of the boards of directors view top management as the most important group, followed by shareholders, middle and lower levels of management and employees. Trade union leadership feels, however, that the personal beliefs and commitment of a company's employees should be the strongest determinant, followed by that of top management, shareholders and middle and lower levels of management. It would therefore seem that trade unions view their members as the most important stakeholder group whose personal beliefs and commitment should be considered when social responsibility decisions are made.

The responses of both respondent groups to statement B5 prove interesting: both groups agree that companies would always be criticised, regardless of the social

responsibility activities they attempt, because there is disagreement among employees, shareholders and management as to how and in which areas companies should be involved. This offers particular insight into social responsibility strategic planning and implementation: Companies have to accept that, regardless of which activities they get involved in, they would always be criticised, and would never be able to satisfy all involved parties. However, companies should not use this as an excuse not to consult important stakeholders during social responsibility decision-making, or not to undertake social responsibility activities.

The results of statement B6 are consistent with the previous findings: both respondent groups agree that social responsibility expenses need to be justified to shareholders, employees and management, but not to clients. However, 25% of the boards of directors expresses no attitude as to whether social responsibility expenses need to be justified to employees.

Regarding Section C it seems clear that both respondent groups agree that companies should solve social problems, rather than the government. However, the results of statement C2 prove interesting: 44% of the members of the boards of directors disagree with the statement, namely that companies are in a better position to solve social problems than the government, while 58% of trade union leadership agrees with the statement. This could mean that companies have more credibility in undertaking social responsibility - according to trade unions - than the government. It could also mean that company management feels that the government should play a larger role in social upliftment. Companies have very often in the past called for greater cooperation between government and the private sector in social upliftment. This is proven by the response to the statement that companies and the government should cooperate in the solving of social problems: 95% of members of the boards of directors and 97% of trade union leaders agree with the statement.

The respondent groups agree that companies should solve social problems without being forced by legislation to do so, and that increased social responsibility would discourage economic regulation. Furthermore, trade union leadership and members of the boards of directors agree that tax incentives or subsidies should be used to encourage companies to undertake social responsibility.

It seems significant that both respondent groups agree that the free enterprise system would lose ground to other systems if companies did not undertake social responsibility. This could imply that trade unions would show greater support of the free enterprise system if companies would show a commitment to social

responsibility. This is consistent with attitudes expressed earlier, which support the profit motive, provided that a strong sense of social responsibility is shown by companies.

Trade unions strongly agree with the statement that companies do not sufficiently understand society's needs to make decisions on how and in which social responsibility areas they should become involved. This criticism has been levelled at companies for a number of years, and therefore an expected response. It is also consistent with attitudes expressed by trade union management earlier in the questionnaire.

The responses to statement D3 also prove consistent with earlier responses, namely that social responsibility should both benefit society and be advantageous to companies. Furthermore, both trade union management and members of the boards of directors disagree with the statement that companies already have too much social power and should not engage in social responsibility, which might give them more power.

Both respondent groups express overwhelming support of social responsibility - 88% of both respondent groups agree with the statement that social responsibility should be supported because the future of companies depends on their relationship with society. Furthermore, both groups agree that since companies utilise such a substantial amount of society's managerial and financial resources, they should assist in the solving of social problems.

Both respondent groups agree that some measure of a company's social responsibility involvement should be built into the assessment of a company's performance, and that companies should publish their involvement in social responsibility in their annual reports.

Furthermore, both groups agree that companies should be personally involved with social responsibility projects, and should not only donate money; and that the social responsibility activities undertaken by companies should have some relation to the needs and interests of companies.

They also agree that the primary objective of social responsibility should be firstly to aid employees and their dependents, and then to solve society's problems. However, they also agree that social responsibility could be undertaken to obtain a favorable image for companies, and to increase patronage to companies.

Both respondent groups agree that expenses incurred to cover public relations building should not be considered as part of a company's social responsibility. However, companies very often undertake sport sponsorships, with very definite public relations value, under the wing of social responsibility. Actions like these have a negative effect on companies' credibility when undertaking social responsibility. Further research is required, however, to determine exactly which public relations exercises companies and important stakeholders do or do not consider as social responsibility activities.

Fifty two percent of members of the boards of directors disagree with statement E7, namely that companies should not undertake social responsibility when there is no direct way to hold them accountable for such activities, while 48% of trade union management agree with the statement. This is consistent with previous attitudes expressed by trade union management, which support trade unions' viewpoint of wanting to participate more in social responsibility decision-making and implementation.

Section F tested the respondents' attitudes towards the advantages and disadvantages of the acceptance and implementation of social responsibility. Both respondent groups agree that most of the advantages could occur. However, the respondent groups disagree about whether social responsibility acceptance and implementation would lead to increased work satisfaction for employees, increased ability to attract managerial talent, increased ability to attract capital and increased profits in the short term.

Trade unions feel that all of the above advantages would occur, although 30% express no attitude as to whether social responsibility acceptance and implementation would lead to increased profits in the short term. One could interpret this as meaning that trade union management feel that they are not qualified to answer the question, or that they genuinely feel that social responsibility would impact on a company's short-term profits.

Members of the boards of directors disagree with the statement that social responsibility acceptance and implementation would result in increased profits over the short term. This response is consistent with responses made to previous statements regarding social responsibility and company profits.

The members of the boards of directors agree that social responsibility would lead to increased work satisfaction for employees. One would expect that if companies implemented social responsibility, which primarily is beneficial to the employees of

a company, they would experience a higher level of work satisfaction among employees.

Although some members of the boards of directors agree (47%) that social responsibility could lead to an increased ability to attract managerial talent, a large number (36%) expresses no attitude - this could mean that the members of the boards of directors are unsure about whether this statement is true. On the one hand, managers would prefer to work for a company that implements social responsibility, especially if they benefit from it. On the other hand, however, one has to accept that managerial talent is also attracted by favourable remuneration packages, and that whether a company implements social responsibility or not, might not play any role when managers decide on career changes.

Forty seven percent of the members of the boards of directors are unsure whether social responsibility acceptance and implementation would result in an increased ability to attract capital. This brings the social responsibility behaviour and attitudes of shareholders into the discussion: Would these parties supply capital to a company based only on the company's financial performance, or would they also seriously consider a company's social responsibility performance?

It is significant that both respondent groups agree that the acceptance and implementation of social responsibility would result in the promotion of the free enterprise system. This is consistent with attitudes expressed earlier, and supports the viewpoint that capitalism would be supported, provided that companies implemented a policy of enlightened self-interest.

Regarding the disadvantages of the acceptance and implementation of social responsibility there is consensus between trade union management and members of the boards of directors regarding all statements, except the statements that it can result in a decline in profits over the short term, and that it could lead to the dissatisfaction of shareholders. Both respondent groups disagree that any of the other factors would be possible disadvantages.

Trade union management's response to the statement that the acceptance and implementation of social responsibility will result in a decline in profits over the short term seems contradictory: 48% said that social responsibility would result in increased profits in the short term, while 57% agree that it would result in a decline in profits over the short term. It is therefore unclear what trade union managements' attitudes are towards this particular statement. However, members

of the boards of directors agree that social responsibility acceptance and implementation would result in a decline in profits over the short term.

Sixty seven percent of members of the boards of directors disagree that shareholders will be dissatisfied if companies accepted and implemented social responsibility, while trade union management is divided about the issue. The attitudes that shareholders have towards social responsibility need to be studied in order to determine whether they would support social responsibility or not.

There is consensus between the respondent groups regarding all the issues which should be considered when social responsibility is implemented: both groups agree that all these issues should be considered in the decision-making process.

The results are also consistent with those attitudes expressed earlier: trade unions feel that employees' attitudes should be considered most importantly, and that the acceptability of social responsibility to employees should be decisive, followed by the acceptability of social responsibility to shareholders and managers. Furthermore, they also feel strong about the statement that employees should be involved in social responsibility implementation.

The members of the boards of directors feel, however, that the attitudes of top management are the most important, followed by the attitudes of employees and shareholders; that the acceptability of social responsibility to the company's managers is most important, and also that the involvement of companies' management is most important. Although the above attitudes expressed by members of the boards of directors serve to show their commitment towards the acceptance and implementation of social responsibility, it is important that employees should also be involved in social responsibility decision-making and implementation in order for these strategies of companies to succeed.

10.5. THE RANKING OF SOCIAL RESPONSIBILITY ACTIVITIES

With reference to section H, the following activities were listed as additional activities companies should consider when undertaking social responsibility. The boards of directors added the following activities:

- creation of job opportunities
- promotion of individual employees

- promotion of the informal sector
- protecting the interests of retired employees
- foreign relations
- product research
- social restructuring
- sport sponsorships
- sponsorships of international travel for selected racially integrated groups.

Trade union management added the following activities:

- the redistribution of land
- game conservation
- maintenance of natural resources
- job creation
- education bursaries for the children of Black employees
- subsidising of adult basic education for employees
- the provision of incentives to promote technical education
- development of fringe benefits
- support of technikons to encourage interest in technical careers
- family planning and Aids education
- involvement in planning of technical education
- the promotion of sports.

Section H required respondents to rank activities in order of their perceived importance. It was accepted that more than one activity could receive the same ranking. When the results were analysed, it became clear that trade union management members tended to rate most activities as equally important.

In summary, the boards of directors ranked activities as follows:

1. Economic Growth and Efficiency
Employment and Training
2. Education
3. Environmental Control
4. Medical Care
5. Consumerism
Urban Renewal and Development

6. Government Relations
7. Welfare
8. Culture and Arts

Trade unions ranked activities as follows:

1. Employment and Training
2. Economic Growth and Efficiency
3. Education
4. Consumerism
5. Urban Renewal and Development
Medical Care
6. Environmental Control
Government Relations
7. Welfare
8. Culture and Arts

A major shortcoming of this section, as was discovered when the data was analysed, is that the activities were not defined. Therefore, respondents were uncertain about exactly what was meant by each activity, which made the ranking of the activities more difficult. Furthermore, this section was at the end of a very long questionnaire, which meant that respondents probably completed it without the necessary consideration.

These problems manifested itself mainly in the standard deviation, which was very high in most cases. This indicates that respondents differed significantly from one another in their ranking of the activities. This was expected, however, and as also became clear in some of the other sections, deciding which activities to support and the importance of such activities are issues about which most disagreement exists.

Nevertheless, there is general consensus between the two respondent groups regarding the ranking of activities.

In Chapter Eight different social responsibility issues were ranked according to an index of relative emphasis. These social responsibility issues do not correspond exactly to those in the questionnaire, for example economic growth and efficiency was not considered a social responsibility issue in the content analysis study.

Nevertheless, it would seem that the activities as ranked according to the index of relative emphasis correspond generally to the ranking of the respondent groups: Employment and Training is ranked first, followed by community involvement (which includes education). The boards of directors rank consumerism lower than they do environmental control, which supports the viewpoint expressed earlier that consumerism in South Africa is not such an important social responsibility issue as elsewhere, mainly because of the unwillingness of South African consumers to organise themselves effectively.

Welfare, Culture and Arts are ranked very low by both respondent groups, but community involvement is ranked second according to the index of relative emphasis. These issues were seen as indicators for community involvement as a social responsibility issue. However, if one studies the disclosure of indicators, as expressed in Table 8.7. (p. 154), it is clear that education rates by far as the most important indicator, (although employment and training is rated as the most important issue) which influenced the index of relative emphasis.

Environmental control is ranked more important by members of the boards of directors than is expressed by disclosures in annual reports. This would seem to indicate that companies either do not spend enough on environmental issues, or only disclose limited information about these activities.

Unfortunately the results of this particular section does not lend itself to in depth interpretation and analysis because of the shortcomings discussed earlier.

10.6. SUMMARY

This chapter focused on the empirical research study which was undertaken to meet the primary objective. A mailed questionnaire was used to gather data, and a relatively high response rate of 75% for the boards of directors was achieved.

Although only 33% of the members of trade union management returned their questionnaires, the largest trade unions participated in the study, which enables the generalisation of results.

The results were discussed extensively and conclusions following from the study, as well as a discussion of the implications of the study for company management will be discussed in the following chapter.

APPENDIX

SOCIAL RESPONSIBILITY SURVEY
Department of Business Economics
University of Stellenbosch

The modern business environment is of such a nature that companies can no longer ignore its stakeholders. The interrelationship between a company and its stakeholders, and the trust that exists between these groups are important for the future existence of a firm.

No extensive research on the perceptions and expectations of stakeholders towards social responsibility have been undertaken in South Africa, although an insight into these attitudes and expectations could be valuable to companies when structuring a strategy for social responsibility and could enhance the acceptability of these strategies to recipients.

The undersigned is currently undertaking a study concerning social responsibility and would like to obtain comprehensive information. You are therefore requested to complete the enclosed questionnaire and to return it **URGENTLY** in the stamped self-addressed envelope included.

PLEASE NOTE:

1. The survey is undertaken with the support of the Human Sciences Research Council.
2. All information will be studied in the strictest confidence, and used only for statistical purposes.
3. A summary of the results will be made available to you on request. Please use the enclosed **POSTCARD** for this purpose.
4. Please return the completed questionnaire in the envelope provided, not later than **seven** days after receipt.
5. Your support is appreciated, as you are contributing to knowledge that may be useful to improve relations between companies and their stakeholders.

MRS. A. STRÜWIG

BIOGRAPHICAL DATA

THIS INFORMATION IS REQUIRED FOR STATISTICAL PURPOSES ONLY

PLEASE MAKE A CROSS IN THE APPROPRIATE BOX

1. POSITION IN THE COMPANY

2. INCOME GROUP

- (a) Less than R20 000
- (b) R20 000 - R29 999
- (c) R30 000 - R39 999
- (d) R40 000 - R49 999
- (e) R50 000 - R74 999
- (f) R75 000 - R99 999
- (g) R100 000 or more

3. AGE

- (a) 29 years or younger
- (b) 30 - 39
- (c) 40 - 49
- (d) 50 - 59
- (e) 60 years or older

4. SEX

- (a) Male
- (b) Female

**5. NUMBER OF YEARS OF SERVICE
IN PRESENT COMPANY**

- (a) Less than 2 years
- (b) 2 - 5 years
- (c) 6 - 10 years
- (d) 11 - 15 years
- (e) 16 - 20 years
- (f) 21 years or longer

**6. HIGHEST ACADEMIC
QUALIFICATION**

- (a) University degree
- (b) Diploma
- (c) Matric
- (d) Std 8
- (e) Other

BIOGRAPHICAL DATA

THIS INFORMATION IS REQUIRED FOR STATISTICAL PURPOSES ONLY

PLEASE MAKE A CROSS IN THE APPROPRIATE BOX

A. TRADE UNION PARTICULARS**1. POSITION IN THE TRADE UNION 2. NUMBER OF TRADE UNION MEMBERS**

- | | |
|----------------------------|--------------------|
| (a) President/Chairman | (a) 1 - 499 |
| (b) General Secretary | (b) 500 - 1999 |
| (c) Other (Please specify) | (c) 2000 - 4999 |
| | (d) 5000 - 9999 |
| | (e) 10 000 or more |

B. PERSONAL PARTICULARS**1. SEX 2. AGE**

- | | |
|------------|-------------------|
| (a) Male | (a) 29 or younger |
| (b) Female | (b) 30 - 39 |
| | (c) 40 - 49 |
| | (d) 50 - 59 |
| | (e) 60 or older |

- | | |
|---|---|
| <p>3. NUMBER OF YEARS MEMBER OF PRESENT TRADE UNION</p> <p>(a) Less than 2 years</p> <p>(b) 2 - 5 years</p> <p>(c) 6 - 10 years</p> <p>(d) 11 years or longer</p> | <p>4. YOUR HIGHEST ACADEMIC QUALIFICATION</p> <p>(a) Std. 6 or lower</p> <p>(b) Std. 8</p> <p>(c) Matric</p> <p>(d) Diploma</p> <p>(e) Degree</p> |
|---|---|

INSTRUCTIONS

The following questions refer broadly to the social responsibility of companies. Please indicate with a CROSS on the five point scale next to each statement to which extent you agree/disagree with a particular statement.

EXAMPLE

	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
Social responsibility should be part of decision-making.	A	B	C	D	E

PLEASE NOTE:

- * Do not think too long about a question.
- * Give your personal opinion, not what you think ought to be the correct opinion.
- * The study is totally anonymous - there is no way that you can be identified.
- * There are no correct or incorrect answers/opinions.

A. SOCIAL RESPONSIBILITY AND COMPANY PROFITS

	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
1. The welfare of society would best be achieved if companies concentrated their efforts on maximising profits.	A	B	C	D	E
2. Companies could increase chances of long term profit by playing a leading role in solving urgent social problems.	A	B	C	D	E

3. A company should be able to divide profit after tax according to the wishes of management, without considering the wishes of its:
- | | | | | | |
|-------------------|---|---|---|---|---|
| (a) shareholders. | A | B | C | D | E |
| (b) employees. | A | B | C | D | E |
| (c) clients. | A | B | C | D | E |
4. Every social responsibility activity should yield a direct and immediate return to the company.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
5. A company should help to solve social problems:
- | | | | | | |
|--|---|---|---|---|---|
| (a) even if there is no profit potential. | A | B | C | D | E |
| (b) even if doing so reduces its short term profit, and no long term profit is possible. | A | B | C | D | E |
| (c) only if it will increase its profit. | A | B | C | D | E |
| (d) as long as there is some profit potential. | A | B | C | D | E |
6. Social responsibility is not incompatible with the profit motive - as a matter of fact, profit is necessary to enable any degree of social responsibility.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|

B. SOCIAL RESPONSIBILITY AND STAKEHOLDERS

1. Company executives should not spend company funds for social purposes, because:
- | | | | | | |
|---|---|---|---|---|---|
| (a) they would be spending shareholders' funds for a general social purpose. | A | B | C | D | E |
| (b) they would be spending employees' remuneration and benefits for a general social purpose. | A | B | C | D | E |
| (c) they have not been elected in a democratic manner to carry out social policy. | A | B | C | D | E |
| (d) such action will provide other companies with a competitive advantage. | A | B | C | D | E |
2. Companies should have a definite obligation to undertake social responsibility, even if it means:
- | | | | | | |
|---|---|---|---|---|---|
| (a) that costs must be cut by reducing the number of employees. | A | B | C | D | E |
| (b) that costs must be cut by reducing employees' remuneration package. | A | B | C | D | E |
| (c) reducing dividends to shareholders. | A | B | C | D | E |
| (d) increased prices of goods/services. | A | B | C | D | E |
3. A company which confines its social responsibility to its (a) employees (b) shareholders (c) clients would be acting in the best interests of society at large.
- | | | | | | |
|------------------|---|---|---|---|---|
| (a) employees | A | B | C | D | E |
| (b) shareholders | A | B | C | D | E |
| (c) clients | A | B | C | D | E |
4. The strongest determinant of a company's social responsibility should be the personal beliefs and commitment of the company's:
- | | | | | | |
|---------------------|---|---|---|---|---|
| (a) top management. | A | B | C | D | E |
|---------------------|---|---|---|---|---|

(b) employees.	A	B	C	D	E
(c) shareholders.	A	B	C	D	E
(d) clients.	A	B	C	D	E
(e) middle and lower levels of management.	A	B	C	D	E

5. A company would be criticised no matter what social responsibility activities it attempts, because there is disagreement among
- | | | | | | |
|------------------|---|---|---|---|---|
| (a) clients | A | B | C | D | E |
| (b) employees | A | B | C | D | E |
| (c) shareholders | A | B | C | D | E |
| (d) management | A | B | C | D | E |
- as to how and in what areas companies should be involved.
6. A company should justify social responsibility expenses to its:
- | | | | | | |
|-------------------|---|---|---|---|---|
| (a) shareholders. | A | B | C | D | E |
| (b) employees. | A | B | C | D | E |
| (c) clients. | A | B | C | D | E |
| (d) management. | A | B | C | D | E |

C. SOCIAL RESPONSIBILITY AND THE GOVERNMENT

1. It should be the responsibility of government, and not companies, to solve social problems.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|
2. Companies are in a better position to solve social problems than the government.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|
3. Companies and the government should cooperate in the solving of social problems.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|
4. Companies should assist in solving social problems, without being forced by legislation to do so.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|
5. If companies were more socially responsible it would discourage additional regulation of the economic system by government.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|
6. Problems confronting society cannot be solved by government alone.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|
7. If companies should be involved in solving society's problems, the government should use tax incentives or subsidies for encouragement.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|

D. SOCIAL RESPONSIBILITY AND SOCIETY

1. The free enterprise system would lose ground to alternative systems, unless companies exercise a strong sense of social responsibility.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|
2. Companies do not sufficiently understand society's needs to make decisions on how and in which social responsibility areas they should become involved.
- | | | | | |
|---|---|---|---|---|
| A | B | C | D | E |
|---|---|---|---|---|

- | | | | | | | |
|----|--|---|---|---|---|---|
| 3. | Social responsibility should benefit society, while at the same time favouring the company. | A | B | C | D | E |
| 4. | Since companies utilise such a substantial amount of society's managerial and financial resources, they should assist in the solving of social problems. | A | B | C | D | E |
| 5. | Because the future of companies depends on their relationship with society, they should accept social responsibility. | A | B | C | D | E |
| 6. | Companies already have too much social power and should not engage in social responsibility, which might give them more social power. | A | B | C | D | E |

E. THE MANAGEMENT OF SOCIAL RESPONSIBILITY ACTIVITIES

- | | | | | | | |
|----|--|---|---|---|---|---|
| 1. | Some measure of a company's social responsibility involvement should be built into the assessment of a company's performance. | A | B | C | D | E |
| 2. | Companies should publish their involvement in social responsibility in their annual reports. | A | B | C | D | E |
| 3. | A company should not only donate money, but should also be personally involved with social responsibility projects. | A | B | C | D | E |
| 4. | The company social fund should be invested in areas that have some relation to the needs and interests of the company. | A | B | C | D | E |
| 5. | The primary objective of social responsibility undertaken by companies should be: | | | | | |
| | (a) to solve society's problems. | A | B | C | D | E |
| | (b) to obtain a favourable image for companies. | A | B | C | D | E |
| | (c) to increase patronage to companies. | A | B | C | D | E |
| | (d) to aid employees and their dependents. | A | B | C | D | E |
| 6. | Expenses incurred to cover public relations building, should not be considered as part of a company's social responsibility. | A | B | C | D | E |
| 7. | It is not advisable for a company to undertake social responsibility when there is no direct way to hold it accountable for such activities. | A | B | C | D | E |

F. THE ADVANTAGES AND DISADVANTAGES OF SOCIAL RESPONSIBILITY

- | | | | | | | |
|----|---|---|---|---|---|---|
| 1. | The acceptance and implementation of social responsibility can result in the following advantages to companies: | | | | | |
| | - a positive image. | A | B | C | D | E |
| | - promotion of the free enterprise system. | A | B | C | D | E |
| | - increased work satisfaction for employees. | A | B | C | D | E |

- prevention of government action.	A	B	C	D	E
- increased work satisfaction for managers.	A	B	C	D	E
- increased ability to attract managerial talent.	A	B	C	D	E
- increased profits over the long term.	A	B	C	D	E
- better relations with clients.	A	B	C	D	E
- increased ability to attract capital.	A	B	C	D	E
- increased profits in the short term.	A	B	C	D	E

2. The acceptance and implementation of social responsibility will result in the following disadvantages to companies:

- a decline in profits over the short term.	A	B	C	D	E
- increased prices of goods and services.	A	B	C	D	E
- a decrease in productivity.	A	B	C	D	E
- dissatisfaction of shareholders.	A	B	C	D	E
- a decline in profits over the long term.	A	B	C	D	E
- increased government regulation.	A	B	C	D	E
- weakening of the free market system.	A	B	C	D	E
- dissatisfaction of employees.	A	B	C	D	E

G. FACTORS COMPANIES SHOULD CONSIDER WHEN IMPLEMENTING SOCIAL RESPONSIBILITY

The following factors should be considered by the management of companies when social responsibility is implemented:

1. The urgency of social problems.	A	B	C	D	E
2. The attitudes of their (a) top management.	A	B	C	D	E
(b) employees.	A	B	C	D	E
(c) shareholders.	A	B	C	D	E
(d) clients.	A	B	C	D	E
3. The pressure government exerts on the company.	A	B	C	D	E
4. The additional work load that might be created for management.	A	B	C	D	E
5. To make a long term contribution, rather than to solve short term problems.	A	B	C	D	E
6. Whether the firm has the necessary skills, resources and abilities.	A	B	C	D	E
7. The impact of social responsibility on the company's profitability.	A	B	C	D	E
8. The inability of other institutions to solve social problems.	A	B	C	D	E

9.	The acceptability of social responsibility to the company's					
	(a) employees.	A	B	C	D	E
	(b) shareholders.	A	B	C	D	E
	(c) managers.	A	B	C	D	E
	(d) clients.	A	B	C	D	E
10.	The involvement of the company's					
	(a) management with social responsibility.	A	B	C	D	E
	(b) employees with social responsibility.	A	B	C	D	E
	(c) shareholders with social responsibility.	A	B	C	D	E
	(d) clients with social responsibility.	A	B	C	D	E

II. SOCIAL RESPONSIBILITY ACTIVITIES

The following is a list of activities which companies could undertake as part of their social responsibility behaviour. PLEASE RATE THESE ACTIVITIES IN ORDER OF IMPORTANCE, WHERE 1 = MOST IMPORTANT, AND 10 = LEAST IMPORTANT

- A. ECONOMIC GROWTH AND EFFICIENCY
(eg. productivity, improvement of innovativeness and performance, efforts to lower inflation, support of monetary and fiscal policies)
- B. CONSUMERISM
(eg. product standards, quality control, marketing practices, handling of consumer complaints, provision of adequate consumer information and education)
- C. EMPLOYMENT AND TRAINING
(eg. employment policies, training programmes, career development and counselling, promotion opportunities, daycare centres for children of working mothers, working environment, industrial relations, housing, remuneration and benefits)
- D. ENVIRONMENTAL CONTROL
(eg. pollution control, environmental management systems, rehabilitation of the environment, waste management, conservation, provision of recreational facilities)
- E. URBAN RENEWAL AND DEVELOPMENT
(eg. support of planning and development, building of low cost housing, building of new shopping centres)
- F. WELFARE
(eg. support of welfare organisations)
- G. GOVERNMENT RELATIONS
(eg. influencing of legislation and government policy)
- H. EDUCATION
(eg. financial support, building of schools, donation of equipment)
- I. CULTURE AND ARTS
(eg. financial support, donations, sponsorships)

- J. MEDICAL CARE
(eg. community health activities, low cost medical programmes, building of hospitals and clinics)
- K. OTHER (Please specify)
-

NO FURTHER QUESTIONS. THANK YOU FOR YOUR COOPERATION. WE WOULD APPRECIATE ANY COMMENTS OR SUGGESTIONS YOU MAY CARE TO MAKE ABOUT ANY SUBJECT MENTIONED IN THE QUESTIONNAIRE. YOU MAY USE A SEPERATE SHEET AND RETURN IT WITH THE COMPLETED QUESTIONNAIRE.

SOSIALE VERANTWOORDELIKHEID OPNAME**Departement Bedryfsekonomie****Universiteit van Stellenbosch**

Die moderne bedryfsongewing is van so 'n aard dat maatskappye nie meer hulle belangegroepes kan ignoreer nie. Die verhouding tussen 'n maatskappy en sy belangegroepes, en die vertroue wat bestaan tussen hierdie partye is belangrik vir die voortbestaan van 'n onderneming.

Geen omvattende navorsing oor die persepsie en verwagtinge van belangegroepes teenoor sosiale verantwoordelikheid is al in Suid-Afrika onderneem nie, alhoewel insig in hierdie houdings en verwagtings waardevol vir maatskappye kan wees wanneer strategieë vir sosiale verantwoordelikheid beplan word. Die aanvaarbaarheid van hierdie strategieë kan ook verhoog word.

Die ondergetekende onderneem tans 'n studie oor sosiale verantwoordelikheid. Aangesien omvattende inligting bekom moet word, word u versoek om die ingeslote vraelys te voltooi en **DRINGEND** terug te stuur in die ingeslote self-geadresseerde koevert.

LET WEL:

1. Hierdie opname word onderneem met die ondersteuning van die Raad vir Geesteswetenskaplike Navorsing.
2. Alle inligting word as vertroulik hanteer, en sal slegs vir statistiese doeleindes gebruik word.
3. 'n Opsomming van resultate word op versoek beskikbaar gestel. Gebruik asb. die ingeslote **POSKAART** vir hierdie doel.
4. Stuur asb. die voltooide vraelys terug binne sewe dae na ontvangs daarvan.
5. U bydrae word waardeer, aangesien u 'n bydrae maak tot kennis wat waardevol kan wees om verhoudinge tussen maatskappye en hulle belangegroepes te verbeter.

MEV. A. STRÜWIG

BIOGRAFIESE DATA

HIERDIE INLIGTING WORD SLEGS VIR STATISTIESE DOELEINDES BENODIG

MERK ASB. DIE GEPASTE ANTWOORD MET 'N KRUISIE OF VUL IN WAAR NODIG

1. POSISIE IN DIE MAATSKAPPY

2. INKOMSTEGROEP

- (a) Onder R20 000
- (b) R20 000 - R29 999
- (c) R30 000 - R39 999
- (d) R40 000 - R49 999
- (e) R50 000 - R74 999
- (f) R75 000 - R100 000
- (g) R100 000 en meer

3. OUDERDOM

- (a) 29 jaar of jonger
- (b) 30 - 39
- (c) 40 - 49
- (d) 50 - 59
- (e) 60 jaar of ouer

4. GESLAG

- (a) Manlik
- (b) Vroulik

5. AANTAL JARE IN DIENS BY DIE BESTAANDE MAATSKAPPY

- (a) Minder as 2 jaar
- (b) 2 - 5 jaar
- (c) 6 - 10 jaar
- (d) 11 - 15 jaar
- (e) 16 - 20 jaar
- (f) 21 jaar of langer

6. HOOGSTE AKADEMIESE KWALIFIKASIE

- (a) Universiteitsgraad
- (b) Diploma
- (c) Matriek
- (d) St. 8
- (e) Ander

BIOGRAFIESE DATA

HIERDIE INLIGTING WORD SLEGS VIR STATISTIESE DOELEINDES
BENODIG

MERK ASB. DIE GEPASTE ANTWOORD MET 'N KRUISIE

A. INLIGTING I.V.M. DIE VAKBOND**1. POSISIE IN DIE VAKBOND**

- (a) President/Voorsitter
- (b) Algemene Sekretaris
- (c) Ander (Spesifiseer asb.)

2. AANTAL LEDE IN VAKBOND

- (a) 1 - 499
- (b) 500 - 1999
- (c) 2000 - 4999
- (d) 5000 - 9999
- (e) 10 000 of meer

B. PERSOONLIKE INLIGTING**1. GESLAG**

- (a) Manlik
- (b) Vroulik

2. OUDERDOM

- (a) 29 of jonger
- (b) 30 - 39
- (c) 40 - 49
- (d) 50 - 59
- (e) 60 of ouer

**3. AANTAL JARE LID VAN
BESTAANDE VAKBOND**

- (a) Minder as 2 jaar
- (b) 2-5 jaar
- (c) 6-10 jaar
- (d) 11 jaar of langer

**4. U HOOGSTE AKADEMIESE
KWALIFIKASIE**

- (a) St.6 of laer
- (b) St. 8
- (c) Matriek
- (d) Diploma
- (e) Universiteitsgraad

INSTRUKSIES

Die volgende vrae verwys in die breë na die sosiale verantwoordelikheid van maatskappye. Dui asb. met 'n KRUISIE op die vyfpuntskaal langs elke stelling aan in watter mate u saam stem/nie saam stem nie met 'n bepaalde stelling.

VOORBEELD

	STEM BESLIS SAAM	STEM SAAM	NEUTRAAL	STEM NIE SAAM NIE	STEM BESLIS NIE SAAM NIE
Sosiale verantwoordelikheid behoort deel te wees van bestuursbesluite.	A	B	C	D	E

LET WEL:

- * Moenie te lank dink oor 'n vraag nie.
- * Gee u persoonlike opinie, nie wat u meen die korrekte opinie behoort te wees nie.
- * Die studie is heeltemal anoniem - daar is geen wyse waarop u identifiseer kan word nie.
- * Daar is geen korrekte of verkeerde antwoorde/opinies nie.

A. SOSIALE VERANTWOORDELIKHEID EN MAATSKAPPY-WINSTE

	STEM BESLIS SAAM	STEM SAAM	NEUTRAAL	STEM NIE SAAM NIE	STEM BESLIS NIE SAAM NIE
1. Die welsyn van die gemeenskap sou die beste bereik word as maatskappye hulle bedrywighede sou konsentreer op die maksimering van wins.	A	B	C	D	E

2. Maatskappy sou geleenthede op langtermyn wins kon verhoog deur 'n leidende rol te speel in die oplos van dringende sosiale probleme. A B C D E
3. 'n Maatskappy behoort wins na belasting volgens die wense van bestuur te verdeel, sonder inagneming van die wense van:
- (a) aandeelhouders. A B C D E
- (b) werknemers A B C D E
- (c) kliënte. A B C D E
4. Elke sosiale verantwoordelikheid aktiwiteit behoort n direkte en onmiddellike opbrengs vir die maatskappy tot gevolg te hê. A B C D E
5. 'n Maatskappy behoort van hulp te wees met die oplos van sosiale probleme:
- (a) selfs al is daar geen winspotensiaal nie. A B C D E
- (b) selfs al verlaag dit die korttermyn wins, en is geen langtermyn wins moontlik nie. A B C D E
- (c) alleenlik as dit die wins sal verhoog. A B C D E
- (d) so lank as wat daar ten minste 'n mate van winspotensiaal is. A B C D E
6. Sosiale verantwoordelikheid is nie onversoenbaar met die winsmotief nie - trouens, wins is nodig om enige mate van sosiale verantwoordelikheid moontlik te maak. A B C D E

B. SOSIALE VERANTWOORDELIKHEID EN BELANGEGROEPE

1. Uitvoerende bestuurders behoort nie maatskappy-fondse vir sosiale doeleindes te bestee nie, omdat:
- (a) hulle aandeelhoudersfondse sou spandeer vir 'n algemene sosiale doel. A B C D E
- (b) hulle werknemer:besoldiging en -byvoordele sou spandeer vir 'n algemene sosiale doel. A B C D E
- (c) hulle nie op 'n demokratiese wyse verkies is om sosiale beleid uit te voer nie. A B C D E
- (d) sulke optrede ander maatskappye 'n mededingende voordeel sou bied. A B C D E
2. Maatskappye behoort 'n definitiewe verpligting te hê om sosiale verantwoordelikheid te onderneem, selfs al beteken dit dat:
- (a) kostes besnoei moet word deur die aantal werknemers te verminder. A B C D E
- (b) kostes besnoei moet word deur werknemers se vergoeding te verklein. A B C D E
- (c) dividende aan aandeelhouders verminder moet word. A B C D E
- (d) pryse van produkte/dienste verhoog moet word. A B C D E
3. 'n Maatskappy wat sy sosiale verantwoordelikheid beperk tot sy:
- (a) werknemers A B C D E

- (c) aandeelhouders A B C D E
 (c) kliënte A B C D E
 sou optree in die beste belang van die breë gemeenskap.
4. Die mees bepalende faktor van sosiale verantwoordelikheid behoort die persoonlike oortuigings en verbintenis van die maatskappy se
- (a) topbestuur te wees. A B C D E
 (b) werknemers te wees. A B C D E
 (c) aandeelhouders te wees. A B C D E
 (d) kliënte te wees. A B C D E
 (e) middelvlak bestuurders se vlakke van bestuur te wees. A B C D E
5. 'n Maatskappy sou kritiek ontvang, ongeag van watter sosiale verantwoordelikheid aktiwiteite aangepak word, omdat daar onenigheid bestaan onder:
- (a) kliënte A B C D E
 (b) werknemers A B C D E
 (c) aandeelhouders A B C D E
 (d) bestuurders A B C D E
 oor die wyse en gebiede waarop maatskappye betrokke behoort te wees.
6. 'n Maatskappy behoort uitgawes ten opsigte van sosiale verantwoordelikheid te regverdig teenoor:
- (a) aandeelhouders. A B C D E
 (b) werknemers. A B C D E
 (c) kliënte. A B C D E
 (d) bestuurders. A B C D E

C. SOSIALE VERANTWOORDELIKHEID EN DIE OWERHEID

1. Dit behoort die verantwoordelikheid van die regering te wees, en nie die van maatskappy nie, om sosiale probleme op te los. A B C D E
2. Maatskappye is in 'n beter posisie as die regering om sosiale probleme op te los. A B C D E
3. Maatskappye en die regering behoort saam te werk met die oplos van sosiale probleme. A B C D E
4. Maatskappye behoort te help met die oplos van sosiale probleme, sonder om deur wetgewing daartoe verplig te word. A B C D E
5. Indien maatskappye meer sosiaal verantwoordelik sou optree, sou dit bykomstige owerheidsregulering van die ekonomiese stelsel ontmoedig. A B C D E
6. Probleme wat die gemeenskap konfronteer, kan nie deur die regering alleen opgelos word nie. A B C D E

7. As maatskappye betrek moet word by die oplos van gemeenskapsprobleme, behoort die regering belasting toegewings of subsidies te gebruik om dit te bevorder.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|

D. SOSIALE VERANTWOORDELIKHEID EN DIE GEMEENSAP

1. Die vryemarkstelsel sou ondersteuning verloor aan alternatiewe stelsels, tensy maatskappye sosiale verantwoordelikheid sou beoefen.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
2. Maatskappye begryp nie die gemeenskap se behoeftes genoegsaam om besluite te neem oor hoe en op watter terrein van sosiale verantwoordelikheid hulle betrokke behoort te raak nie.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
3. Sosiale verantwoordelikheid behoort die gemeenskap en die maatskappy terselfertyd te bevoordeel.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
4. Aangesien maatskappye 'n wesentlike hoeveelheid bestuurs- en finansiële hulpbronne vanuit die gemeenskap benut, behoort hulle behulpsaam te wees met die oplos van sosiale probleme.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
5. Omdat die toekoms van maatskappye afhanklik is van hulle verhouding met die gemeenskap, behoort hulle sosiale verantwoordelikheid te aanvaar.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
6. Maatskappye het reeds te veel sosiale mag en behoort nie betrokke te raak in sosiale verantwoordelikheid, wat hulle nog meer sosiale mag kan gee nie.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|

E. DIE BESTUUR VAN SOSIALE VERANTWOORDELIKHEID AKTIWITEITE

1. 'n Maatskappy van 'n maatskappy se sosiale verantwoordelikheidsbetrokkenheid behoort ingebou te word in die beoordeling van 'n maatskappy se prestasie.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
2. Maatskappye behoort hulle betrokkenheid by sosiale verantwoordelikheid in hulle jaarverslae te publiseer.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
3. 'n Maatskappy behoort nie net geld te skenk nie, maar behoort ook persoonlik betrokke te wees by sosiale verantwoordelikheidsprojekte.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
4. Maatskappy-uitgawes ten opsigte van sosiale verantwoordelikheid behoort aangewend te word in gebiede wat verband hou met die maatskappy se behoeftes en belange.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
5. Die primêre doelwit van maatskappye se sosiale verantwoordelikheid behoort te wees:
- | | | | | | |
|---|---|---|---|---|---|
| (a) om gemeenskapsprobleme op te los. | A | B | C | D | E |
| (b) om 'n gunstige beeld vir maatskappye te skep. | A | B | C | D | E |

- | | | | | | |
|---|---|---|---|---|---|
| (c) om die toeloop van kliënte te verhoog. | A | B | C | D | E |
| (d) om werknemers en hulle afhanklikes te help. | A | B | C | D | E |
| (e) om die sosiale probleme van die gemeenskap naaste aan die maatskappy op te los. | A | B | C | D | E |
6. Uitgawes aangegaan vir die uitbouing van openbare betrekkinge behoort nie as deel van 'n maatskappy se sosiale verantwoordelikheid beskou te word nie.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|
7. Dit is nie raadsaam vir 'n maatskappy om sosiale verantwoordelikheid te onderneem as daar geen direkte wyse is om die maatskappy aanspreeklik te hou vir sulke aktiwiteite nie.
- | | | | | | |
|--|---|---|---|---|---|
| | A | B | C | D | E |
|--|---|---|---|---|---|

F. DIE VOORDELE EN NADELE VAN SOSIALE VERANTWOORDELIKHEID

1. Die aanvaarding en implementering van sosiale verantwoordelikheid kan die volgende voordele vir maatskappye inhou:
- 'n positiewe beeld.

A	B	C	D	E
---	---	---	---	---
 - bevordering van die vryemarkstelsel.

A	B	C	D	E
---	---	---	---	---
 - verhoogde werksbevrediging vir werknemers.

A	B	C	D	E
---	---	---	---	---
 - voorkoming van owerheidsinmenging.

A	B	C	D	E
---	---	---	---	---
 - verhoogde werksbevrediging vir bestuurders.

A	B	C	D	E
---	---	---	---	---
 - verhoogde vermoë om bestuurstalente te verkry.

A	B	C	D	E
---	---	---	---	---
 - verhoogde winste oor die lang termyn.

A	B	C	D	E
---	---	---	---	---
 - beter verhoudinge met kliënte.

A	B	C	D	E
---	---	---	---	---
 - verhoogde vermoë om kapitaal te bekom.

A	B	C	D	E
---	---	---	---	---
 - verhoogde winste oor die korttermyn.

A	B	C	D	E
---	---	---	---	---
2. Die aanvaarding en implementering van sosiale verantwoordelikheid kan die volgende nadele vir maatskappye tot gevolg hê:
- 'n afname in winste oor die korttermyn.

A	B	C	D	E
---	---	---	---	---
 - verhoogde pryse van produkte en dienste.

A	B	C	D	E
---	---	---	---	---
 - 'n afname in produktiwiteit.

A	B	C	D	E
---	---	---	---	---
 - ontevredenheid van aandeelhouders.

A	B	C	D	E
---	---	---	---	---
 - 'n afname in winste oor die langtermyn.

A	B	C	D	E
---	---	---	---	---
 - verhoogde owerheidsregulering.

A	B	C	D	E
---	---	---	---	---
 - verswakking van die vryemarkstelsel.

A	B	C	D	E
---	---	---	---	---
 - ontevredenheid van werknemers.

A	B	C	D	E
---	---	---	---	---

G. FAKTORE WAT MAATSKAPPYE BEHOORT TE OORWEEG WANNEER SOSIALE VERANTWOORDELIKHEID IMPLEMENTEER WORD

Die volgende faktore behoort deur die bestuur van maatskappye oorweeg te word wanneer sosiale verantwoordelikheid implementeer word:

1. Die dringendheid van sosiale probleme.

A	B	C	D	E
---	---	---	---	---
2. Die houdings van
- (a) topbestuur.

A	B	C	D	E
---	---	---	---	---
 - (b) werknemers.

A	B	C	D	E
---	---	---	---	---

(c) aandeelhouders.	A	B	C	D	E
(d) kliënte.	A	B	C	D	E
3. Die druk wat die regering op die maatskappy uitoefen.	A	B	C	D	E
4. Die bykomende werklas wat moontlik vir bestuur geskep mag word.	A	B	C	D	E
5. Om 'n langtermyn bydrae te maak, eerder as om korttermyn probleme op te los.	A	B	C	D	E
6. Of die maatskappy oor die nodige vaardighede, hulpbronne en vermoëns beskik.	A	B	C	D	E
7. Die impak van sosiale verantwoordelikheid op die maatskappy se winsgewendheid.	A	B	C	D	E
8. Die onvermoë van ander instellings om sosiale probleme op te los.	A	B	C	D	E
9. Die aanvaarbaarheid van sosiale verantwoordelikheid vir					
(a) werknemers van die maatskappy.	A	B	C	D	E
(b) aandeelhouders van die maatskappy.	A	B	C	D	E
(c) bestuurders van die maatskappy.	A	B	C	D	E
(d) kliënte van die maatskappy.	A	B	C	D	E
10. Die betrokkenheid van die maatskappy se					
(a) bestuurders by sosiale verantwoordelikheid.	A	B	C	D	E
(b) werknemers by sosiale verantwoordelikheid.	A	B	C	D	E
(c) aandeelhouders by sosiale verantwoordelikheid.	A	B	C	D	E
(d) kliënte by sosiale verantwoordelikheid.	A	B	C	D	E

H. SOSIALE VERANTWOORDELIKHEID AKTIWITEITE

Die volgende is 'n lys van aktiwiteite wat maatskappye kan onderneem as deel van hulle sosiale verantwoordelikheid-optrede. RANGSKIK ASB. HIERDIE AKTIWITEITE IN VOLGORDE VAN BELANGRIKHEID, WAAR 1 = MEESTE BELANGRIK, EN 10 = MINSTE BELANGRIK

A. EKONOMIESE GROEI EN EFFEKTIWITEIT

(bv. produktiwiteit, bevordering van innovasie en prestasie, bekamping van inflasie, ondersteuning van monetêre en fiskale beleid)

B. VERBRUIKERSWESE

(bv. produkstandaarde, kwaliteitkontrole, bemarkingspraktyke, hantering van verbruikersklagtes, voorsien van voldoende verbruikersinligting en opvoeding)

C. INDIENSNEMING EN OPLEIDING

(bv. indiensnemingsbeleid, opleidingsprogramme, loopbaanontwikkeling en -voorligting, bevorderingsgeleenthede, dagsentrums vir kinders van werkende moeders, werksomstandighede, nywerheidsverhoudinge, behuising, salaris en byvoordele)

- D. OMGEWINGSBEHEER
(bv. besoedelingsbeheer, omgewingsbestuurstelsels, rehabilitasie van die omgewing, afvalbeheer, natuurbewaring, daarstel van ontspanningsgeriewe)
- E. STEDELIKE VERNUWING EN ONTWIKKELING
(bv. ondersteuning van beplanning en ontwikkeling, daarstel van lae inkomste-behuising, bou van nuwe winkelsentra)
- F. WELSYN
(bv. ondersteun van welsynsorganisasies)
- G. OWERHEIDSVERHOUDINGE
(bv. beïnvloed van wetgewing en owerheidsbeleid)
- H. OPVOEDING
(bv. finansiële ondersteuning, bou van skole, skenk van toerusting)
- I. KULTUUR EN KUNSTE
(bv. finansiële ondersteuning aan kunsinstansies, borgskappe)
- J. MEDIESE DIENSTE
(bv. gemeenskapsgesondheidsfasiliteite, lae koste mediese programme, bou van nuwe hcspitale en klinieke)
- K. ANDER (Spesifiseer asb.)
- _____
- _____
- _____

GEEN VERDERE VRAE NIE. DANKIE VIR U SAMEWERKING. ONS SAL ENIGE KOMMENTAAR OF VOORSTELLE WAT U VRAAG WIL MAAK OOR ENIGE ONDERWERP IN DIE VRAELYS WAARDEEL. U KAN 'N APARTE BLADSY DAARVOOR GEBRUIK, EN DIT SAAM MET DIE VRAELYS TERUGSTUUR.

**PART FOUR: CONCLUSIONS AND
RECOMMENDATIONS**

CHAPTER ELEVEN: CONCLUSIONS

11.1. INTRODUCTION

An overview of the literature study undertaken as a basic background to the study, and a comprehensive summary of the content analysis and the attitude study is given.

Furthermore, final conclusions are made and certain guidelines, which could be used by both trade unions and companies when they plan and implement social responsibility strategies, are discussed.

11.2. OVERVIEW OF THE LITERATURE STUDY

The social problems facing South Africa at present cannot realistically be solved by government alone, although it is a traditional function of government. However, the South African private sector has the necessary resources, knowledge and skills to participate in social upliftment.

Whether companies do have a social responsibility role was part of public debate for many years. Today no company would be able to survive without showing some commitment to social responsibility or without having some policy of enlightened self-interest. However, much debate still exists about exactly how social responsibility should be defined, and which activities should be considered as socially responsible.

Although many companies in South Africa participate in social responsibility activities, very little research has been undertaken about the nature of social responsibility in the country. Particular shortcomings were identified in the studies which have been undertaken, and it is because of these shortcomings that this particular study was undertaken.

Social responsibility is essentially part of business ethics, which forms the basis of all decisions made by management and employees alike. However, a basic discussion of business ethics includes the question whether a company could have a moral responsibility, or whether only the people in the company would have a moral

responsibility. One has to conclude that essentially people make the decisions in the company, and that their ethical orientation would necessarily be decisive.

Social responsibility is undertaken as a basic part of business ethics, and is considered as part of companies' decision-making, because companies operate in an open system and are therefore directly influenced by interactions with important stakeholders. For the purposes of this study social responsibility was defined as voluntary behaviour undertaken by organisations in the private sector which directly benefits the wider society of which these organisations are part. This behaviour should be undertaken as a voluntary obligation which extends at least partially beyond the legal boundaries laid down by that wider society and which does not necessarily have a direct economic (or other) benefit to the organisations.

Business always had to fulfill some basic social function, but the evolution of social responsibility as we know it today started with the Great Depression of the 1930s, the emergence of share ownership and the centralisation of economic power in the hands of a few large organisations.

Although most companies have accepted that they have a social responsibility role to fulfill, the formality of their approach still differs. The formality of the approach is influenced by a number of factors, which include the size of the company, its financial resources and any previous experience the company might have had with the implementation of social responsibility.

However, regardless of how formal a company's approach is towards social responsibility, it is essential that a company actively implements social responsibility, whilst considering the company's limitations, such as economic realities, available skills and resources and the company's needs.

Social responsibility is a relatively new "science" in South Africa, which received its first formal public mention in 1972. Its development was boosted after the 1976 Soweto-upheaval by the acceptance of the Sullivan Code by American companies operating in South Africa, the establishment of the Urban Foundation in 1977 and the formalisation of the Black trade union movement in 1979.

Social responsibility programmes undertaken by South African companies have received wide criticism from various stakeholder groups. This criticism includes that companies are apparently unable to adopt a formal approach, that inadequate time is allocated to social responsibility activities, and that companies are unable to identify and support appropriate programmes.

One has to realise that social responsibility in South Africa is quite unique: for many years it was used as part of a process to change the political policies of the country. For this reason political undertones play a very important role in social responsibility planning and implementation.

For the same reason trade unions in South Africa are politicised and also have a unique approach to social responsibility. However, no formal study has yet been undertaken in South Africa to determine exactly what trade unions' attitudes are towards social responsibility and its implementation.

The indisputable fact that trade unions should be considered when companies plan and implement social responsibility is apparent when looking at the definition of trade unions by the International Confederation of Free Trade Unions (in Nel and Van Rooyen, 1985:78): "A trade union is a continuing permanent organisation created by the workers to protect themselves at their work, to improve the conditions of their work through collective bargaining, to seek to better the conditions of their lives, and to provide a means of expression for the workers' view on matters of society."

Furthermore, trade unions are one of the main stakeholder groups which have, at least in the popular press, questioned companies' ability and credibility when undertaking social responsibility.

A public company acquires rights and duties in exactly the same way an individual does after it is registered, and it is the duty of its board of directors to address the criticism levelled at the social responsibility strategies implemented by the company, and to ensure that its social responsibility strategies gain credibility and support from important stakeholders such as trade unions.

Members of the boards of directors have increasing internal and external pressures to respond to. Current economic, political and social conditions in South Africa put increasing pressure on the boards of directors in an effort to satisfy all their stakeholders.

Because the board of directors are responsible for the objectives, essential nature and management of a company their attitudes, expectations and opinions would be instrumental in the management of social responsibility, and a study of these attitudes, expectations and opinions would provide insight into companies' approaches towards social responsibility.

11.3. OVERVIEW OF THE EMPIRICAL RESEARCH STUDIES

11.3.1. The content analysis study

Content analysis was identified as the most appropriate tool to analyse the nature of companies' social responsibility behaviour in an attempt to meet the secondary objective of the study, namely to determine the extent of social responsibility disclosure in financial statements over a period of ten years, in order to establish a trend of social responsibility development which will aid one's understanding of the concept within the South African context.

No adequate measure of the nature of social responsibility activities exists, and although content analysis is not necessarily the best measurement tool, it was chosen because a larger sample could be studied at low cost; annual reports were easily accessible; annual reports could be studied over an extended period of time and analysis would be easier than when other measures would be used.

Furthermore, this study attempts to serve as a basis for future studies, as the previous content analysis studies undertaken in South Africa were also explorative and failed to discuss the basis on which they were planned.

The annual reports of thirty six public companies which were part of the 'Top 100 Financial Mail companies from 1981/1982 to 1991/1992' were analysed.

It was concluded that a high percentage (between 58% and 83%) of large, well-established companies do indeed disclose some form of social responsibility behaviour in their annual reports. This means that these findings could be used to gain some insight about South African companies' approach to social responsibility and social responsibility disclosure.

The chairman's statement still seems to be the most important vehicle for social responsibility disclosures. This would indicate that, in leading companies, social responsibility is considered an important issue which receives top management attention, as the chairman's statement is a direct message from the company's top management team.

The increasing importance of social responsibility manifests itself in the fact that more companies make use of separate sections to disclose their social responsibility activities and a greater commitment is shown towards social responsibility by larger disclosures in the objectives.

When studying the extent of social responsibility disclosure it seems that total social responsibility disclosure has remained relatively stable over the period studied (between 8% and 12% of the annual report), but that the location of disclosures has changed. For further interpretation of these results, it would be necessary to make a detailed study of companies' actual social responsibility expenditure - one has to consider that the fact that disclosures have remained stable does not mean that expenditure remained stable.

Over the period studied employee matters, such as remuneration and benefits, industrial relations and training, have received most attention. This is followed by disclosures about education, equal opportunity and welfare and charity support. Disclosure of certain activities increased over the period studied, such as conservation and small business development.

One can assume that, to a large extent, employment and training received such a large amount of disclosure because companies fear retribution by trade unions if employee matters are not attended to properly. Trade union involvement in politics will undoubtedly also play an important role in determining the extent and nature of social responsibility disclosure, which can already be seen in companies' increasing disclosure of activities undertaken to ensure equal opportunity.

The relatively lower emphasis on consumerism could probably be ascribed to the low level of active consumerism in South Africa, and the fact that South African consumers are not as sophisticated as their American counterparts. The relatively high emphasis on community involvement, on the other hand, can be ascribed directly to the high level of social inequality in South Africa, the worsening of the economy, and the resultant increase in social problems.

One has to realise that the relative emphasis on particular social responsibility issues will change over time, depending on the issues which emerge in the society of which companies form part. One can see this, for instance, in the increasing importance of environmental matters during the period studied.

These results substantiate the motivation for the main objective of this study: employees are identified and recognised as the most important stakeholder group by companies, therefore their attitudes towards social responsibility would be important factors to consider during strategic social responsibility decision-making.

In conclusion one has to state, however, that although valuable information had been gained from the content analysis study in a relatively easy and cost-effective way, this

method's shortcomings quickly become clear - the intensity of companies' activities cannot be measured and a closer study of the social responsibility activities of companies is necessary to gain more insight.

11.3.2. The attitude study

The main objective of this study is to measure the attitudes and expectations of executives and of major external stakeholders, namely trade unions, towards social responsibility; and to determine the correlation between the attitudes and expectations of managers and this stakeholder group. Based on the results, suggestions are made for the adjustment of social responsibility strategies to consider these attitudes and expectations in order to increase the acceptability and support of social responsibility programmes by stakeholders.

Various methods can be used to measure attitudes, but for the purposes of this study it was decided to use a five point Likert-scale. Data was collected by means of a mailed questionnaire, in spite of an expected low response rate. Questionnaires were sent to selected chairmen/presidents, vice-chairmen and general secretaries of all South African trade unions, and to selected members of the boards of directors of the public companies included in the content analysis study.

Only thirty companies were prepared to participate in the study, but a response rate of 75% was recorded for the boards of directors, and a response rate of 33% was recorded in the case of trade unions. This was deemed adequate to facilitate generalisation of results.

The questionnaire consisted of a number of statements which tested respondents' attitudes to seven main areas, namely:

- A. Social responsibility and company profits
- B. Social responsibility and stakeholders
- C. Social responsibility and the government
- D. Social responsibility and society
- E. The management of social responsibility activities
- F. The advantages and disadvantages of social responsibility
- G. Factors companies should consider when implementing social responsibility.

A last section was included, which required respondents to rank specific social responsibility activities in order of importance.

Attitudes expressed in section A seem to indicate that both respondent groups support the profit motive of companies, but they feel that this profit motive should allow for social responsibility.

Although both respondent groups agree that social responsibility should not be undertaken specifically to increase the profit potential of a company the respondent groups advocate a responsible approach to social responsibility, as they both feel that social responsibility should not be undertaken if it would reduce short term profit, and if it would make long term profit impossible.

Attitudes regarding social responsibility and stakeholders show overwhelming support of social responsibility, but they caution that no stakeholder group (especially clients and employees) should be negatively influenced by the implementation of social responsibility. Trade unions feel that shareholder dividends could be reduced in order to facilitate the implementation of social responsibility.

It also seems evident that employees, the management team and shareholders are considered as the three most important stakeholder groups to be considered when social responsibility is implemented. Clients, although probably otherwise acknowledged as an important stakeholder group, are ignored by both respondent groups as a stakeholder group which should be considered when social responsibility is planned or implemented.

However, the two respondent groups disagree about which stakeholder group is the most important. Trade unions generally consider themselves as the most important stakeholder group.

Responses to section C seem to indicate that both groups are in support of companies undertaking social responsibility, rather than the government. Therefore, although trade unions generally criticise companies for their social responsibility activities, they still prefer companies to implement social responsibility. Nevertheless, both groups also acknowledge that the government should participate in social upliftment projects, and feel that the government and the private sector should cooperate in this process.

Attitudes expressed regarding the statements in section D again prove overwhelming support of social responsibility. Furthermore, both groups acknowledge that the future of the free enterprise system would be determined by companies' support of social responsibility. Trade unions' response to statement D2 is consistent with

attitudes expressed in the popular press, namely that companies do not understand society's needs sufficiently to decide which social responsibility activities to support.

Regarding the management of social responsibility activities, both groups agree that an assessment of a company's performance should include some measure of a company's social responsibility involvement, and that social responsibility involvement should be published in a company's annual reports.

Section F measured respondents' attitudes to the advantages and disadvantages of social responsibility. It seems clear that both respondent groups agree that the acceptance and implementation of social responsibility would result in more advantages than disadvantages.

Regarding the factors companies should consider when they implement social responsibility, both groups agree that all these issues should be considered.

Both respondent groups ranked social responsibility activities in more or less the same way: Economic growth and efficiency, employment and training, and education are recognised as the most important social responsibility activities.

11.3.3. Content analysis and the attitude study

When comparing the ranking of activities according to disclosure in annual reports with those expressed by the members of the boards of directors and of trade union management, it becomes clear that companies disclose the most information about those activities which both respondent groups rank as most important, namely employment and training.

The results correspond for most of the other activities, which would seem to indicate that company management are aware of which activities their stakeholder groups rank as most important. However, one has to consider that disclosure in annual reports does not indicate the amount of funds spent on activities, and that a company might have disclosed a lot about a particular activity, but might have spent relatively less, in money terms, on that particular activity.

11.4. CONCLUSIONS AND IMPLICATIONS

In the present South Africa, and in a future South Africa with existing economic and political turmoil and social chaos it should be clear that the government is in no position to adequately fulfill its role of solving social problems.

Furthermore, negotiations and eventual elections will create high, and sometimes unrealistic expectations, which neither politicians nor a future government would be able to meet. This would put increasing pressure on companies in their industrial relations management and in their efforts to solve or alleviate social problems.

However, it would be necessary for labour, the private sector and the government to meet and negotiate about how social problems could be solved cost-effectively, productively and to the satisfaction of all relevant stakeholders.

In this research study both trade union management and the boards of directors express positive attitudes towards the acceptance and implementation of social responsibility. However, trade union management is not satisfied with the way in which social responsibility strategies are implemented by companies. Trade unions generally express dissatisfaction with the fact that employees are not consulted before social responsibility strategies are implemented.

Under a new political dispensation, and in order to gain credibility for social responsibility activities, companies would have to address social expectations and attitudes. However, they would also have to educate their stakeholders to realise that without profits companies would not be able to undertake social upliftment projects. Furthermore, companies would have to develop social responsibility strategies which are successful, irrespective of the environmental pressures put on the company.

Companies will have to accept that social responsibility in South Africa is a politicised issue, and would remain thus for a number of years. Furthermore, companies will have to accept that trade unions have now, more than ever before, a political responsibility to their members. Even in a South Africa with a new political dispensation employees would look to trade unions for political leadership. Trade unions are under pressure to negotiate on behalf of their members to alleviate their social problems. This will increasingly politicise the workplace, which will not change until employees have reached a certain level of education, and until the economy has grown efficiently.

Companies' recognition of trade unions' political role would lead to the solving of social problems, and would increase the chances of success of the free enterprise system, without which social responsibility would be impossible.

However, if companies want to run their social responsibility strategies effectively, they will have to adopt participative management strategies. The paternalistic attitude adopted by many companies in the past would have to be changed in order to ensure the acceptance of social responsibility policies, and to increase the credibility of companies' existing policies and practices.

Companies would have to focus their social responsibility activities firstly on employees and their dependants. Any activities undertaken will have to be planned in consultation with employees and other relevant stakeholders. The greatest task company management would have to face during social responsibility decision-making is to positively change the attitudes of labour towards management and social responsibility. This might involve the education of workers and upgrading of skills, as well as power-sharing with trade unions.

One has to realise, however, that trade unions would always demand more participation, more consultation and more power-sharing than what companies would necessarily be prepared to allow. This is a fundamental part of industrial relations, however, and should not be considered as hampering the social responsibility process.

Trade unions would have to be realistic too, however, and would have to realise that companies have limited funds available and have to show a commitment and responsibility to a wide group of stakeholders. Therefore, all of employees' expectations and needs cannot be met. However, this fact again accentuates the need for participative management during social responsibility decision-making, to ensure that companies focus on those activities which employees effectively identify as priority areas.

Although both respondent groups agree that social responsibility would result in more advantages than disadvantages, companies would have to be very careful of using social responsibility as a promotional tool - essentially it should be undertaken regardless of whether it benefits the company or not. The acceptance and credibility of companies' social responsibility strategies are at stake, and if companies' efforts are to be considered as genuine, companies would have to prove that the possible advantages are not decisive motivational factors.

In order to facilitate better identification of priorities and to enable consultation with important stakeholder groups regarding social responsibility, companies should develop formal environmental scanning systems. National and local priorities could be easily identified, and would enable companies to divide social responsibility priorities between themselves and between the private sector and the government. This would enhance the credibility of social responsibility activities undertaken by companies in the eyes of their stakeholders, as they would have to be included in the information gathering process.

Trade unions (and other stakeholders) increasingly require of companies to disclose the nature and extent of their social responsibility strategies. All companies should have a responsibility to reveal more information about their social responsibility strategies in order to ensure a more equitable distribution of funds, some form of public control and some assistance to less advanced companies on how to undertake social responsibility, and which activities to support.

Such disclosure could not only lend more credibility to companies' social responsibility activities, but could also serve as a qualitative measure of a company's social responsibility performance.

Legislation will always force companies to show some degree of social responsibility. This will manifest itself in legislation which protects the basic rights of employees and consumers, and which determines minimum requirements regarding pollution control, civil rights and so forth. One would also expect that, under a new political dispensation, legislation would be implemented regarding equal opportunity and affirmative action.

However, legislation should be supportive of companies' social responsibility strategies, and motivational in nature, rather than prescriptive and stifling.

The government should effectively consult with the private sector about social responsibility strategies, activities and participation. Only if government and the private sector cooperate fully would resources, skills and abilities be applied cost-effectively and productively.

Government should also investigate the possibility of tax incentives, subsidies, rebates and low-cost loans in an effort to motivate companies to implement social responsibility. The cost of these incentives would probably be lower than the cost of undertaking the social responsibility projects. Government incentives should

encourage companies to undertake those social responsibility activities companies can perform more cost-effectively than other institutions.

Attitude studies always have important implications for companies' values and culture. Companies will have to determine whether their corporate culture is in line with the changing environments around them, and whether it includes and considers the attitudes and opinions of their important stakeholders.

In order to facilitate stable political, social and economic environments in a future South Africa the government, the private sector and labour would have to negotiate and consult with one another before social responsibility strategies are planned and implemented.

11.5. SUMMARY

Social responsibility has become an accepted management practice. This chapter focused on the literature study which offered a background to the acceptance of social responsibility as a basic management practice, and on the empirical research studies which were undertaken in an effort to meet the main objective and secondary objective of the study.

Conclusions were made and the implications the empirical research study has for companies and trade unions alike were discussed in great detail.

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CHAPTER TWELVE: RECOMMENDATIONS AND SUGGESTIONS FOR FURTHER RESEARCH

12.1. INTRODUCTION

Social responsibility is still a very new concept in South Africa and therefore the research base is still very limited.

Furthermore, researchers have for too many years focused on a philosophical debate about whether companies have any social responsibility, how social responsibility should be defined and what might be considered as social responsibility activities.

This chapter discusses some of the shortcomings underlying social responsibility research and makes some recommendations for future research studies.

The chapter concludes with some suggestions for further research.

12.2. SHORTCOMINGS OF SOCIAL RESPONSIBILITY RESEARCH

In the introduction to this study some of the shortcomings of earlier research studies undertaken in South Africa about social responsibility were discussed. These included the fact that usually very small samples, located in a confined geographical area were used, which made generalisation of results difficult. Furthermore, it was pointed out that attitude studies need to be repeated over time as attitudes change with changes in environmental factors.

A very basic shortcoming of any social responsibility study is summarised by Sethi (1979:64): "A specific action is more or less socially responsible only within the framework of time, environment, and the nature of the parties involved. The same activity may be considered socially responsible at one time, under one set of circumstances, and in one culture, and socially irresponsible at another time."

This means that the relevancy of any social responsibility research undertaken is relatively short-lived. Nevertheless, each study undertaken offers new insights to ensure effective implementation of social responsibility strategies.

Social responsibility research in South Africa is particularly difficult, because social responsibility is a sensitive issue, heavily politicised, and companies are hesitant to participate in such research studies. Furthermore, stakeholders' attitudes are

necessarily tainted by the political history of the country and resultant high social expectations.

However, researchers' opinions and remarks in the past have for too long a period of time been based on criticism reported in the popular press and attitudes expressed by liberal leaders with a dubious support-base. This has unnecessarily prevented many companies from implementing social responsibility strategies as they were unsure of how stakeholders would react.

Furthermore, previous research studies were unnecessarily repetitive of nature, because researchers focused for too long on the exact nature of social responsibility, in stead of moving to other research areas.

12.3. RECOMMENDATIONS FOR FUTURE RESEARCH STUDIES

Researchers should realise that the idea of social responsibility is an accepted one. Company management realise that they are part of a larger system, and that, in order to ensure long term existence, they have to consider their various stakeholders. It is now necessary to focus research about social responsibility on those issues which are important for the implementation of social responsibility, and researchers should no longer focus on subjects such as what social responsibility is, whether companies have a social responsibility and exactly what should be considered as social responsibility activities.

At present South Africa still lacks comprehensive research data on social responsibility, and studies in this field should thus be encouraged as this will not only improve the body of knowledge on the subject, but would also assist companies in embarking on social responsibility activities on a more scientific basis. Various fields of research gaps exist, which should enable any researcher to undertake an original study, while interdisciplinary research is also possible. However, researchers should focus on fields which are actual and which fit into the needs of the private sector at present. The issue of social responsibility is much too important for studies on irrelevant aspects to be undertaken. Furthermore, researchers should not become involved in philosophical debates, and thereby ignore the fundamental basis of social responsibility - it is an important part of business strategy, and must be undertaken to ensure the future existence of a responsible private sector.

12.4. SUGGESTIONS FOR FURTHER RESEARCH

1. A follow-up study should be undertaken after a new political dispensation has been in effect for a number of years. This would give an indication of how trade union attitudes and their political role have changed.
2. The same study could be repeated with a different sample group, such as companies in the small business sector, or companies in different branches of industry.
3. A study should be undertaken with trade unions as sample to determine exactly which social responsibility activities trade unions feel have no credibility and which activities they would like to see supported.
4. A comparative study should be conducted, focusing on the attitudes of other respondent groups, such as clients, lower and middle level of management, shareholders and institutional investors.
5. A study should be undertaken to determine what the attitudes and expectations of institutional investors and shareholders are towards social responsibility. These stakeholders are important pressure groups which could influence companies favourably to undertake social responsibility.
6. The attitudes of employees, rather than trade union management, could be studied. A comparative study between trade union management's attitudes and that of employees could provide new insight.
7. A study should be undertaken to determine to which extent government social policies overlap with social strategies undertaken by companies, and how closer cooperation could be established between these groups.
8. A study should be undertaken to explore which methods government could use to "compensate" or motivate companies for undertaking social responsibility, such as tax incentives or subsidies.
9. Measures with which a company's social performance could be judged should be investigated. However, it is important to realise that social responsibility is an emotive issue which cannot be over-quantified.

12.5. SUMMARY

The basic shortcoming of any attitude study is the fact that attitudes are indisputably influenced by changes in environmental factors.

However, attitude studies offer guidelines to companies on how to implement social responsibility and how to ensure stakeholder support of these strategies. This chapter offered guidelines and suggestions to researchers for further studies about social responsibility.

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