

The Rhetoric and Reality Gap: a Sensemaking Perspective on Corporate Social Responsibility

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Declaration

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the authorship owner thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

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Abstract

The thesis investigates the gap between rhetoric and reality in how organisations use Corporate Social Responsibility (CSR) for marketing and brand differentiation. The rhetoric reality gap is the gap that develops between what organisations say they do and what they actually do. In terms of CSR, this gap is present as the phenomenon of greenwashing, whereby organisations embellish claims about their social and environmental activities. This leads to sceptical consumers and the discrediting of CSR activities in general. Left unmanaged, the gap presents significant reputation risk. However, the identification of the gap also has the potential for driving the organisation towards more responsible business practices.

Previous research focused almost exclusively on organisations' CSR activities and the resultant outcomes and not on the views and judgments about CSR found inside organisations. A shift in focus towards the organisational sensemaking around CSR may better explain the dynamics of the rhetoric and reality gap. Basu and Palazzo's process model of sensemaking for the study of CSR, describes the cognitive, linguistic and conative aspects of sensemaking along seven dimensions to produce a CSR profile of organisations.

The thesis uses Basu and Palazzo's model to study CSR in the food retail sector. Comparative case studies were undertaken in three of the largest retailers in South Africa in which various people involved with CSR were interviewed after Basu and Palazzo's (2008) model was operationalised. Thereafter a content analysis of the observed outcomes of organisations' CSR activities was undertaken. The observed outcomes were produced by analysing the organisations advertising strategy, website, use of social media, awards won, integrated reports and media reporting. Combining the content analysis with an analysis of the interviews produced a CSR profile for each of the cases which served as the basis for comparison.

It was found that the rhetoric and reality gap of the organisations involved in this study could be explained by the organisations' CSR profiles. The implications for the management of the rhetoric and reality gap varied between organisations. The success of the classification of the case studies meant that Basu and Palazzo's model is able to produce a CSR profile for an organisation which can be linked to the observed CSR outcomes. In addition particular CSR profiles can explain the origins of specific rhetoric and reality gaps and how best to manage it.

Opsomming

Die tesis ondersoek die retoriek en realiteitsgaping wat ontstaan uit organisasies se Korporatiewe Sosiale Verantwoordelikeheidsinisiatiewe (KSV). Die retoriek en realiteitsgaping is 'n verskil tussen wat organisasies sê hulle doen en wat hulle werklik doen. In terme van KSV is die gaping teenwoordig as die fenomeen van "greenwashing", waar organisasies hulle bydraes tot sosiale en omgewingsake oordryf. Dit lei tot skeptiese verbruikers en maak KSV-aktiwiteite verdag in die algemeen. As hierdie gaping nie bestuur word nie, kan dit bydra tot merkbare reputasie risiko vir organisasies. Die gaping is nie net 'n risiko nie, maar het ook die potensiaal om organisasies na meer verantwoordelike besigheidspraktyk te dryf.

Vorige navorsing oor KSV fokus op organisasies se KSV-aktiwiteite en die uitkomst daarvan en nie op die sienings en oordele oor KSV binne organisasies self nie. Organisasoriese singewingsteorie verskuif die fokus na hoe organisasies sin maak oor KSV en kan die aard van die retoriek en realiteitsgaping beter beskryf as hoofstroom navorsing. Basu en Palazzo (2008) se proses-model van singewing vir die studie van KSV beskryf die kognitiewe, taal en konnatiewe aspekte van singewing oor sewe dimensies om 'n KSV-profiel van organisasies te ontwikkel.

In die tesis word Basu en Palazzo se model geoperasionaliseer om KSV in die Suid-Afrikaanse voedsel kleinhandelsektor te bestudeer. Vergelykende gevallestudies is onder drie van die vier grootste kleinhandelaars in Suid-Afrika onderneem waartydens onderhoude met sleutelpersone betrokke by KSV gevoer is. Daarna is 'n inhoudsanalise van die waargenome KSV-uitkomst in elke geval onderneem. Hierdie uitkomst is die resultaat van 'n analise van advertensie-strategieë, webblaaie, gebruik van sosiale media, toekennings, geïntegreerde verslagdoening en media-dekking. Die KSV-profiel is saamgestel deur die inhoudsanalise met die analise van die onderhoude te kombineer.

Daar is gevind dat die retoriek en realiteitsgaping van die betrokke organisasies deur die KSV-profiel verduidelik kan word. Die implikasies vir die bestuur van die gaping het gevarieer tussen die drie organisasies. Die sukses van die klassifikasie van die gevallestudies beteken dat Basu en Palazzo se model 'n KSV-profiel kan produseer wat met waargenome KSV-uitkomst verband hou. Verder kan spesifieke KSV-profiel die oorsprong van spesifieke gapings verduidelik en beginpunte bied vir die bestuur daarvan.

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List of Abbreviations

AA	AccountAbility
BEE	Black Economic Empowerment
CRISA	Code for Responsible Investing in South Africa
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
GRI	Global Reporting Initiative
IIRC	International Integrated Reporting Council
ISO	International Organisation for Standardisation
JSE	Johannesburg Stock Exchange
LSM	Living Standards Measure
NGO	Non-governmental Organisation
NPO	Non-profit Organisation
SASSI	South African Sustainable Seafood Initiative
SRI	Socially Responsible Index
UN	United Nations

Chapter 1. Introduction

1.1) Introduction to the topic

Socially responsible business practices are the order of the day for corporations who are intent on preserving their brand and sustaining their organisation. However, it has unfortunately become the case that Corporate Social Responsibility (CSR) has become more of a public relations exercise, than a genuine attempt to reform the ways in which business is conducted and profit is made (Clifton & Simmons, 2003: 57). It is the aim of this discussion to explore the issue around CSR, and brand and reputation management. Given the situation, it is imperative for organisations to fully embed CSR into their practices to prevent their efforts from being superficial and perceived as inauthentic, which will only serve to undermine their brand name.

CSR in South Africa, and the rest of the world, is currently producing an outcome that, while in some cases has had positive impacts, has also resulted in greenwashing, sceptical consumers and public relations disasters. This phenomenon can be described as the rhetoric and reality gap, and the discrepancies which it points to, pose substantial reputational risks for an organisation. It is this problem which this thesis will investigate. This thesis intends to use a sensemaking perspective to understand this problem, by looking at how an organisation understands CSR, and whether a particular type of understanding is likely to produce a larger gap.

Basu and Palazzo (2008) offer a characterisation of CSR literature into three streams namely; “stakeholder driven”, “performance driven”, and “motivation driven” (122-123). The “stakeholder driven” approach has largely been driven by stakeholder theory itself. Corporations are seen as members of society which should recognise the input of external stakeholders and interest groups. Social concerns are expected to be incorporated into the organisations operations, in order to accommodate the likes of NGOs, communities and other interest groups (Basu & Palazzo, 2008: 122–123).

The “performance driven” (Basu & Palazzo, 2008: 122) approach supports or stems from the business case for CSR. Here the case is made the fact that CSR activities could contribute to the bottom line, through cost cutting and attracting more consumers or investors.

Investigations into incorporating CSR into strategy and its effect on the bottom line all fall into this category. Essentially the stakeholder and performance driven streams focus on what it is that the corporation should be doing, in order to be fulfil the criteria for a responsible corporate entity (Basu & Palazzo, 2008: 122–123).

The “motivation driven” (Basu & Palazzo, 2008: 123) stream encompasses two approaches which look at the inherent and external reasons that a firm may be engaging in CSR activities. The first approach would largely include reputation management and response to criticisms and demands from activists and NGOs. The other approach has a stronger philosophical basis, such as the topic covered earlier about why a corporation is a morally responsible agent, and why it is that they may be responsible for the shortcomings of a society (Basu & Palazzo, 2008: 122–123).

Basu and Palazzo (2008) state that these three streams are useful but that we lack an understanding of how an organisation makes sense of and understands CSR. We need to a better understanding of what mental frames they have embedded this concept of CSR in their attempts to make sense of it and to create meaning. This is where the sensemaking approach becomes relevant and has much to offer CSR. If we are to understand why there are differences in the way firms approach CSR we are going to find little in their reporting largely due to the increase in standardisation of reporting. The real differentiation will be found in the sense they have made of CSR and its position in the organisation. In looking at their mental frames, we have a better chance of understanding why firms react differently, even though they are facing the same external demands to conform to or perform CSR (Basu & Palazzo, 2008: 122-124).

1.2) The evolution of the sense in CSR

“Sensemaking is first and foremost about the question: how does something come to be an event for organisational members? Second, sensemaking is about the question: what does an event mean?” (Weick et al, 2005: 410). Therefore, in order to better understand CSR, we need to understand how it is that concept of CSR was developed and how it came to be meaningful in today’s organisational context.

The following is a brief history of the concept of CSR (taken from Carroll's 2008 entry in the Oxford Handbook of Corporate Social Responsibility) and the application of sensemaking theory to this evolution. This is an attempt to emulate the illustration which Weick (1995: 1-4) achieved in discussing the evolution of the Battered Child Syndrome. Weick sees the Battered Child Syndrome as an instance of sensemaking for the following reasons: 1) an ill-fitting cue was noticed in the flow of ongoing events; 2) the cue was noticed retrospectively; 3) an explanation was offered for the cue; 4) a tangible, external piece of work was created from the explanation; 5) a social context was a necessary pre-requisite for the explanation to become widespread; and 6) both identity and reputation are central to the issue (Weick, 1995: 2). These six points are present in the evolution of our understanding of CSR.

CSR has its early roots in the industrial revolution. It is from the background of this early context, to the present day, where we see the increased embedding of CSR in business practices occurring in more and more organisations. Carroll (2008: 19) states that while CSR largely took hold and took shape in the 1950s, there was a build up to this uptake in the form of social initiatives prior to that point in time.

During the industrial revolution the labour conditions which prevailed were extremely poor, and many writers¹ at the time wrote about the conditions. A concern for labour began to arise although it was borne largely out of a focus on how to make labour more productive, rather than from an intrinsic interest in their well-being. It nonetheless led to social movements which brought relief to the labour force, through the likes of clinics and ablution facilities. A form of philanthropy was also on the rise and the wealthy began to give money to churches, arts, and education, although it is unclear whether this was personal or business philanthropy (Carroll, 2008: 20-24).

At this point those involved in business began to notice the unsettling and discrepant cue of poor labour conditions, and made some attempt to ratify this situation, largely in the hope that it would improve productivity. The great depression happened next, and it took this considerable event to point out the failing of business and society. This caused shifts in management and shareholders were then no longer the only concern (Carroll, 2008: 20-24). External outputs and writings also began to be produced pre-1950, with a few writers

¹ For example, Charles Dickens and Mark Twain

mentioning or tackling the responsibility of business for the wider consequences of their actions. Thus, over time, some began to look back and note these discrepant cues and began to formulate or write about the ideas which they had, about what they had seen occurring.

It was in 1953, that an influential text was published by Bowen called the “Social Responsibilities of the Businessman.” This was the first text in the modern period that created something “out there” (Weick, 1995: 2), and which produced a classification or a definition for what people were beginning to notice. His definition of social responsibility is as follows: “... obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society” (Carroll, 2008: 27). This initial definition and writing lead to more published material on the topic of social responsibility of business, it became a concept and point from which to work around. Bowen’s conception of CSR bracketed the ongoing flow of the thoughts and actions that were occurring at that point in time. He took the elapsed experience, and saw that forms of social responsibility had emerged and were going to continue to emerge. Carroll (2008: 26) points out that the 1950s was a period of “more talk than action with respect to CSR. It was a period of changing attitudes.”

The 1960s saw more growth in the arena of CSR. The lack of widespread attention up until this point is probably a reflection of the ethos of society at large, and this began to change as more people became more aware of the different emerging ideals. For example, the Hippie movement came out in support of nonconformist and more altruistic ideals. Keith Davis was particularly influential, and largely followed in Bowen’s footsteps by further clarifying and exploring the concept of CSR (Carroll, 2008: 27). The predominant line of economic thought at the time may also have had something to do with the lack of widespread uptake around CSR. The debate between Milton Friedman and the Keynesian economists was prevalent at the time. With Friedman expressing that “the business of business was to serve its shareholders” and a laissez-faire capitalist perspective, and others arguing that intervention was helpful and would be to the greater benefit of society (Goydon, 1998: 10).

With the concept of CSR being discussed, a better and more plausible understanding of what was meant by CSR and why business and society were concerned with this emerging trend, the 1970s then saw more action in terms of CSR. Social interests were being brought to the

fore. The attention on CSR became more widespread during this period as the social contract between business and society was changing. Issues such as minority hiring, concern for the environment, contributions to education and to art, became an important consideration for the corporation in the 1970s. The enactment of CSR was beginning to take place. At the end of this period Carroll published what was to become the most widely used definition of CSR, which did not make the distinction between that which the organisation does for itself and that which it does for others. Essentially he considered that in turning a profit the organisation was also contributing to society. CSR became something that organisations should actively plan for and incorporate (Carroll, 2008: 28-33).

The 1980s saw the rise of other topics which were complementary to CSR. These were topics such as stakeholder theory and business ethics. This gave people the language and concepts to apply to the CSR phenomenon. The emergence of these additional terms in the sciences gave people the tools and language with which to speak about CSR. These terms are now part and parcel of CSR as a concept, and have become familiar to people outside of the sciences. The internalisation of the underlying notion of CSR was beginning to happen. Different ways of conceptualising the concept were being discussed, and different ways in which it was thought to make more sense, or to be imbued with more meaning, were being explored (Carroll, 2008: 28-33). Again, the lack of widespread uptake could still be explained by the neo-capitalist tendencies of the period, which were asserting and entrenching greed as a mode of operating (Goyden, 1998: 11).

During the 1990s both Nike and Royal Dutch Shell (Shell) came under fire for some of their practices. Shell was criticised quite widely by the public for proposing to sink an out of use oil storage buoy, and Nike was criticised for their poor labour practices. Both companies were subjected to a lot of negative media publicity, and had to suffer through the public outcry. Much hype was generated around these acts of environmental and social irresponsibility as it became a public moral issue. (Schwartz & Gibb, 1999: 26 -54).

These two events can be seen as particularly important for the evolution of the sense in CSR. Much was written about both incidents in academic material and in the general media. These incidences became part of the general consciousness of society, making these two incidents part of the first time that CSR received truly widespread attention. The shocking nature of child labour and environmental damage was enough to draw the attention of a wider public,

and also to call on the organisation to address the problem. The sensemaking on the part of the organisation would largely have centred around the problems associated with their identity construction and reputation. Looking back over these events would further highlight them as discrepant cues, which were symptoms of a fault in society and pointed to the ever growing need for CSR.

Again, to point to the wider context, during the 1990s many anti-globalisation protests were taking place. The concern which had up until this point been for the local community, was extended to a more global concern. Symptomatic of this were various agreements signed during the period such as the Global Corporate Citizenship (the leadership challenge for Chief Executive Officers and boards) signed at the World Economic Forum in January 2002, the, and the beginnings of the Kyoto protocol (Garriga & Mele, 2004: 57). In the South African context, another response was that of the writing of the first King Report on Corporate Governance which occurred during 1994. This was a creation of something ‘out there’ which started the dialogue around good corporate governance in South Africa.

In the next decade, Enron presented as an interesting case for business ethics and CSR. Enron appeared, on paper, to be following good business practices, but behind this façade was a structure on the verge of implosion. Enron collapsed in 2001. Financial mismanagement in the form of fraud and corruption once again turned the world’s attention to a case of an organisation which had exploited its position, and its shareholders and stakeholders (Sims & Brinkmann, 2003: 243-252). The explanation that was offered for this incident was that of poor business ethics. It served as a discrepancy which was retrospectively considered, and then a solution for what was actually a systemic problem. The solution was found in the form of the promotion of business ethics to prevent a similar incident from reoccurring. The same can be said for the financial crisis of 2008, as greed began to be named one of the contributing factors to an incident which cost a lot of people a lot over many years. All of the above incidents brought the concept of CSR into existence and into focus. Having (to a certain extent²) established what is meant by CSR this then gives organisations a concept around which to act and continue to act.

² This is said because CSR is criticised for meaning many different things to many different people.

In summary, a discrepant set of cues was picked out of the ongoing flow of events. This happened a few times in the case of CSR, first with the poor labour conditions during the industrial revolution, and then in the cases of misconduct among Nike, Shell, and Enron and others. These discrepant cues were noticed retrospectively. Speculations in terms of company misconduct and irresponsibility were offered, in order to come up with a plausible explanation for that which had now been noticed. Slowly but surely the speculations were published, first by authors in the industrial times and then again during the 1950s. More books and other reports, brought the topic to the fore and focussed the discussion around the issue. CSR became something which was “out there”. Widespread interest in the topic only came later when society at large had been exposed to it, and the wider context of the thinking in society had room for the idea.

1.3) The research problem

1.3.1) Aim, scope and delimitations

The overall aim was to use comparative case studies to investigate whether it was possible to use the CSR profiles of the organisations, to better understand and explain the existence of the rhetoric and reality gap. This thesis aims to use empirical research to describe the CSR profiles of three organisations in the South African food retail sector by operationalising Basu and Palazzo’s (2008) process model of CSR. Basu and Palazzo’s (2008) model makes use of three groupings and seven dimensions to both describe the unique sensemaking processes around CSR in an organisation, and produce a CSR profile for the organisation. This thesis also sought to further the research agenda of Basu and Palazzo (2008) who expressed the need for empirical research to construct CSR profiles for organisations and examine the corresponding observed outcomes.

This type of investigation taps into the mental frameworks underlying CSR, as opposed to the specific CSR activities, and undertaking which an organisation implements in order to further its CSR agenda. This would then speak directly to the fundamental issue in the rhetoric and reality gap, the existence of a discrepancy between the actions and beliefs of an organisation. Capturing and understanding the meaning that has been constructed around CSR in an organisation will generate insight into the size of the rhetoric and reality gap, and the room

that this creates for managing reputational risks. This empirical investigation will serve to describe the observed outcomes, and the link between these outcomes and the CSR profile of the organisation.

As a preliminary definition (which will be expanded later in Chapter 2) in this thesis CSR is used as an umbrella term as it encompasses both sustainability and Corporate Social Investment (CSI). CSI refers purely to the donations or investments which corporations make to social causes and other initiatives; that are often separate from activities of the organisation itself. CSR also encompasses the legal, economic, ethical and discretionary requirements that pertain to the social and environmental undertakings of an organisation (Carroll, 1979).

The rhetoric and reality gap refers to the difference between what organisations say that they do in terms of CSR and what they actually do. What they say they do is conveyed through their marketing, brand differentiation, and other communications. This is seen in juxtaposition to the actual impacts and outcomes of their business activities and CSR efforts. It is often the case that claims of environmental and social responsibility are inflated.

Sensemaking is the overall theoretical perspective of this thesis. Sensemaking is used to assist in describing the mental frameworks and understanding that each organisation has of CSR. Whilst many different sensemaking analyses are possible, this thesis builds on the work of Basu and Palazzo (2008). The application of sensemaking theory to the largely normative issue of CSR means that this thesis is unable to make normative claims. Instead it seeks to describe CSR in the food retail sector in South Africa, and make some recommendations as to how to manage the rhetoric and reality gap of these organisations

1.3.2) Research method

Choice of research method

The fact that the model, which Basu and Palazzo (2008) have constructed, is informed by sensemaking gives us a fairly prescribed approach for conducting an empirical investigation that uses this model. Sensemaking as a theory has an explicit emphasis on language and its importance for making sense. We will come to understand that the theory of sensemaking

sees language as that which frames our ongoing flow of experience. Language is the means through which we are able to make sense, and it is of language that our sense consists (Weick, 1995: 106-108). Therefore, in order to understand the meaning that CSR has come to possess, or carry, in an organisation, it is fundamentally important that we are party to the language and descriptions that the people use. It was decided that semi-structured interviews would be used to collect the data from the case studies given that interviews were the natural choice for this type of empirical research.

Basu and Palazzo specifically point to the need for empirical research to be conducted in order to empirically establish whether or not by “locating intrinsic patterns of CSR processes and relating them to impact (we) might allow enunciation of firm/managerial performance standards and introduce well-grounded actionability in CSR programs” (2008: 130). The need for empirical research is clear, and the most well-matched means through which to achieve the data needed to construct the CSR profiles, is that of interviews. However, since Basu and Palazzo’s (2008) model had yet to be operationalised, this needed to be undertaken before any empirical investigation could begin.

Research design

Firstly, in order to situate this thesis in the greater context of CSR it was necessary to investigate the history/development of the concept as discussed in the beginning of this chapter. Furthermore, the definition of CSR and the justification for attributing responsibility to corporation was necessary to sketch the wider context of this thesis. From here the context was narrowed to the South African context.

Given that Basu and Palazzo (2008) situate themselves inside the theory of sensemaking, it was necessary to present this theory before a thorough examination of the model itself could be undertaken. Once the sensemaking context had been fleshed out, we were able to examine Basu and Palazzo’s model. In the examination of the model, it was determined that the model was suitable for application, and that there were some allowances to be made in the final classification of the profiles. The model then needed to be operationalised in light of the CSR and sensemaking discussions which had preceded it. The model was more specifically operationalised to ensure that it was suitable for application to the South African food retail sector. In order to ensure easy analysis of the interviews the questions were grouped to

pertain to particular dimensions, and various prompts and probing questions were thought of to ensure frank communication.

It should be noted that various criteria and forethought went into choosing the food retail sector and the organisations that would be involved. In order to ensure a successful comparison, it was necessary to make sure that the cases used in this research were similar enough so as not to be affected by other legislation or policy requirements. The following criteria were decided upon; the organisations should:

1. be in the same sector,
2. be in the same place in the value chain,
3. be of a similar size,
4. have a sustainability section in their annual/integrated report,
5. be listed on the JSE and/or on the JSE SRI in order to ensure compliance with King III, and
6. have made mention of the CSR/Sustainability/CSI on their website

The above criteria were realised by the four major players in the sector South African food retail sector, and Woolworths is understood to be an industry leader as far as CSR is concerned, making for a useful comparison and demonstrating the sectors emphasis on CSR (Hamann et al, 2012: 4). The four major players in the South African food retail sector are Pick n Pay, Shoprite Checkers, Spar and Woolworths. However, only three of the organisations were open to being interviewed and this left me with three case studies, namely Woolworths, Pick n Pay and Spar.

This study would employ two types of analyses. A content analysis of the organisations advertisements, website and social media sought to reflect the rhetoric of the organisation. Additionally awards, integrated reports and media reports were used in the content analysis to create the reality of the organisation. An interview analysis was conducted to create the CSR profile of the organisation. An overlap between the two types of analyses was necessary, where the transparency and justification dimensions of Basu and Palazzo's (2008) model were concerned, as information from the content analysis was required in the interview analysis. These two dimensions were classified with the help of information gleaned from the content analysis, as it was necessary to have an own assessment of the organisations style of

communication and reporting. In turn information from the interviews was necessary to discuss the organisation's advertising.

The types of communication which were used in the content analysis would say something about how the organisation projects itself, and then how this image is received and reflected back to the organisation by the public. The rhetoric is that which the organisation had control over producing or authoring. The general strategy behind CSR advertising, the centrality of sustainability issues on the website, and the use of social media to engage with the consumer and promote social and environmental issues were analysed as part of the rhetoric of the organisation.

The awards, integrated reports, and media reports were considered to be a reflection of the reality, as the organisation either did not have control over producing the outcome, or (as is the case with integrated reports) the outcome was audited by both internal and external auditors who took responsibility for the accuracy of the information reported. The amount and type of awards recently won by the organisation were considered in the content analysis, as well as how the integrated report was written and the emphasis that CSR received. Various media reports were found by searching for the company name and either CSR, CSI and sustainability. The reports that were found gave an indication of the types of issues which each organisation had experienced, or how they had become involved in the greater community.

1.3.3) Outline of the chapters

The research question of whether the observed outcome of the rhetoric and reality gap could be described by or attributed to a particular CSR profile will be discussed in the following chapters. Chapter 2 initially provides a background for this thesis by fleshing out the definition of CSR, looking into where the drive for CSR is coming from, and discussing how it is that we can come to attribute the concept of responsibility to an organisation. Chapter 2 also discusses the all-important legislative and policy context of CSR. Chapter 3 fills out the theoretical background of this thesis by explaining sensemaking and its application to both CSR and the rhetoric and reality gap. Basu and Palazzo's (2008) model is discussed in chapter 4 and provides the build-up to the operationalisation of the model which occurs at the

end of this chapter. Chapter 5 will discuss the case studies that the model was applied to, and both the interview and content analysis before discussing how to manage the rhetoric and reality gap on both a macro and a case specific level.

Chapter 2. Corporate Social Responsibility and the Rhetoric and Reality Gap

2.1) Corporate Social Responsibility: a definition

In the previous section, the development of CSR as concept and how it came to possess the meaning which is now attributed to it was discussed. In this section, the definition and notion of CSR as an umbrella term will be discussed and expanded upon.

“CSR... was built upon the deep moral idea about the primacy of human interests over corporate ones. CSR was developed to counter the devastating consequences of an imbalance of corporate power – environmental degradation and poisoning, unhealthy and even deadly consumer products, inhumane workplaces and more” (Wood & Logsdon, 2002: 157). This gives an indication that the core purpose of CSR is to extend the organisation’s concern deeper into the workings of the organisation and beyond its boundaries. While many have criticised the term for meaning too much and thus saying too little, it is still currently the only term we have which is able to encompass issues such as labour relations, business ethics, good governance, sustainability and social investment. It is a term which allows us to point away from the specific activities of an organisation and instead focus on its motivations. Others such as Milton Friedman are critical of the existence of CSR as they believe it undermines the principle of a free society and that the only responsibility of business should be to turn as large a profit as possible (Carroll, 1979: 497). It should be made clear that it is not the objective of this thesis to remove the emphasis on the bottom line, but rather to add that the means through which a profit is achieved are of equal importance to the profit itself. The business of business therefore becomes good business.

The business of business becoming good business could also be tied into the argument that we have misconstrued and misunderstood Adam Smith and his invisible hand. The conception should perhaps have been that while it is right to pursue our own self-interests, we should ever be conscious of the effect we have on other people. In essence, we remain responsible for the consequences of our actions and act instead with “enlightened self-interest” (Goydon, 2005: 10).

As was said earlier, Carroll (1979) made what was perhaps the first concrete attempt at a definition of CSR. This has become the most notable and comprehensive definition of CSR, and is a definition from which other authors have forged their own definitions. The four part definition pointed out that CSR looked at business performance with the categories of economic responsibility, legal responsibility, ethical responsibility and discretionary responsibility. The motivation for a particular action of the organisation should reside in one or more of these categories and each responsibility forms one part of the total social responsibility of the organisation (Carroll, 1979: 500). As will be discussed later, more and more of what can be deemed socially responsible legislation is finding its way into the corporate arena. Therefore, while organisations must seek legitimacy through their economic activities, they must conduct them in a legal framework which is being filled with more socially responsible requirements.

While it may have been fair to say that the ethical responsibility of a business should be referred to those expectations which society had above and beyond the legal requirements, this line has been blurred by the additional legal requirements. It is still true that organisations are rewarded with legitimacy for stepping above and beyond the new requirements (Carroll, 1979: 499-500). The discretionary category has also found itself becoming more intertwined with the legal requirements through the implementation of the Black Economic Empowerment (BEE) codes of good practice and King Reports in South African legislation. Thus, Carroll's definition adequately describes what CSR is thought to encompass, but it needs to be improved as more and more aspects of CSR become entangled in the legislative requirements of organisations. It has become more difficult to pick up on the true motivations for organisational action. This dilemma also further complicates those whose definition of CSR focuses specifically on the notion that it is a voluntary undertaking (Dahlsrud, 2008: 5–6). It is no longer clear that CSR can indeed be voluntary due to direct and indirect legislation.

Numerous other terms and phrases have been put forward in order to move away from the generality of CSR. Concepts such as stakeholder theory, business ethics and sustainability have become an extension of CSR or an attempt to clarify and crystallize the compound notion of CSR. Stakeholder theory at one point took the limelight, having consequences for CSR in terms of the emphasis on stakeholders rather than the narrow and financial interests of shareholders. Stakeholder theory stretched the organisation's view of its accountability to

include those outside of the organisation. However, it has been criticised as an attempt to make the organisation accountable to one and all, and therefore of little value in terms of contributing to the progression of CSR (Goyder, 1988: 3). Business ethics became particularly important post-Enron and were again emphasised after the global financial crisis in 2008. Sustainability has also come to the forefront because of the realisation that the depletion of the world's natural resources has an impact on the longevity of organisations who rely on those resources.

Another widely accepted and discussed definition of CSR which has sprung up in recent years is that of the conscious orientation of business and decision making to people, planet and profit (Cramer et al, 2006: 380). This simple definition, also referred to as the triple bottom line, neither denies the emphasis on profit nor excludes the environment or the social element. However, it is too vague with which to purposefully engage. CSR is a three-part term, each of which conveys something about what the term should mean and what it has come to mean.

The word "corporate" is of particular importance as it denotes the fact that CSR does not try to deny, nor hide the fact that the concept subscribes to capitalist principles. It makes no attempt to remove profit from the equation. There needs to be some clarification in terms of the fact that it is often understood that producing profit is something which the corporation does for itself and not for the greater good of society. Therefore, it is disputed as to whether or not economics should form part of the responsibilities that are referred to in the definition of CSR (Carroll, 1979: 498). The focus is on how they do what they do rather than what it is that they do. CSR is then an entire redefinition of the *raison d'être* of the corporation but without removing it from its core economic purpose (Lozano, 2008: 192).

In the three-part term, "social" is perhaps the most loaded word. While it does draw attention to a point which companies cannot disregard, that they are intricately linked to the community and environment around them, it can be argued that perhaps this word is too all-encompassing. This in turn implicates CSR as the vehicle through which all the world's problems will be solved. It seems that it has been assumed that CSR affirms the integration of social and environmental issues into decision making and corporate management. However, it should be made explicit that not only society and social institutions should be included in the definition, but also the environmental aspects.

The next section will briefly address the fact that CSR falls into the greater context of the fundamental argument of whether or not one can actually attribute the concept of responsibility to an abstract entity such as the corporation. Here the notion and uses of the word responsibility will be briefly addressed. Responsibility has three uses. Firstly, it can be used to denote an individual quality or personality trait and so here it acts as a virtue. Secondly, it can be used in the normative sense to denote obligation or duty so here it may refer to what should be done not was necessarily done. Thirdly, responsibility can also carry a causal definition whereby blame is attributed to a specific actor. This third type of responsibility contains two further distinctions whereby the act was committed by non-intentional agents such as natural disasters or whether it was committed by an agent who is able to act with intention and thereby becomes morally responsible for the act (Velasquez, 2003: 532). In the context of CSR, responsibility can denote both a normative construct and a moral responsibility. The construct is normative as there is an element of implying in what it is that a corporation should be involved. It also implies a moral responsibility to the community and the environment in which it operates.

Therefore, CSR can come to mean both a normative and moral responsibility on a societal and environmental level that extends both internally, to the organisation's operations, and externally, to the social and natural environment which it impacts. Economic gain is that which forms the basis from which all the other responsibilities extend. Through their operations, organisations have an impact on both the community and the environment. It is from these activities that its moral responsibility stems. Essentially, the basis of CSR is the ethical dealing with all those whom the organisation comes into contact with during the pursuit of its purpose. This is extended to corporate philanthropy or CSI, and an active involvement in pursuing a greater good in both social and environmental spheres in order to ensure the long term sustainability of the organisation.

2.2) Background: the motivation for corporate responsibility in general

CSR is an issue which is more pertinent than ever. Corporations are a fundamental unit of the modern economic system, with their incomes resembling that of small countries and their influence spread world-wide (Benn et al, 2003: 32). However, they have to deal with

managing the expectations of a society newly alerted to the social and environmental risks associated with economic development. In essence, society is now fully aware of the shadow side of capitalism and the ever expanding gap between the rich and the poor (Benn et al, 2003: 29-30). Organisations are both dealing with, and form part of, a society which has surprising reactions to the activities of corporations.

Corporations today face a whole new set of risks largely linked to their reputations. However, the question still remains: why is it the responsibility of corporations to begin to tackle the world's problems? The answer is a fairly simple one. They have the power and the means to tackle these issues on a large scale. "Three-quarters of the world's trade is controlled by the top 500 corporations and 52 of the world's largest economies are corporations" (Benn et al, 2003: 32). To put this bluntly, if they are to control the world's resources to this extent, they have to be prepared to take responsibility for the shadow side of their activities, impacts, consequences and the mistakes. It is understood that this is an oversimplification of what is a complex philosophical issue and so to avoid confusion, while it is argued that the action is necessary because of the power they have to take action, it is an action with a goal in mind. This is not to say that simply because the power exists it must be used, only that this power has the potential to be put to good³ use.

Interdependence is the defining principle of today's society. We have what Castells (2004: 1-2) would refer to as a "networked society." Organisations and society are interdependent. If organisations are to continue to remain credible, supported and sustained in an increasingly conscious society, they must recognise their role in the betterment of society as a whole. However, it is not the aim of this thesis to argue that profit is the root of all evil but rather that a symbiotic relationship between organisations and society is necessary for corporations to embark on a more ethical and responsible future.

Castells also refers to a quote: "The transformation of our culture and our society would have to happen at a number of different levels. If it occurred only in the minds of individuals (as to some degree it already has), it would be powerless. If it came only as an initiative of the state, it would be tyrannical. Personal transformation among large numbers is essential, and it must also involve individual action. But individuals need the nurture of groups that carry a moral

³ By good it is meant, for the betterment of society as a whole.

tradition reinforcing their own aspirations” (Bellah et al, 1995 as cited in Castells, 2004: 68). It could be proposed that corporations are exactly the groups which could support individuals in achieving the aspiration to become more socially and environmentally responsible.

2.2.1) The driving forces behind the CSR uptake

Perhaps here it is necessary to point out that we could devote an entire chapter or more to that which is driving the CSR movement. However, although it is beyond the scope of this thesis to fully address this issue, it is still necessary to point out some of the elements which are driving this movement and also address some new literature on the ethical consumer. This literature contradicts research which previously saw the drive for CSR as stemming from consumer demand.

There are several elements which are driving the movement toward CSR, some of which originate internally in the organisation and some of which exist as a result of external pressure. Perhaps the most prevalent issue is that of consumer awareness. Vast numbers of websites have sprung up in recent years with the intention of informing the consumer.⁴ Other initiatives such as Fair Trade and organic farming are also on the rise. Web 2.0⁵ has ensured that not only is the consumer able to access more information, but they also have the power to distribute it to other consumers with little effort. The power of Web 2.0 is largely what transforms CSR into a reputation management issue. “CSR strategies can also run afoul of the sceptics, and the speed with which information can be disseminated via the Web – and accumulated in Web logs – makes this an issue with serious ramifications for reputation management” (Pearce & Doh, 2005: 38).

Globalisation as a phenomenon and the existence of supranational government agencies and multinational Non-Governmental Organisations (NGOs) which have come with it, such as the United Nations, Greenpeace and Amnesty International, have brought about a number of indirect legislations or compliance documents pressuring governments and in turn corporations to reform (Benn et al, 2003: 32-47). These reforms have helped to further push the agenda of CSR and ensure that it has begun a topic of conversation for organisations.

⁴ E.g notforsalecampaign.org/free2work.com/hellopeter.com

⁵ Refers to the shift in emphasis to interaction, sharing and the generation of online communities on the World Wide Web.

The rise in socially responsible investment has meant an increase in the number of organisations looking to meet the criteria in order to be listed on these indexes. Our own Johannesburg Stock Exchange (JSE) has had such an index from 2004 (JSE, 2010). Perhaps the existence of this index and the supranational government agencies has resulted in an increase in legislation coming out of government that either directly or indirectly pushes a socially responsible agenda. The specifics of this compliance drive will be discussed in a later section in this chapter.

The knowledge economy and the emphasis on the people, who are employed in the organisation that it brought, meant that it became fundamentally important that organisations procured people who would increase the organisation's knowledge base. This is coupled with a generation who places some emphasis on the meaning of their work, illustrated by the fact that "employees derive justifiable pride from their company's positive involvement" (Porter & Kramer, 2006: 7). This means that CSR is also important in obtaining and keeping the right people in an organisation.

Recent research discussed in the book "The myth of the ethical consumer" by Devinney, Auger and Eckhardt (2010) has shown that while in surveys people are social activists, they are actually economic conservatives in the check-out line. As much as consumers are aware of the brand ills or the environmental impact of the products they are purchasing, they continue to purchase them. This is important research and it does indeed have a great impact on insight into consumer action, which was previously thought of as a main driver behind CSR. However, this again just points out that the individual is not enough to cause change in this system. The reality is that there are many social and environmental ills which our world is facing today, threatening the future of the earth and of the generations of individuals to come. Individuals need groups, communities, organisations and many other collectives to nurture a change and find a solution to the problem.

In essence, consumer activism and consumer pressure is only one aspect of the drive for CSR, it is nonetheless an important one and organisations need to be equipped with the right information regarding consumer decision making and actions. Just because the masses are not necessarily making sustainable decisions, it does not mean that the corporation should be absolved of this duty and that it can ignore the pressure coming from other collectives in the

form of NGOs and Non Profit Organisations (NPOs). It is beyond the scope of this thesis to address the gap which exists in consumer social responsibility and the attitude behaviour gap which they create and procreate. However, it is hoped that during the investigation into the rhetoric and reality gap which corporations produce, there might be something to be gleaned about the existence of this fundamentally similar gap which is also said to exist on the individual level.

2.2.2) Why the corporation is a morally responsible agent

This is a debate which exists way beyond the borders of CSR or sensemaking. Nonetheless, this ongoing debate certainly permeates into this topic. This section will build on from what has been said above in a more substantial manner, with some support from the philosophical debate which has occurred around this issue. This is by no means an attempt to fully address this ever expanding debate, but rather to acknowledge its existence and to support the validity of CSR as a concept.

Aside from the economic debate which exists between the classical economists and the neo-liberals, and their particular take on the involvement of the corporations in society at large, the debate which appears to be both more interesting and to have more bearing on this discussion is that of our view of organisations. Are corporations simply large entities which can be attributed with moral responsibility in much the same way as people/individuals have to possess this quality, or are they instead collections of individuals who are actually responsible for the actions of the organisation? This in turn implies that the responsibility which one would like to place on the corporation is no more or less than that which accrues to its members and therefore the concept of corporate moral responsibility is futile (Velasquez, 2003: 533).

A corporation is fundamentally a collection of individuals which performs activities and which can be described as some sort of distinct entity. Corporations are also characteristic for the generic subjectivity which exists in them, which inherently allows for the exchange/interchange of individuals and for the primacy of roles in an organisation (Weick, 1995: 71). This is also coupled with the fact that organisations can have a continuous identity across the passage of time (i.e they can last longer than individual lifetimes). Thus, while they

are made up of the individuals who inhabit them, they also exist outside of these particular individuals. Without the action of the individuals involved, the organisation ceases to act and therefore ceases to exist. As much as the organisation is wholly reliant on that which it is comprised of, it cannot be taken for granted that the people within this organisation are merely parts of the whole, which is fundamentally greater than only the actions and intentions of each of the parts. What is meant by this is that the actions of organisations may not be attributable to one source and they may take on greater meaning as they are passed through the organisation. Thus, it may become impossible to pull apart certain actions or decisions and attribute them to an individual. Even if this is possible, the individual will have acted out of a particular energy cultivated in the context of the organisation and therefore it still cannot be said that it was an individual action (Velasquez, 2003: 534-550).

If we are to look at this in terms of punishment and if by punishing the organisation we punish the individuals who make up the organisation, in essence one cannot remove individual suffering if we attribute responsibility only to the organisation. Some may argue in light of this that it is then indeed better to punish the individuals to whom the action can be traced. However, this again fails to take into account the particular momentum which an action gains due to the fact that it is taking place inside an organisational context. If we are not going to punish the organisation as a whole, how is it that we propose to deter them from irresponsible actions (Velasquez, 2003: 535-536)?

The notion of agency is also a concept which cannot be avoided if we are going to talk about responsibility. Agency is the capacity to act differently. Therefore, we must also determine whether or not it can be said that the corporation can possess agency. Some thinkers, notably Goodpaster (1983), have argued that the corporation can possess agency as it has an internal decision making structure, records of previous decisions, reason, rationality and coordination, all of which are necessary for meaningful action. The agency which we can attribute to organisations comes from what we can say about the actions of the corporation and not simply because of its nature. Thus, perhaps this agency is more limited and we are advised to exercise caution when we attribute this concept to corporations. Nonetheless, this concept can be attributed to organisations and due to the nature of their make-up, as a collective entity they are indeed responsible for their actions (Wilmot, 2001: 167).

Corporations are entities which are ends in themselves as they are built for a particular purpose. Corporations may not necessarily be able to choose their purpose, but they can choose the way in which they choose to pursue that purpose. It is the autonomy which they can exercise over the pursuit of their goal which necessitates the implication of responsibility for their actions (Wilmot, 2001: 163).

Often the argument for corporate responsibility lies in the understanding that we have a responsibility to future generations and again, depending on the standpoint, this can indeed be argued as true. Therefore, as much as this is true for individuals and their actions, is it not true of corporations whose actions actually have an impact on their future selves and their stakeholders? Other research and insights have addressed this issue along cultural lines and to point out the differences between individualistic and collectivistic societies. The divide here has largely been said to exist on the East/West lines but this is perhaps an oversimplified take on what is actually a fairly complex issue (De Wit & Meyer, 1999: 437-489). The notion that this can be attributed solely to a cultural split takes away from the many other elements which are in fact at play.

This brief synopsis of the debate which is largely split along individual and collectivist lines leaves us to posit that corporations are indeed morally responsible actors. They possess agency (albeit limited), they are more than a collection of individuals and the nature of the system is such that the organisation is greater than the sum of its individuals. They are also able to exercise autonomy over the pursuit of their goals, and as enduring entities they have a more immediate responsibility to the future than even people. Their actions now have an effect on them as an entity, which will exist or has the potential to exist, in the future.

2.3) The legislative and policy context for CSR in South Africa

In this section the legal and policy aspect of the context of CSR in South Africa will be discussed, with particular attention being paid to Integrated Reporting as the development in King III which shifted the focus to stakeholder reporting. These legal and policy aspects of CSR have important bearing on how and why CSR is conducted and often accounts for differences in CSR approaches across different industries. The majority of the legislation does not force corporations to comply directly but rather compliance is enforced in an

indirect manner. Thus, compliance remains optional, but in order to be competitive it is, in essence, compulsory.

2.3.1) Legislative context

New Companies Act

It was due to the institution of the new Companies Act (Act no. 71 of 2008) that revisions to King II were required. The Companies Act deals with the regulation of companies and King III deals with good governance. Therefore, complying with the Companies Act does not result in compliance with King III (PWC, 2011: 3). While certain provisions in the Companies Act may have bearing on the company's social responsibility, such as the provision for social and ethics committees in listed companies, there is little that we can say which can be referred to as CSR regulations or legislation. Therefore, the new Companies Act provides a framework which allows for compliance with King III and the promotion of CSR in terms of ethical and sound business practices.

King Reports

The King Reports outline various practices which are thought to make for good corporate governance principles. The latest report, known as King III, was published in 2009. King III has had a particular and direct impact on corporations, as the JSE has since stated that in order for corporations to be listed on the JSE, they must comply with the requirements of King III or explain why they have not complied. From March 2010, all corporations were required to comply with King III. Perhaps the most interesting chapter in King III, as far as CSR is concerned, is chapter 9. This chapter calls for sustainability reporting to be integrated into the company's financial reporting. Sustainability reporting became a popular phenomenon after 2002, largely due to the findings of King II and the JSE Socially Responsible Investment (SRI). This also forms part of a larger global trend in reporting. The Global Reporting Initiative (GRI) is a non-profit organisation which aims to make sustainability reporting a mainstream business practice and to be conceived as being as important as financial reporting. Chapter 3 of the King III report also points to the need for

sustainability reports to be audited and the need to ensure that there are no conflicts or differences when compared to or integrated with the financial reports.

Integrated reporting

As stated above, Chapter 9 of King III deals with integrated reporting and disclosure. The three principles outlined in this chapter include:

- 9.1) “The board should ensure the integrity of the company’s integrated report”
- 9.2) “Sustainability reporting and disclosure should be integrated with the company’s financial reporting”
- 9.3) “Sustainability reporting and disclosure should be independently assured” (King report, 2009: 72-74)

Integrated reporting calls on the companies to integrate their financial and non-financial reporting, not necessarily into one document, to describe how it is that they went about making their money. The report should detail how the various stakeholders were influenced, both positively and negatively, in order to contextualise the financial report (King report: 2009: 72-74). At present there are no standardised reporting parameters and so companies have been urged to use those that have been prescribed by the JSE SRI or those which are outlined by the GRI in 2007, whose aim was to increase the rigour and quality of sustainability (Owen & O’Dwyer, 2008: 393-395).

The International Integrated Reporting Committee (IIRC) was established in order to further explore the concept of integrated reporting and to prescribe some standardised deadlines. They are currently developing a framework for integrated reporting. In a discussion paper which the IIRC published, they stated that the aim of integrated reporting is to give stakeholders the means through which to judge the viability or the ability of the organisation to create and sustain value in the future based on financial and non-financial aspects such as social, economic and environmental systems (IIRC, 2011: 3). This discussion paper has also given some indication as to what the committee, at this point, feels should be included in the report in order to achieve the aim of informing stakeholders of the long term viability of the organisation. This paper suggests that the report should include the following elements:

1. A report profile detailing what the scope and boundary of the report is.

2. An organisational overview, business model and governance structure; how they create value and make decisions.
3. Convey an understanding of the operating context to the stakeholder (the circumstances under which they operate).
4. The organisation's strategic objectives.
5. The organisation's competencies and key performance indicators. Both this point and the one above should convey the idea of what the organisation wants to do and how they intend to get there.
6. Account of the organisations performance, future performance objectives (IIRC, 2011: 12-15).

While on the one hand there is little evidence that changing reporting practices would do much to bring real social change, it is hoped that reporting on CSR will become part of mainstream reporting through integrated reporting. This is the logical next-step to the integration of CSR into daily business (KPMG, 2010: 2). There are still many questions surrounding the institution of integrated reporting, some of which relate to whether or not stakeholders are interested in nonfinancial information, whether integrated reporting is simply motivated by a desire to reap reputational gain, whether it will make any inroads in addressing the lack of transparency and accountability, and to what degree stakeholders actually have an influence on corporate decision making (Owen & O'Dwyer, 2008: 397 - 405).

Integrated reporting is a fairly new phenomenon, and as such, corporations are unsure of how to approach this new style of reporting largely due to the lack of standardised guidelines for them to follow. Therefore, it is difficult to determine whether integrated reporting in South Africa will go some way to increasing transparency and empowering stakeholders, or whether it will simply perpetuate the discrepancy between what is taking place and what is reported on or how it is reported. Nonetheless, it is an important development with implications for those who are listed, or intend to be listed, on the JSE and the JSE SRI.

CRISA

CRISA stands for the Code for Responsible Investing in South Africa and pertains to institutional investing. It can be seen as an addition to the King Reports, as with both of these reports, the boards' and the investors' and therefore all major role players' responsibilities are covered. The common theme between King III and CRISA is the consideration of the long term and value creation beyond that of only monetary gain. CRISA is a fairly new document and consideration as it only came into effect as of February 2012. The United Kingdom is the only other country in the world to have such a code. The code is an attempt to integrate social, environmental and governance issues into institutional investment decisions. The code is based on the United Nations Principles for Responsible Investing and is a voluntary framework. It can only be of benefit to furthering agenda of good corporate governance if a code such as this is to be adopted and adhered. CRISA is built around 5 key principles, two of which seem particularly important to CSR: incorporating social, environmental and governance goals into investment decisions and activities and promoting transparency, which ultimately allows the stakeholders to make informed decisions (Committee on Responsible Investing by Institutional Investors in South Africa, 2011: 11-13). Without the backing of a JSE listing requirement this code is even more voluntary than that of the King Reports and will also be adopted on an apply or explain basis.

BEE codes of good practice

The Black Economic Empowerment (BEE) legislation is particular to South Africa and has the intention of correcting the ills of the previous apartheid regime and the vast discrepancies between the race groups as far as income and jobs are concerned. The codes of good practice which are associated with BEE have been incorporated into a scorecard which ultimately produces a BEE rating for the corporation. Again, this is a voluntary and indirectly enforced code. In this scorecard there exists a provision for businesses to gain an additional BEE point based on whether or not they choose to invest one percent of their after-tax-profit into social causes (Triologue, 2010: 30). This is has become known as Corporate Social Investment (CSI).

One particular publication, “The CSI Handbook” by Trialogue, aims to form a community of practice around CSI and collects data surrounding this issue. The publication details the amount that the corporation spends as well as giving some space to some corporations to detail what it was spent on and what impact it had. Ultimately, the BEE codes of good practice are somewhat of a driving force for CSI at least, and therefore for some corporations forms part of the CSR as the overarching activity. Legislation like this cannot but lead one to question the corporation’s involvement in CSI: is it merely a compliance driven activity, or is it driven from moral/genuine concern?

Consumer Protection Act

The Consumer Protection Act has also recently come into full effect in October 2010 and aims to empower the consumer in the marketplace by establishing a legal framework which supports the rights of the consumer and also promotes responsible consumer behaviour. The act outlines the following consumer rights:

- 1) The right to equality in the consumer market and protection against discriminatory marketing practices
- 2) The right to privacy
- 3) The right to choose
- 4) The right to disclosure of information
- 5) The right to fair and responsible marketing
- 6) The right to fair and honest dealings
- 7) The right to fair, just and reasonable terms and conditions
- 8) The right to fair value, good quality and safety
- 9) The right to accountability from suppliers

(Department of Trade and Industry, 2010: 6)

Perhaps of particular importance is that of the regulation of marketing in line with the consumers’ right to “fair and responsible marketing” (Department of Trade and Industry, 2010: 6). This provision is made in order to prevent consumers being misled by any misrepresentation or exaggeration. This further promotes the need for transparency and good governance which are at the root of CSR and links in with the rhetoric and reality gap.

2.3.2) Indirect external policy subscriptions

The following subheadings serve as examples of the numerous policy subscriptions which corporations can make. They are independent initiatives which strive to make businesses more sustainable and encourage businesses to subscribe to their framework or stock their products.

2.3.3) Internal policy

Carbon Disclosure project

The Carbon Disclosure project is another independent organisation which collects and holds information about corporate climate change initiatives and greenhouse gas emissions. It was launched in 2003 and collects information from corporations all over the world about greenhouse gas emissions. Corporations who subscribe to this initiative now measure and disclose their environmental impact in the form of greenhouse gas emissions, water management and climate change strategies (Carbon disclosure project, 2009). The project helps the organisations to set new reduction targets and provides a platform for transparent information about corporate environmental impact.

UN Global Compact

The UN Global Compact is the largest corporate citizenship initiative in the world, which also has a presence in South Africa. The aim of the UN Global Compact is to make business part of the solution to the challenges which globalisation has brought, such as climate change, labour practices and social upliftment. There are a number of different South African companies who voluntarily subscribe to these principles. However, for the purposes of this thesis, it should be noted that Pick n Pay subscribes to these principles. The Compact is built on the following 10 principles:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery (UN Global Compact, 2012).

ISO 14000

The ISO 14000 is a series of standards which pertains to environmental impact and management. The standards are designed to help companies minimise their impact on the environment during the production process. ISO 14000 is a framework which is intended to be applied to a wide variety of organisations and therefore does not make specific prescriptions, but instead refers to the underlying logic or process which should help the organisation set company-specific targets. The application of ISO 14000 has the benefit of being able to communicate to the stakeholders that environmental precautions are being managed and can help to support the claims which the company is making (ISO, 2012).

AA 1000

In the same vein as the ISO 14000, AA 1000 is a series of standards which organisations can subscribe to in order to help them become more “accountable, responsible and sustainable” (AccountAbility, 2012). AA 1000 is built around an informed stakeholder engagement approach, which means that the standards are set up in such a way that they are there for those who they have an impact on and not just those who subscribe to the standard.

Fair Trade

Fair Trade labelling and the stocking or carrying of Fair Trade products is another type of subscription which an organisation can make. In attempting to hold only Fair Trade or some Fair Trade products, the organisation subscribes to supporting suppliers who have fair labour practices and making an attempt to support developing countries in their effort to supply primary produce (Fair Trade, 2012).

Codes of conduct

As another example of an indirect legislation or rather a policy subscription, many organisations have come up with their own codes of conduct in order to promote better social and environmental practices, as well as ethical business practices. There is also evidence of social and environmental elements being built into key performance indicators on the balanced scorecards of employees (Visser, 2010: 71-74).

Issues central to the food and beverage sector

Health related impacts and globalisation are two specific issues which pertain to the food and beverage industries over and above the concerns of accountability which other organisations face. Health related impacts pertain to nutritional awareness including issues such as genetically modified foods and hunger as well as diseases such as obesity. In turn the labelling of the goods has become increasingly important due to these issues. Environmental and sustainability concerns also have to be taken into consideration with regards to food labelling. Foods increasingly indicate whether or not the product is organic, Fair Trade or whether the animal product is free range. Issues which pertain to globalisation move above and beyond the consumer to the organisation's supply chain. Deforestation, the use of harmful chemicals (pesticides), meat production, and fish stocks are all issues which pertain to the supply chain of the food and beverage industry (Visser, 2010: 192-194).

2.4) The rhetoric and reality gap

While the rhetoric and reality gap in CSR appears to be an intuitively understood phenomenon, there has been little academic reflection about what pulls together the contributing elements of this phenomenon. This term can be found in many other aspects of literature such as health care, politics and education, and all refer to a discrepancy between espoused principles and actions. Hypocrisy and the lack of integrity in corporate action are also areas which feed into this theme.

If we understand the rhetoric and reality gap to be the difference between what organisations say they are doing and what they are in fact doing, then we need to understand how the discrepancy between the two is produced. This section will pull together the two different strands which run through the phenomenon of the CSR rhetoric and reality gap: the responsible image projected by the organisation and the mishaps in CSR. Later, the rhetoric and reality gap as an opportunity and a reputation risk will be discussed in order to convey the true impact of this phenomenon.

2.4.1) *What is the rhetoric and reality gap?*

The rhetoric and reality gap, in the arena of CSR, is used to refer to the difference between the image which corporations project through their advertising and branding, and what it is that they are actually doing in connection with social responsibility. It can also refer to a difference between their projected philosophy about CSR and their internal operations and beliefs. Greenwashing⁶ is another term which effectively conveys part of the outcome. Brands are “greened” in order to project the perception that the company is environmentally friendly. Organisations base their advertising on an environmentally friendly and socially acceptable image in order to attract the consumers which they perceive to be more aware and conscious, and to convey the idea that they care about the impact which the organisation has on society. The reality is then that they are not as socially responsible as they profess to be, and this produces a gap between their rhetoric and their reality.

⁶ Greenwashing refers to the superficial greening of the corporate image with little that addresses sustainable or responsible practices at a concrete, operational and implementable level

In essence, the corporations that are implementing socially responsible business practices as public relations concerns will not be engaged in CSR from a place of genuine concern for the impacts which they have on society. In the face of legislation and pressure to engage in CSR, it is all the more important that the initiative is genuine to prevent greenwashing, mishaps, and reputation damage. The issues extend beyond traditional brand protection and reputation management; being seen to be a socially responsible company is no longer sufficient. A concern which runs deeper than that of the bottom line is needed to back up CSR and ultimately prevent the undermining of the brand's reputation (Clifton & Simmons, 2003: 193).

The academic reflection up until this point is little more than a few comments which are interspersed with other CSR issues. All of these statements convey an understanding of a gap between what is presented and what is actually effectively acted upon or implemented. This is a sample of the types of references to the rhetoric and reality gap which exist in academic literature. Statements such as the ones listed below convey that this is an issue which is intuitively understood to exist:

The problem is not that the corporation is trying to be greener or more socially responsive, it is that they are bragging about their efforts which may in fact add up to very little (Fry & Hock, 2001: 65).

Environmental and social disclosures are generally made for strategic reasons they are designed to gain, extend or regain legitimacy and therefore unsubstantiated, unverified social and environmental disclosures are unlikely to be little more than public relations (Laufer, 2003: 255).

While businesses have awakened to these risks, they are much less clear on what to do about them. In fact the most common corporate response has been neither strategic nor operational but cosmetic: public relations and media campaigns, the centrepieces of which are often glossy CSR reports that showcase companies' social and environmental good deeds (Porter & Kramer, 2006: 2).

How to prevent an instrumentalisation of ethics and CSR for mere facade purposes (Sims & Brinkmann, 2003: 243).

The effectiveness of CSR initiatives in the oil, gas and mining sectors has been increasingly questioned, and there is mounting evidence of a gap between the stated intentions of business leaders and their actual behaviours and impact in the real world (Frynas, 2005: 581).

2.4.2) What organisations say they do (corporate communication)

Corporate greening has taken place in recent years, and alongside this, corporate communications have also been greened in order to create a greener more eco-friendly, responsible image for the company in the public eye. There are various motivations for corporate greening, such as legal and policy requirements, stakeholder pressure, moral concerns, obtaining a competitive advantage, and top management-driven initiatives which are strongly related to moral concerns (Bansal & Roth, 2000: 717). Whatever it may be that is driving the greening of corporations, the issue here is that of the greening of corporate communications and marketing and how a particular image of a company is crafted through their marketing and public relations. This projection of an identity forms the rhetoric part of the rhetoric and reality equation.

In attempts to promote companies, marketing is used to “imbue brands with a sense of meaning that conveys more than just the functional benefits of whatever is being promoted” (Clifton & Simmons, 2003: 57). In order to do this, brands then lay claim to a social and environmental role too. The reality is as such that these social and environmental claims are rarely backed up with action. It is more of an attempt to identify with their customers’ concerns than to make a real effort at addressing these concerns. This creates what can be described as a “vast gulf between the wholesome, upbeat images that companies develop for their brands, and the allegedly destructive, irresponsible behaviour of the brands’ corporate parents” (Clifton & Simmons, 2003: 57).

CSR has become part of what it means to nurture and grow a successful brand, but this is no longer enough. Creating a greened reputation is not a factor which is motivating enough to conduct CSR. As a standalone argument, it “risks confusing public relations with social and business results” (Porter & Kramer, 2006: 4). Consumer trust in the integrity of the

corporations is beginning to be undermined as they become more sceptical of CSR communications and aware of greenwashing as a phenomenon (Jahdi & Acikdilli, 2009: 111).

The most powerful argument for using CSR and ethical marketing as part of the strategic marketing plan is that evidence is being provided that the use of social responsibility leads to increased marketing performance (Jahdi & Acikdilli, 2009:105). However, this comes with the warning that while consumers may be more interested in the impact of corporations on society and the environment, and because of this CSR marketing has become necessary to build and maintain a competitive advantage, "...commitment and dedication to CSR in a holistic manner is absolutely crucial" (Jahdi & Acikdilli, 2009:111).

The other motivating factor is that of corporate reputation. A corporate reputation is defined as "the overall estimation in which a particular company is held by its various constituents" (Fombrun, 1996: 37). A "good reputation is a company asset" which is "built up over years and takes years to repair, but it can be destroyed overnight" (Schwartz & Gibb, 1999: 10) and with more and more consumers basing their purchasing decisions with the reputation of the company as an actor in society in mind, reputation is of more importance than ever. Thus, with corporations greening their brands in order to gain legitimacy from a more conscious consumer or stakeholder, it becomes apparent that a certain consistency is lacking. Brands are the mechanisms that are able to tie the organisation and its actions back to this inconsistency. Corporate reputation has implications for identity construction of the organisation as fundamentally "who we are lies in the hands of others" (Weick et al, 2005: 416).

Communicating social and environmental goals and activities to the public has become a marketing tool which utilises these goals to differentiate products and brands. Using CSR as a marketing tool is not in itself problematic, but it does intricately tie the reputation of the brand up with these issues. There is a particular cycle at play here; by using social responsibility as a marketing tool, the organisation successfully creates a more aware consumer. Therefore, the organisation must continually respond to the demands of this consumer who places the organisation under more scrutiny. This forces them to behave in a more socially responsible manner and link their identity even more closely to social and environmental issues.

2.4.3) What organisations do

The discussion below establishes where the gap emerges between simply claiming to be socially responsible, and CSR as a substantial and genuine initiative. To give an example of the type of mishaps which can occur and which will have an effect on the corporate image and the brand itself, we can refer to that of Shell and the Niger Delta and Brent Spar episodes, and to the accusations of human rights violations which Nike faced. The case of Enron is a perfect example of how greenwashing may only hide what actually amounts to a rotten underlying structure. I will briefly discuss these two incidents at Shell, the one at Nike and that of Enron in order to give some context to the type of risks which company reputations are exposed to given more aware consumers and a lack of CSR.

In 1995, Shell was accused of aligning itself with the Nigerian military government, essentially showing their support for the gross human rights violations which were taking place in the Niger Delta and the environmental mismanagement of this oil rich area. The money which the government received for oil was not reaching the people who lived there. To add fuel to the fire, Shell was essentially feeding the existing conflict in the area through some of its practices. This caused widespread boycotts and public outcry. In the same year, the media spotlight was also on Shell in an attempt to expose its plans to sink an old, defunct oil storage tank into the North Sea. This caused an outcry from Greenpeace, who realised the impact that this would have on the ocean (Shwartz & Gibb, 1999: 26-33; Clifton & Simmons, 2003: 54).

A similar case is that of Nike, where they were accused of underpaying and exploiting labour in the Far East some of which was even alleged to be child labour. This again posed a threat to the company's reputation, forcing them to sit up and take notice. It was decided that "now would be a good time to develop a social conscience" (Shwartz & Gibb, 1999: 54) as Nike and Shell were forced into realising exactly how susceptible they were to public opinion (Shwartz & Gibb, 1999: 51-55).

In both the cases outlined above, it is exactly because of the brand or company name that the activists were able to make such an impact. These companies had a name which could be tarnished, giving the activists a powerful weapon to wield in the face of poor CSR. Essentially, brand reputation is the leverage which activists need to employ in order to make

the companies accountable, and perhaps hold them to ransom, in order to force a change to occur. Global brands, such as Nike and Shell, allow for consumers to make a connection between their purchasing decisions and the social and economic realities in the rest of the world. Thus, brands in general cannot solely be seen as an evil of globalisation. Instead, they are a useful tool. Brands can be seen as the transmission mechanism through which to understand the consequences of business behaviour. Brands reveal the socially and environmentally destructive outcomes by providing a name to attach to the outcomes. They create a traceable trail which gives the consumer the means through which to be aware (Clifton & Simmons, 2003: 49-55).

A more recent and specific indictment of the rhetoric and reality gap in CSR is found in the example of Enron. CSR was used to present a front which hid the festering mess of collapsed ethics and unscrupulous behaviour. "... Before its demise Enron had been on the list of the 100 Best Companies to work for in America and received six environmental awards in 2000. It issued a triple bottom line report. It had great policies on climate change, human rights, and anti-corruption" (Fan, 2005: 346). A successful outward projection of a corporate image masked what was going on below the surface. It was ultimately Enron's lack of ethics, aggressive win-at-all-costs company culture, and opaque operations which lead to its collapse (Sims & Brinkmann, 2003: 244-251).

Chapter 3. Corporate Social Responsibility and Sensemaking

Sensemaking and its application to CSR is a new avenue which offers insight into that which “might trigger or shape” (Basu & Palazzo, 2008: 123) CSR activities. It has much to offer CSR research in the way of new insights.

As the theory which informed Basu and Palazzo’s (2008) process model of CSR, sensemaking serves as the broader approach through which the rhetoric and reality gap can be understood, and explains the research methodology of this thesis. Karl Weick’s book, *Sensemaking in Organisations* (1995), is a collection of the current discussion around sensemaking, and includes an introduction to sensemaking as well as an in depth review of the collection of literature that incorporates sensemaking. This book is considered the best example of the sensemaking approach and it is for this reason that this first section is centred on this book.

The first section of this chapter will discuss sensemaking as a theory in order to provide the theoretical background to the process model which this research intends to apply. The second section covers the application of sensemaking to CSR and the validity of applying this approach in this context.

3.1) Sensemaking as a theory

3.1.1) Sensemaking:

It is important to realise that Weick is a constructivist. This is to say that he believes that our realities are socially constructed and that there is no singular, concrete reality. Instead, we only have an enacted reality, whereby the construction of reality is as much a product of the way in which we speak about it, or the language we use in order to create what appears to be real. This is the basis of the theory of sensemaking. Weick (1995) begins his book with a brief overview of sensemaking and then fills out the picture from there. He covers the seven properties of sensemaking, the occasions for sensemaking, how sensemaking is constituted and belief and action driven sensemaking processes. A brief review of the theory will follow.

3.1.2) What is sensemaking

“Sensemaking involves the ongoing retrospective development of plausible images that rationalize what people are doing” (Weick et al, 2005: 409). Sensemaking is constructing sense in order to rationalise both everyday happenings and out of the ordinary experiences. Sensemaking then exists in the interplay between “action and interpretation” (Weick et al, 2005: 409).

3.1.3) Belief and action driven sensemaking

Belief and action driven processes are the crux of sensemaking. They communicate to us how it is that we go about making sense and what it is that drives the sensemaking process. It is apt to begin at this point and thereafter, to explore the boundaries and occasions of sensemaking. While belief and action driven processes feed into each other in sensemaking it is easiest to discuss these processes separately, and to bear in mind that they are related. People use either belief or action driven processes depending on which is clearer and then build out that which is relatively unclear. Therefore, “sensemaking is an effort to tie beliefs and actions more closely together” (Weick, 1995: 135).

Belief-driven processes

“Believing is seeing” (Weick, 1995: 133). Beliefs and the frames in which they are embedded affect what we notice and what it is that we see as happening. The particular beliefs which a person may hold, affects that which they pick up on or notice and these beliefs have an effect on the sense which they make. Beliefs have an influence on the process of inventing and creating sense. Therefore, they reinforce themselves because a person acts according to the beliefs which they hold and thereby enacts the environment in which they find themselves. Arguing and expecting are two ways in which sensemaking might start with beliefs. These are two of the four ways in which people seem to create meaning from the ongoing flow of events by linking the frame which they have with the cue which has been noticed (Weick, 1995: 133-135).

Arguing is important to sensemaking as it involves reasoned discourse which comes up against other discourse. New sense then needs to be made of that which they are

confronted with, in order to create consensus on action going forward. The process of constructing and explaining a particular reasoned discourse to another individual assists one in making sense. The discussion need not be heated or angry in any way for an argument to be taking place. Instead, it is just the meeting of reasoned discourses (Weick, 1995: 135-144). In creating arguments we use our beliefs as the basis of the argument and impose a structure on what we experience and come to make sense of our experience. Weick (1995) discusses Brockriede's attributes of an argument and if these are present then an argument is occurring and sense is to be made. The attributes are as follows:

- (1) an inferential leap from existing beliefs to the adoption of a new belief or the reinforcement of an old one;
- (2) a perceived rationale to justify that leap;
- (3) a choice among two or more competing claims;
- (4) a regulation of uncertainty in relation to the selected claim – since someone has made an inferential leap, certainty can be neither zero or total;
- and (5) a willingness to risk a confrontation of that claim with one's peers (as cited in Weick, 1995: 138)

Beliefs are embedded in expectations. Therefore, expectations guide ones' interpretations of events and filter incoming messages. Confirming expectations requires less cognitive effort than debunking them, which is another reason why one sees what one believes. Expectations may be even more powerful than arguments. In the same way that beliefs inform our arguments, beliefs inform our expectations and create the cycle of enacting and re-enacting our environment. Events that fit with our expectations make sense to us. Those events which are unexpected or do not sit well with what it is we expected to occur, make room for new explanations and sensemaking to occur. Therefore, our beliefs are either confirmed by our expectations or disconfirmed, and each offers an occasion for sensemaking (Weick, 1995: 145-154).

Self-fulfilling prophecies are a fundamental act of sensemaking as they give the individual a point from which to start making sense. They are belief driven, as the outcome is linked to a belief and this is manipulated into a meaningful/sensible structure. Beliefs drive the expectations which people have and then they see what it is they expect to see, or rather they see what they believe. Thus, self-fulfilling processes are actually sensemaking processes as they begin with a belief, which influences what we expect, and what we expect influences what we see and how we understand what we see. (Weick, 1995: 147-154).

Action-driven processes

The two action-driven processes of sensemaking which Weick discusses are behavioural commitment and manipulation. The fundamental difference between the two is that commitment refers to one specific action whereas manipulation refers to multiple actions (Weick, 1995: 155-156).

Commitment links to the idea that those actions which people commit to strongly, are the actions which they will try their hardest to build meaning around. A person becomes committed to an act when the behaviour is explicit, it is undertaken out of their own volition, and the action is public and irrevocable. Commitment to an act makes one view it in a different light to those who are not committed. We make the act good by putting together justifications for the action, by focussing our attention on it and spending more time on it, and less time on other things, thereby finding new and attractive things about the action. Organisations are particularly good at creating an environment where people have to make commitments and these commitments are largely public, explicit and irrevocable. Commitment focuses one's attention on that to which one is committed. Therefore, the meaning of the actions becomes that of the justifications which are used. If subsequent events confirm the actions, then the meanings often become stronger. With commitment the action occurs first, and then all the possible explanations for this action are constructed once the action has taken place (Weick, 1995: 156–162).

Manipulation involves “acting in ways that create an environment that people can then comprehend and manage” (Weick, 1995: 165). An organisation's environment is created as they respond to their environment, and their responses in turn shape their environment. This points us back to sensemaking as invention and creation; we have act in order to create meaning. Manipulation becomes about creating a consequence and trying to explain it, in order to better understand what it is that is happening. Again here the action occurs first and only then is sense made of this action based on the consequences of the action. Both organisations and individuals have the capacity to create their own environments. They are then also subject to the environments which they create.

3.1.4) Seven properties of sensemaking

“Sensemaking unfolds as a sequence in which people concerned with identity in the social context of other actors engage ongoing events from which they extract cues and make plausible sense retrospectively while enacting more or less order into those ongoing events” (Weick et al, 2005: 409). This sentence encapsulates the seven properties of sensemaking which Weick discusses in his book. These seven properties are identity construction, retrospect, enactive of sensible environments, dependant on social context, ongoing, focussed on and by extracted cues, and driven by plausibility rather than accuracy (Weick, 1995: 17). Weick (1995) fully expands these seven properties with the intention of placing a boundary on what sensemaking is and how it works in a rough, flexible sequence.

While it is important to note that these seven properties make up sensemaking, some are more relevant to this thesis and to the application of sensemaking to CSR than others. This section will focus on identity construction, retrospect, enactive of sensible environments and dependant on social context as the properties most relevant to the application of sensemaking to CSR and to Basu and Palazzo’s (2008) process model. However, a brief overview of the other three properties is necessary as they are important to the overall theory which informed Basu and Palazzo’s (2008) model.

Identity construction is the first property and it serves to point out that sensemaking occurs in an effort to maintain a consistent self-perception. This perception of self is constructed by projecting our identity and observing the consequences which occur as a result of this projection. People do not have only one identity. We have many identities which are necessary for different contexts, and depend on the context in which we find ourselves, how we like to be seen, how we think we are seen, and how we see ourselves. This means that we are able to imbue many different situations with meaning. The more selves we have access to the more meaning we can extract from situations and the less surprised we will be by different situations. Fundamentally it is important to remember that identity is a constructed and self-referential process (Weick, 1995: 18-24). Our sensemaking is also largely dependent on our identity; it depends on who the sensemaker is and also who they are to become (O’Connell, 1998: 206). Identity construction is not only incorporated into Basu and Palazzo’s (2008) model but it is well and truly entwined with CSR and the rhetoric and

reality gap. One example would be the projection of a socially responsible image as an attempt to construct a certain type of identity for the organisation.

The second property, retrospect, states that sensemaking is always happening in the past. Things are conceptualised only after they have taken place. We can only make sense of that which has already happened. The stream of experience which we are involved in is bracketed and conceptualised in the mind once it has occurred. Whether they are out-of-the-ordinary events, or other happenings we are always making sense of the past and not the future. We have a need to rationalise and subdue the cognitive dissonance which we experience due to the events that have taken place. This property does not immediately appear to have a link to CSR which is largely a future-orientated phenomenon. However, this incongruence can be overcome. Retrospect stands to show that we make sense of experiences once they have passed, and use this sense to understand, and bracket events and activities related to CSR. (Weick, 1995: 24–30).

The third property, enactive of sensible environments, is built on the idea that action is the means through which we are able to gain sense. After acting, noting, framing, and bracketing what comes back to us, we have essentially created our own environment in which we will have to act in the future. There is no point at which we can separate ourselves from our interaction with the environment and the resulting consequences. Through acting we have an impact/influence on the environment. We change the way it looks and the way we experience it, but this is relational. We cannot be said to solely create the environment or be entirely subject to the environment. Therefore organisations should be aware that in marketing themselves as “green” or socially responsible, they are in effect creating a more aware consumer who will hold them to higher standards of responsibility. This feeds into the rhetoric and reality gap as organisations create this more sceptical and critical consumer, who then points out the hypocrisy of the gap which is created when the organisation’s reality is yet to catch up to its rhetoric (Weick, 1995: 30-38).

Dependant on social context, as the fourth property, points to the inherently social nature of sensemaking. Sensemaking is influenced by both the actual and the implied presence of other people. Whether or not people are actually present, the possibility of their presence or their imagined presence always exists. Meanings only become sensible if the validation or support of others can be sought. The concept of the other always comes into our decisions and

influences our actions even more so in the organisational context as it is the social nature of sensemaking which makes it become organisational (Weick, 1995: 38-43). This property is important for CSR not only because we are talking about an organisation, an inherently social environment, but also because CSR extends the social context of the organisation beyond its own borders and into that of society. CSR is only sensible as a concept because the organisation realises it has an impact on society and because society accepts, and in some cases demands, CSR of organisations.

The ongoing nature of sensemaking is the fifth property. People are always in the middle of projects. There is no point at which it can be said that sensemaking starts or stops, it is instead continuous. The sense which has been made is very quickly found to be redundant and then more sensemaking must take place again (Weick, 1995: 43-49).

Focussed on and by extracted cues is the sixth property which points out that certain cues are selected or separated from the environment and elaborated on in order to form coherent stories. These cues then form the starting point for the expansion into the whole understanding of what it is that is happening. These specifics are, in a sense, attached to the general in order to clarify the meaning of the particular cue and in turn to gain a better understanding of the general (Weick, 1995: 49-55).

The seventh property states that sensemaking is driven by plausibility rather than accuracy. Only plausible reasoning is necessary; accuracy is nice but plausibility is essential. We have just discussed that sensemaking is about the elaboration of an extracted cue and so we forfeit accuracy because of this, and because striving for accuracy is time consuming and often overwhelming for our limited cognitive capabilities (Weick, 1995: 55-61).

3.1.5 Occasions for sensemaking

There are a number of different types of occasions for sensemaking. The most basic or common link underlying the occasions for sensemaking are events which stand out and don't fit into the existing mental frameworks of an individual. In essence, sensemaking occurs as a conscious process when something forces people to sit up and take notice; it can be as understated as a discomfort or as big as a shock or a surprise. The common thread is that of

a difference between what is experienced and that what was expected. The ongoing flow is interrupted, and new sense needs to be created in order for the project to continue and for the expectation to be adjusted or reinstated (Weick et al, 2005: 414-415).

All occasions for sensemaking can be traced back to either a case of ambiguity or uncertainty. “The shock in each case is somewhat different. In the case of ambiguity, people engage in sensemaking because they are confused by too many interpretations, whereas in the case of uncertainty, they do so because they are ignorant of any interpretations” (Weick, 1995: 91). These two occasions for sensemaking are different types of shocks which require different strategies to resolve them. Whether or not people find themselves in a situation where there are too many or too few meanings it remains a situation which calls for sensemaking.

The occasions of sensemaking are conscious processes of sensemaking but out of what do we generate sense? Weick deals with the substance of sensemaking by introducing what he refers to as a “minimal sensible structure” (Weick, 1995: 109) that is the smallest structure which one needs in order to make sense. This minimal sensible structure consists of a cue, a frame and a relation between the frame and the cue (Weick, 1995: 109-110). Frames encapsulate past experience, a cue is from the present moment and the relation between the two is that which creates meaning or a moment of recognition whereby things are connected and fall into place in the individuals mind. The various vocabularies of sensemaking, which Weick discusses as forming the substance of sensemaking are said to all describe either past or present moments or a connection. The meaning which is created “depends on which content gets joined with which content, by what connection” (Weick, 1995: 132).

Overall this thesis’s interest in sensemaking lies in its application to CSR, in its role in informing Basu and Palazzo’s (2008) model and the new insights which can be generated from considering how CSR is understood, and the motivations which they have for conducting CSR, as opposed to what particular CSR activities an organisation does. The following sections will describe the overlap between CSR and sensemaking and provide some insights and criticisms into the application of the theory of sensemaking to the area of CSR.

3.2) The fit between organisational sensemaking as a theory and CSR

At first glance the theory of organisational sensemaking may seem to be an unlikely fit with CSR. However, “Sensemaking and organisation constitute one another,” (Weick et al, 2005: 410) as both involve framing and creating order where there was previously only chaotic and complex reality. Thus, if sensemaking is already an inseparable part of organisation we can then zoom into the aspect of CSR.

It is put forward by Basu and Palazzo (2008: 123), that up until this point, research approaches in CSR have largely focussed on the content of activities associated with it and thus led to a neglect of the institutional factors associated with CSR. The institutional determinants are that of “mental frames and sensemaking processes within which CSR is embedded” (Basu & Palazzo, 2008: 123). The parallel to be drawn here is that sensemaking within an organisation creates the view that the relationships with stakeholders are shared in the organisation, and this influences how the organisation engages with its stakeholders. Therefore, in order to better understand the relationship between the stakeholder and the organisation, and the results which this relationship produces, it is best to start looking at the sensemaking activities of the organisation.

This neglect of institutional factors is reiterated by Margolis and Walsh (2003) and Maignan and Ralston (2002). Maignan and Ralston (2002: 512) in particular call for more emphasis on this line of inquiry in order to better understand the ‘how and why’ of CSR as opposed to what specific activities the organisation is doing. Campbell (2007: 948) states “... most literature on corporate social responsibility does not explore whether institutional conditions affect the tendency for firms to behave in a socially responsible manner.” The nature of the sensemaking approach is such that it gives us the framework through which to better look at these institutional factors. Therefore, sensemaking offers a means through which to look at the assumptions which lie beneath CSR. CSR in the organisational context has become associated with values, and the creation of a purpose which extends above and beyond that of the bottom line. Thus CSR has come to mean different things to different people and different organisations, and the sensemaking approach offers an opportunity to examine the meanings which have been attached to the concept. “Weick’s theory of sensemaking provides a theoretical framework for understanding how normative concepts can guide organisational behaviour and how morality can help organisations to better achieve their goals.

Sensemaking theory can also explain immoral and irresponsible behaviour in organisations” (Nijhof & Jeurissen, 2006: 321).

Cramer et al (2006: 382) point to the shift in emphasis from structure to process which sensemaking offers as a theory and that it is able to add to CSR research. It is because of this emphasis that we are able to look at the process of the creation of meaning around CSR and the implications of this, rather than only the outcomes of CSR. This reiterates the point made above, that in order to better understand CSR and the type of CSR outcomes that an organisation is creating, with specific reference to the rhetoric and reality gap, an understanding of how and why an organisation is engaged in CSR becomes necessary.

When CSR is first introduced into an organisation, an occasion for sensemaking arises in the form of either ambiguity or uncertainty, both of which create the need for the construction of meaning. We know from sensemaking that it is the placing of cues into a frame of reference which allows for meaning to be created. Within CSR it is the creation of shared meaning which is necessary given the value and normative judgements involved. This is problematic as while shared experiences can occur it is very difficult to create shared meaning or a collective frame of reference (Weick, 1995: 42). There needs to be a common way of encoding and talking about shared experiences in order to create shared meaning. It is possible to create a company specific meaning for CSR whereby activities and discussions continually contribute to the broader context of CSR in the organisation. The CSR outcomes of an organisation would be able to be traced back to the shared meaning and definition of CSR, or the lack thereof.

Sensemaking processes around CSR can be belief and/or action driven. When people make sense of CSR in a belief driven way they go about it by sharing their “ideas and opinions of CSR with others” (Van der Heijden et al, 2010: 1790). Action driven sensemaking process would involve ‘developing collective activities’ in order to create meaning for CSR (Van der Heijden et al, 2010: 1790). As sense is constructed around CSR, it begins to form part of the organisation and it also forms part of their identity construction. The organisation’s identity is formed and shaped around beliefs that are held internally to the organisation, such as the importance of people, planet and profit, as well as the beliefs that are held externally about the organisation and the perceived societal feeling which results from the company actions. This points to the importance of the relationship with stakeholders and the deeper

understanding of this relationship which sensemaking can help us acquire by asking “how” and “why” CSR is conducted or understood, as opposed to “what” specific CSR activities are conducted.

3.2.1) The value of a sensemaking approach for this thesis

Basu and Palazzo find value in the sensemaking approach as they feel it will add value to CSR research in general by emphasising “institutional factors that might trigger or shape such activities in the first place” (2008: 123). When CSR is introduced it is a new concept which requires each individual to form and attach their own meaning to this concept. It is through this process, which sensemaking can help to shed light on, which CSR comes to carry its own definition in each organisation. It is also through the lens of sensemaking which is “a continuous process oriented towards placing current experiences (cues) in a frame of reference” (Van der Heijden et al, 2010: 1788), that we can better understand an organisations definition of CSR.

Weick et al (2005) suggest that the identity construction and plausibility are the two properties of sensemaking which set it apart from ordinary cognitive psychology. “Who we think we are (identity) as organisational actors shapes what we enact and how we interpret, which affects what outsiders think we are (image) and how they treat us, which stabilizes or destabilizes our identity” (Weick et al, 2005: 416). Identity construction and the adoption of sensemaking as the approach, is particularly important for this thesis. The recognition of a difference between who we think we are, who outsiders perceive us to be and the continual construction of identity which the difference between these elements creates a need for, points directly to the disconnection between image and identity which the rhetoric and reality gap denotes. When the organisation is defined as socially responsible this means something for the identity of the organisation, and the use of CSR as a marketing tool affects what outsiders think of the organisation. Outsiders pass a judgment which is then linked to the reputation of the organisation. If there is a disconnect between the external perception of the organisation and the internal perception of the organisation, it has the potential to destabilise the identity of the organisation.

Plausibility over accuracy is also a valuable element of sensemaking. It removes the need for absolute truth and instead turns our attention to the evolution or emergence of a plausible story. The need for the absolute truth is overrated as without the absolute truth we are not inhibited from acting or continuing with the project (Weick, 1995: 55-61). The need for accuracy is debilitating. Instead, we search for that which is plausible and will allow us to continue acting which may over time lead to a reassessment of the story as more evidence emerges and appears. It is this that allows organisations to continue to act and produce the rhetoric which they do, without the need for the absolute truth before they act.

Weick et al (2005) list ten points which make sensemaking analyses valuable and different. It is necessary to point out a few which are most valuable to this research. Firstly, sensemaking makes provision for understanding activities that precede decision making. This allows us to understand the mental frames in which particular concepts are understood and the impact which this then has on organisational activities and decision making. This would allow one to better understand the CSR actions of the organisation. Secondly, it provides the opportunity to “incorporate meaning and mind into organisational theories” (Weick et al, 2005: 419). This means that sensemaking allows us to understand how it is that something such as CSR came take on meaning for a particular organisation, and how this meaning has been constructed and reconstructed in the ongoing flow of time. Finally, the theory provides us with the opportunity to see mishaps, interruptions, and unexpected events as opportunities for learning and further sensemaking as opposed to complete breakdowns.

The central theme that runs through Weick’s thorough discussion of sensemaking, and also contributes to the value of sensemaking as a theory, is that the process of making sense is about coming to terms with happenings and events through the creating of our sense as a opposed to simply finding it. When we are making sense it “is less about discovery than it is about invention. To engage in sensemaking is to construct, filter, frame, create facticity, and render the subjective into something more tangible” (Weick, 1995: 13-14). Organisations have invented their own particular definitions of CSR in order to work with it and make it more tangible.

Organisations are enacting their own ethically aware consumers by promoting CSR and marketing themselves as socially aware and responsible entities. “The concept of enacted environments suggests that constraints are partly of one’s own making and not simply objects

to which one reacts; the concept of sensemaking suggests that plausibility rather than accuracy is the ongoing standard that guides learning; the concept of action suggests that it is more important to keep going than to pause, because the flow of experience in which action is embedded does not pause; and, the concept of retrospect suggests that so called stimuli for action such as diagnoses, plans for implementation, and strategies are as much the products of action as they are prods to action” (Weick et al.,: 419).

Language is also a theme which runs throughout Weick’s (1995) book on sensemaking, and also noted by Gioia and Mehra (1996: 1228). Language as a sensemaking theme largely informs the choice to use interviews as a method for gathering information about CSR. The reason is that sense is invented, created or authored through words. Words and language are that which we use to bracket, classify, objectify and group the events which occur in the ongoing flow of “thrownness⁷” which we experience. In order to understand the sense which has been made one needs to be ever alert to the language which is used, as it is exactly of language that the sense consists. Thus, the way we speak about CSR, creates CSR, and in order to understand how an organisation understands CSR, we need to be privy to the way in which they speak about the concept.

3.2.2) Criticism of the application of sensemaking to CSR

The focus on retrospect serves to disregard the fact that life must be lived forwards and thus there may be a need to construct sense in a future-oriented manner by imagining what may lie ahead. Sensemaking theory is inherently retrospective but it is difficult to remove the future orientation of CSR, particularly because it is difficult to justify moral responsibility without referring to the future and future generations. Are we then justified in applying a retrospectively orientated theory to a future-orientated concept? Gioia and Mehra’s (1996) prospective sensemaking and Swanson’s (1999) conception of responsibility help us to overcome this difficulty.

The idea of prospective sensemaking, conveyed by Gioia and Mehra (1996), allows sensemaking to remain valid in a more future-oriented context. In this way sensemaking can therefore involve the “invention of the future” (Pater & Lierop, 2006: 346) and allows

⁷ Weick uses Heidegger’s concept of ‘thrownness’ to convey that we are always in the middle of projects.

retrospective sensemaking to occur from this imagined future point. We would use this prediction or vision of the future to propel us into action (Gioia & Mehra, 1996: 1229-1230). Prospective sensemaking would be applied to CSR by imagining the impact which the organisation might have in the future and then allowing this prediction to propel the organisation into acting, and to retrospectively make sense of how the future point came to exist.

Swanson (1999: 508) states that responsibility is in fact retrospective, as it relies “on traditions of social control embodied in the law and ethical custom.” If we are to frame responsibility in this sense then it helps us to reconcile the mismatch pointed out above. However, this is not to say that this makes the criticism less valid but rather to point out that other trains of thought exist which would allow for CSR and sensemaking to be better matched over the contentious point of retrospect.

Another criticism exists in that Weick holds that there is no good or bad sense. Different types of frameworks exist but these are all considered to be equally valid as long as they help people to make sense (Nijhof & Jeurissen, 2006: 321). However, outside of this constructivist viewpoint there are things that are considered to be good or bad for CSR such as good labour and environmental practices. A certain standard of ethics needs to be maintained and thus the ethical relativism which seems to be apparent in sensemaking is a difficult bridge to overcome.

3.3) A sensemaking take on the rhetoric and reality gap

Adopting a sensemaking approach allows for a bigger and more comprehensive picture of this phenomenon to be built as issues of identity construction, self-conceptions, enactment and both action and belief driven sensemaking processes are at play in the rhetoric and reality gap. It is the adoption of this approach which allows this thesis to make an attempt to pull together these loosely intertwined strings and discuss the existence of the rhetoric and reality gap as a phenomenon. The issues of identity construction and enactment link the rhetoric and reality gap into the sensemaking processes of the organisation. Maon and Swaen (2009: 3-4) say that “potential explanations for the gap between CSR rhetoric and reality include the difficulties managers have in making sense of the CSR concept and the complexities

associated with making it operational.” Thus to better understand the rhetoric and reality gap we need to understand how organisations understand CSR.

From a sensemaking perspective, the cyclical process, which was referred to earlier, of creating a more aware consumer and then having to respond to this consumer, is the corporation enacting their own environment. The organisation creates a more aware consumer and therefore must continually respond to this enacted environment in which this more aware consumer demands more social and environmentally responsible initiatives from the organisation. By making use of green marketing, organisations enact their own environments. They appear to be responding to a consumer need or a stakeholder expectation and in doing so they create a more educated and aware public who then place their CSR activities under further scrutiny and encourage them to be greener and more responsible by wielding the reputation of the organisation (over which they have much power).

With an evolving identity there are three needs which needs to which we need to serve: a need for self-enhancement in service of maintaining a positive self-conception, the need for self-efficacy and, the need for continuity in our sense of self (Weick, 1995: 20). There is a close link between individual’s self-conception and the organisational image largely due to the assessment of the organisation by parties both internal and external to the organisation and due to the individual being seen as a representative of the collective organisation (Weick, 1995: 21-22). By communicating something about social and environmental goals through its marketing, the organisation serves to create an image of itself in the public eye and also has an effect on the self-conception of the organisational stakeholders. Therefore, greenwashing would be particularly disturbing to stakeholders due to the need for continuity in our self-conception.⁸

Identity construction as both an internal and an external, or reflexive process, would have bearing on the rhetoric and reality gap. The reflection of how the organisation is perceived back onto the organisation would further the agenda of corporate greening. That is to say the more the organisation is seen to be a responsible entity, the more this will enforce the construction of this identity. In turn, the more negative reflection which is received for

⁸ Greenwashing here presumes the existence of dissonance between the projected image and the real activities of the organisation.

corporate mishaps, the more effort will be placed on greening the identity or the perception of the organisation in service of a consistent self-perception. The imagined judgement of the external parties is enough to produce a resultant self-feeling. “By projecting itself onto its environment, an organisation develops a self-referential appreciation of its own identity, which in turn permits the organisation to act in relation to its environment” (Weick, 1995: 23). If the organisation is simply using green marketing tactics as a means through which to gain a competitive advantage as opposed to its commitment to CSR stemming from its identity, this would cause a discrepancy between the identity of the organisation and the projected identity. A lack of self-consistency would fuel the sensemaking process and/or produce even further greenwashing in an effort to persuade the judgement of others.

Both action and belief driven sensemaking processes provide some insights into why a discrepancy between projected image and reality may exist. Organisations find themselves in the ongoing flow and must confront the aspect of social responsibility which has been bracketed and forms an interruption of the ongoing flow of experience. We see what we believe to be true. Therefore if the corporation believes that the public is calling on them to be more socially responsible so they enact this belief by ‘greening’ their identity. In grappling with the idea of social responsibility, organisations make an outward commitment to the concept and attempt to construct meaning around the issue within their context. The justifications for this commitment are only constructed after it has been made. Thus, the corporations act without having properly understood or attributed meaning to that which they are doing, which is when mishaps occur. They become outwardly committed, communicate their formative beliefs through corporate communication and in the end, the rhetoric and reality gap arises out of a disconnect between their beliefs and their actions. This could produce an interruption in the form of scandal or legal ramifications. Conscious sensemaking is needed to occur in order to tie the organisation’s beliefs and actions closer together.

3.3.1) The gap as an opportunity

While the theory of sensemaking helps us to understand the phenomenon of the rhetoric and reality gap, it is also the act of sensemaking which will help us to reduce the gap. The rhetoric and reality gap is fundamentally a difference between actions and beliefs. Therefore, it is the act of sensemaking which involves tying either beliefs to actions or actions to beliefs that can

ultimately help us to close or lessen this gap. However, firstly we should consider why the gap exists and whether or not the gap is entirely bad and should be closed. Again it should be reiterated that the purpose of this thesis, and the limitation of the theoretical framework is that we can only seek to describe and not prescribe. The discussion below is a description of the causes of the rhetoric reality gap as an opportunity, and in the following section as a risk.

Perhaps the most common explanation for this type of phenomenon, which is not unique to CSR, would be that of loose-coupling. Organisations are often perceived as incoherent. March describes loose-coupling as follows: “decisions seem unconnected to actions, yesterday’s actions unconnected to today’s actions, justifications unconnected to decisions. Beliefs are often unconnected to choices, solutions unconnected to problems, and processes unconnected to outcomes. Organisation’s frequently have ambiguous preferences and identities, ambiguous experiences and history, ambiguous technologies, and fluid participation in decision making” (1994: 193). The most fitting of the explanations for loose-coupling in this context would be that of the loose-coupling of talk and action. This is largely because talk is imperative for decision making and many things can be easily discussed, particularly because this often involves only discussing one principle at a time in a general manner, and avoids the complexities of deciding and acting which require more than one principle to be applied to be a specific context. Beliefs are moulded to meet the specific demands of certain actions and so talk and action are often loosely coupled. “Policy decisions to treat employees decently seem to conflict with policy decisions to reduce payrolls” (March, 1994:198). This loose-coupling essentially becomes descriptive of decision making processes and explains why there is a difference between the talk and the resulting action.

Brunsson (2006) also discusses the difference between talk and action as loose-coupling. However, he says that the gap is necessary but that it can be troubling when it is too large and there is a need to close it to some extent. “People are interested not only in what is produced but also in how this is done” (Brunsson, 2006: xii). Brunsson uses the term the “organisation of hypocrisy” to explain the difference between words and action, and he explains that “organisations may talk in one way, decide in another and act in a third” (2006: xiii). In essence, this is descriptive of a coping mechanism which organisations employ in order to cope with the demands placed on them. It is no longer enough to focus on the bottom line, they have a triple bottom line which requires their attention. Therefore, hypocrisy may

actually be the solution to coping with the conflicting demands which this makes on the organisation (Brunsson, 2006: xii).

We might regard organised hypocrisy as a morally deficient way of operating but in the absence of hypocrisy we have a case of extreme devotion to one's own values which presents as fanaticism (where one's commitment to one's own values is far too strong). If we did not allow for hypocrisy, this would also lead to lowering our moral standards as we would not aspire to that which we could not fully enact. Therefore, Brunsson's (2006: xvii) theory about hypocrisy helps us to understand organisational behaviour rather than define how they should behave. It does not help us in suggesting how we should go about managing the rhetoric and reality gap but it does suggest that the existence of this gap can actually present an opportunity.

Removing hypocrisy entirely would also lead to a lack of innovation, increased risk aversion and increased strategic and cognitive inertia. In forcing people to constantly, and unwaveringly enact what they believe in, it prevents them from exploring their beliefs and discovering new understandings or furthering their understanding of what it is that they believe. Due to the poor understanding which people are left with, they then experience events as uncontrollable which makes them risk averse and forces them to continue to act as they always have. To connect this to CSR, if people are continually forced to "walk the talk" in order to avoid hypocrisy, then how are they ever to better understand CSR and the impact which the organisation has on society and the environment (Weick, 1995: 182-183).

We should remember that the more a company does in CSR, and the more they communicate along the lines of CSR, the more they are likely to be held to a higher standard of environmentally and socially responsible operations and engagement. The criticism can be used to push the organisation closer and closer to the ideal, and further along the path to achieving "cradle to grave" sustainability or integrated. Therefore the rhetoric and reality gap is also largely symptomatic of the environment which the organisation has created for itself. Here again we can understand the rhetoric and reality gap as that which pushes the organisation to innovation and even helps them to improve their CSR.

3.3.2) The gap as a risk

The rhetoric and reality gap also presents as a risk. Reputation damage is the resulting impact of mishaps or of stakeholders picking up on the rhetoric and reality gap and exposing it effectively through the media and social media. The aspect of corporate reputation has been touched upon in the above discussion and is expanded upon here. Gotsi and Wilson's (2001: 29) definition of corporate reputation is as follows:

A corporate reputation is a stakeholder's overall evaluation of a company over time. This evaluation is based on the stakeholder's direct experiences with the company, any other form of communication and symbolism that provides information about the firm's actions and/or a comparison with the actions of other leading rivals.

Corporate reputation is built on the back of, not only consumer experience but also the information which they are exposed to about the corporation. Media exposés about corporate misdeeds and opinions of other consumers brandished through social media channels all have an effect on the resulting reputation of the corporation.

How and why firms go about creating green, responsible, ethical images for themselves has been discussed as well as the mishaps which can occur, and how the public pick up and react to these events. The resulting impact of the creation of green images and the subsequent demise or the discovery of a mismatch between actual conduct and the corporation's green image is that of reputation damage. Therefore the whole picture, looks like this: brands are the transmission mechanisms which allow the corporation's image to be tied to a particular happening, and the fragility and importance of the firm's reputation is the mechanism through which damage can be inflicted (legal ramifications aside).

Zyglidopoulos's (2001: 417) investigation into the impact of incidents on a firm's reputation yielded the following insight about the impact of reputation:

First corporate reputation can be one of the most important intangible resources of a business firm, because it can be a major source of competitive advantage... Second, corporate reputation can contribute to the sustainability of a firm's competitive advantage because it usually takes a long period of time for a business firm to develop

a solid reputation... Third, corporate reputation for social performance is an important aspect of the overall reputation of a firm

A firm's reputation signals its overall standing in the industry. It gives it the ability to attract consumers, influence their decision making, hire a certain calibre of employees, and use its standing and prowess to exert power over its suppliers. A firm's reputation is indicative of its past actions and influences its future trajectory. Therefore, greenwashing is a risky venture, it may well set the organisation apart but it also has the potential to severely damage the corporate reputation if the rhetoric and reality gap is exposed. Given the emphasis more and more consumers are placing on the importance of social responsibility and the channels through which they receive their information, it makes the venture all the more risky. It is the very act of instrumentalising corporate greening or social responsibility that eventually serves to discredit it (Sims & Brinkmann, 2003: 254).

Thus, the rhetoric and reality gap may not be something which should be avoided entirely as it can be a driver for innovation. However, the reputation risks which it poses make it a phenomenon which should not be left unmanaged. The solution appears easy and it seems that we should just prescribe that organisations act with integrity and consistency. However, this is difficult given the complex and conflicting realities which organisations are faced with in addressing the triple bottom line. If the gap is fundamentally a difference between actions and beliefs then the act of sensemaking can help draw the gap between belief and action together (Weick, 1995: 182 -191). Specifics on how sensemaking can help us to manage the gap, and how to apply this to the three cases will be discussed in Chapter 5.

Chapter 4. The Corporate Social Responsibility Process Model

4.1) An examination of the CSR process model

This section will discuss and critique the process model of sensemaking as put forward by Basu and Palazzo (2008). Earlier discussion has already covered the relevance of the overall theoretical approach of sensemaking and its application to the arena of CSR. The development of the model will be reconstructed, as covered in their article, and then the model will be retraced to its origins in other literature, before offering a critique and addressing its successes and short-comings.

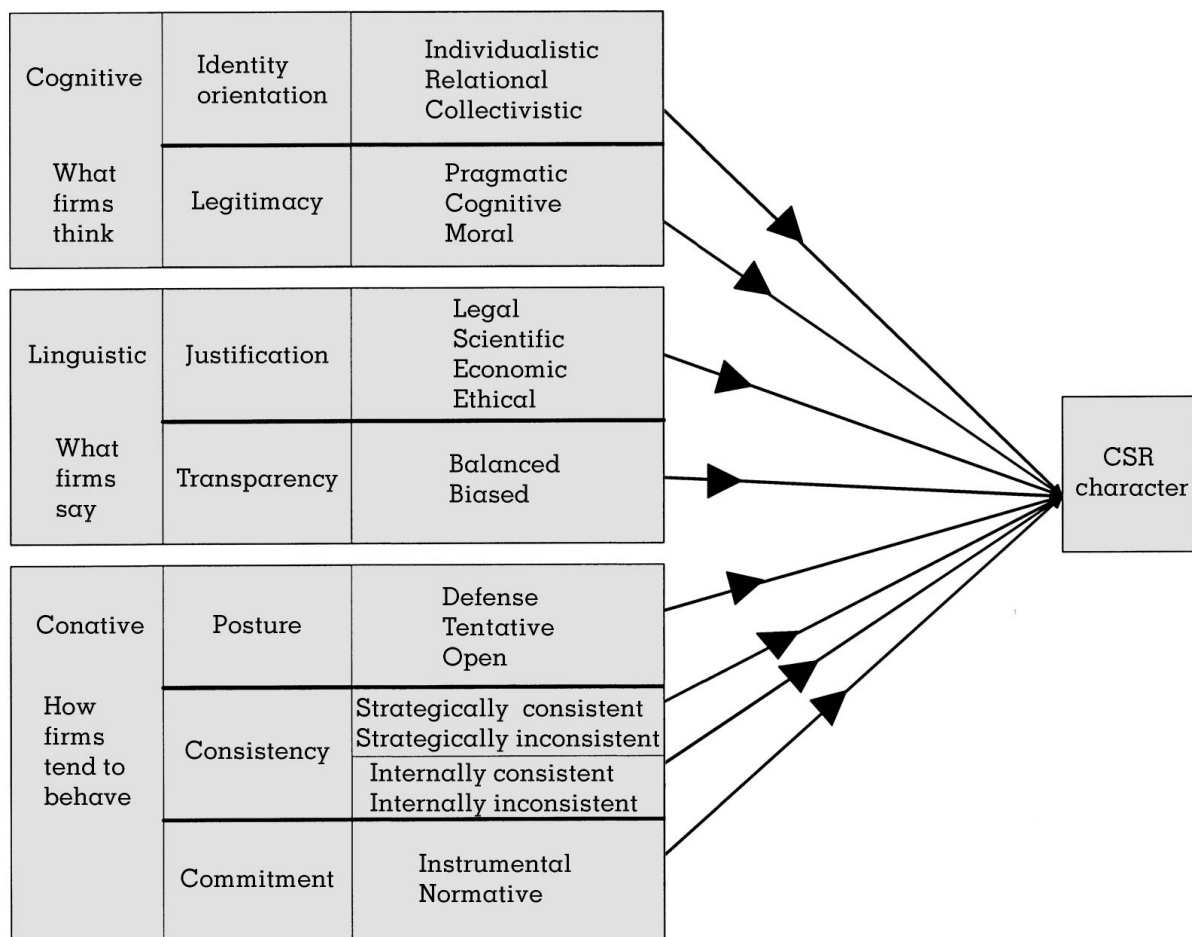


Figure 4.1: CSR Dimensions of the Sensemaking Process (Basu & Palazzo, 2008: 125)

The above is a depiction of Basu and Palazzo's (2008) CSR process model of sensemaking. The three broadest aspects are that of cognitive, linguistic and conative. These three groupings are then broken down further into the dimensions. For instance, in order to

understand how firms behave, we need to know something about their posture, consistency and commitment. The list in the final column serves as the descriptors of the seven dimensions of the model. It gives us a classification for what best describes the organisation's posture and commitment.

It is important to point out that while Basu and Palazzo (2008) construct the model, they based their model in the findings of other authors (Brickson, 2007; Suchman, 1995; Ashforth & Gibbs, 1990; Swanson, 1999; Sims & Brinkmann, 2003; Mirvis, 2000; Porter & Kramer, 2002; Wiener, 1982). The work of these other authors forms the basis from which Basu and Palazzo are able to construct the seven dimensions of the model (identity orientation, legitimacy, justification, transparency, posture, consistency and commitment) and piece together the three broader groupings namely: cognitive, linguistic and conative.

4.1.1) Cognitive

Identity orientation:

Basu and Palazzo's (2008: 125) model defines identity orientations as the shared beliefs in an organisation which connect the people to each other and to the organisation, and helps them to make sense of their environment. The model shows that identity orientation can be characterised as individualistic, relational or collectivistic. They see individualistic organisations as self-interested. They believe relational organisations to place emphasis on relationships. They see collectivistic organisations as promoting the interests of the collective (Basu & Palazzo, 2008: 125-126).

Basu and Palazzo (2008) draw heavily on Brickson (2005) for this dimension, with conceptual contributions from Albert et al (2000) and, Trice and Beyer (1993). Brickson (2005) provides them with the individualistic, collectivistic and relational characterisation. Brickson (2005) proposes that different identity orientations produce various kinds of motivations and form the basis on which employees might evaluate the organisation. Each of these orientations all stem from an understanding of the nature of the relationship between the organisation and its environment, and the resulting understanding of reality. Therefore, the identity orientation is a reflection of the underlying assumptions which the organisation has about the nature of its reality and existence (Brickson, 2005: 868).

The individualistic orientation, which is described by Brickson (2005) and reiterated by Basu and Palazzo (2008), outlines a self-interest which expects organisational members to “perform at a high level” (Brickson, 2005: 868). Here the concept of the other is used in a comparative sense, whereby the organisation is compared to others in order to evaluate their performance as either better or worse than other organisations (Brickson, 2005: 868).

The relational orientation conveys that the organisation cares for the needs of each individual and also that of its customers, investors, and other stakeholders. The emphasis is now on the relationships between organisational entities, as opposed to the organisation as an individual entity. There is an emphasis on the “well-being” of both those inside and outside the organisation (Brickson, 2005: 868). The basis for comparison here becomes a target that was set internally, or projected from an external stakeholder such as an NGO (Brickson, 2005: 868). This is to say that the organisation now measures its performance based on an internal goal which was most likely set with the input and influence of an external body. An example of this is the carbon disclosure project.

The collectivistic orientation aims to make a contribution to the community, and to support and prevent harm from coming to stakeholders internal and external to the organisations. Comparison takes place in this orientation across industry or, more narrowly across borders or niches within a type of industry (Brickson, 2005: 868).

It may seem from the above discussion that we are then able to propose that individualistic organisations do not have the ability to contribute to society in a meaningful manner, aside from making an economic contribution through turning a profit. The central idea which needs to be taken from Brickson (2005) is that “each of the three organisational identity orientations... has distinct implications for organisation’s relations with outsiders and insiders alike” (Brickson, 2005: 870). Each orientation has something to offer. The individualistically orientated organisations are not exempt from external concerns, and they do have the potential to be able to create external social value. Therefore, it is not possible on the grounds of this dimension to state that a collectivistic organisation will be better at creating social value. They will instead create different kinds of social value, and be better at CSI than CSR for instance. “Individuals and organisations alike often behave philanthropically for a self-serving reason, but that does not mean that social value is not generated,” (Brickson, 2005:

873) but it does mean that they are more likely to engage in cause-related marketing out of concern for the bottom line. Profit and the bottom line remain the motivating factors behind individualistic organisations.

It is also possible for an organisation to display a combination of identity types, for instance individualistic and collectivistic. It is not necessarily a case of either or; this is poorly conveyed in Basu and Palazzo (2008) compartmentalised model, and is something for which this thesis needs to compensate or allow. This ties into the point made later on in Brickson's (2005) article that current the war path of individualism in business, as seen in free-market, capitalist countries, needs to be somewhat compensated for by expanding business perception and by giving them the vocabulary to deal with more relational and collectivistic identities. In order to better promote the concept of the other and the well-being of society as a whole.

Another important consideration with identity orientation comes from the sensemaking background from which this model draws. In order for an identity orientation to exist, it needs to be constructed. Weick (1995) goes to great lengths to explain that identity construction is in fact an internal and external (reflexive) process. Our identity construction occurs in order to maintain a consistent self-perception and this then includes inputs and influences from our social contexts. Basu and Palazzo (2008) want to tap into the identity orientation of the organisation largely because "depending on who I am, my definition of what is out there will change" (Weick, 1995: 20). This is then applied to organisations, because when we are part of the collective of an organisation we embody the "values, beliefs, and goals of the collectivity" (Weick, 1995: 23). Basu and Palazzo (2008) classify the product of the identity construction process but nonetheless, it is important to remember, and note, that the process is not an isolated one. It is also through the process of imposing our identity onto the environment, and receiving the reaction that we learn about who we are.

Perhaps a shortcoming on the part of Basu and Palazzo (2008) in the discussion of this dimension is that they fail to point out that while identity orientation might be difficult to change, it is not unchangeable. To have fully incorporated Brickson's (2005) ideas into the model Basu and Palazzo (2008) would need to point this out, as Brickson (2005: 869) states "situational metamorphoses... may produce dramatic change." The model, in its static state, does not project the capacity for change. It should also be noted that organisations may be locked into a specific identity due to the perceptions of external stakeholders. In considering

whether or not to enter into a relationship or to engage with an organisation, external stakeholders take note of how the organisation relates to others, and in order to promote stability in interactions across differing stakeholders, they then base their decision on whether or not they like how they engage, before choosing to engage. This essentially reinforces rather than challenges the identity orientation of an organisation.

Taking into consideration that it is difficult to change the organisational identity, and the above discussion about the external social value which an individualistic orientation can create, the issue then becomes not one of which identity is better for CSR, but rather that organisations should make use of the types of social responsibility which are best suited to the identity of the organisation. Therefore, with this thesis we are not looking for the best CSR programme but rather the best fit between the reality and the rhetoric of the organisation.

Legitimacy

Basu and Palazzo (2008) quote a definition of legitimacy from Suchman (1995: 574) as “a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions.” On the basis of this definition they propose three types of organisational legitimacy namely: pragmatic, cognitive, and moral. First, pragmatic legitimacy is utilitarian as it takes stakeholders accepting that the product of the organisation as useful, for this type of legitimacy to be attributed to an organisation. Second, cognitive legitimacy is said to be bestowed on an organisation when that organisation conforms to societal norms. Lastly, moral legitimacy would require an organisation to co-create norms between itself and society.

Basu and Palazzo (2008) draw largely from Suchman (1995) to inform the dimension of legitimacy. Suchman (1995) discusses the conception of legitimacy and also defines the three characterisations of legitimacy. Suchman (1995) explains that the judgement or attribution of legitimacy is performed by a group, as a whole entity, and accepts the activities of an organisation on the whole. It is the judgement of many, and the exclusion of the singular (Suchman, 1995: 574). It may also not be through the active giving of consent, but rather the mere acceptance that there is no other way and that this must be done.

Pragmatic legitimacy is discussed by Suchman (1995) as an exchange legitimacy, whereby support for the actions is given or refused, based on the value which the stakeholder attributes to the action or behaviour. People are often co-opted into attributing legitimacy largely because of the personification of organisations. Certain characteristics are attributed to the organisation. Therefore, these characteristics often override the factors which may cause legitimacy to be revoked (Suchman, 1995: 579-581).

Moral legitimacy, in turn, rests on whether or not the action is evaluated as being the “right thing to do.” This subjective judgement is often based upon whether the action is right for both the actor and society at large, and the group’s idea of what is right. In order to achieve legitimacy in a complex world, Kostova and Zaheer (1999) and Young (2003) have argued for the cocreation of norms for which moral legitimacy calls. This type of legitimacy does differ “fundamentally from a self-interested approach” (Suchman, 1995: 579). Moral legitimacy can come about in four ways. Firstly, an evaluation of a specific output of an organisation can cause legitimacy to be attributed. This is known as consequential legitimacy. Secondly, procedural legitimacy can be attributed if socially accepted techniques or procedures are employed in order to accomplish the job. Thirdly, with marginal difference to procedural legitimacy, structural legitimacy broadens the focus to the control over the procedures which are followed. The fourth type of legitimacy is a personal legitimacy, which emanates from an individual or particular group of leaders in the organisation. Legitimacy is attributed based on their involvement and charisma (Suchman, 1995: 579-581). Overall moral legitimacy remains more proactive than the other two classifications.

Cognitive legitimacy relies either on things being taken-for-granted as the order of the day and thereby legitimate, or that the organisation aligns itself to societal expectations so that its actions are considered comprehensible. Under this the predictability and plausibility of the action are encompassed, and become worth attributing legitimacy (Suchman, 1995: 582-583). The organisation must make the effort to align to societal expectations if the organisation is to be regarded as legitimate, or live in the hope that their actions will be accepted unquestioningly⁹.

⁹ DiMaggio and Powell (1983) reiterate the alignment of the organisation to environmental expectations.

4.1.2) Linguistic

Justification

The aim here is to understand how an organisation goes about explaining its actions. This is thought to be a good measure of how they interpret their relationships with stakeholders and their position in, or responsibility to, society. The language which they use in speaking about their actions, or justifying them, may be indicative of the frame which is used as an overall understanding of the environment. This, in turn, has an influence on the formation of the reaction to demands made by stakeholders. In the context of sensemaking justifications can be used to produce commitment¹⁰. When CSR is discussed, and justifications are formed, an outwardly expressed, explicit commitment is generated.

The first characterisation of a type of justification is legal justifications. Legal justifications defend the organisations position by backing it up with legal arguments, statements about compliance and confidentiality, for example. Scientific justifications differ little from this type of rhetoric, but instead profess to have consulted outsiders or experts who corroborate the position of the organisation. When an organisation uses economic justifications, they draw on tangible or monetary contributions which they have given to stakeholders or invested in projects. The ethical justification differs significantly from the other three characterisations as the justification for the action would refer to a “higher order interest,” (Teegen et al, 2004: 471) which usually ties in with a universal goal such as global warming or poverty alleviation (Basu & Palazzo, 2008: 127).

Legal justifications are used in defence of an action and employ legalities or policies as the backing for their argument, about the justness or correctness of their actions, in response to criticism and vocalised discontent (Spar & La Mure, 2003). Scientific justifications differ in that they claim to rely on experts in the field, who should be regarded as impartial or neutral. These justifications are used in support of the organisations actions and are also given as responses to critics. Economic justifications focus on the tangible contributions which the organisation is making to society as a result of their intended action. CSI may form part of this type of justification as tangible evidence or figures can be provided to indicate the

¹⁰ Ferraro et al (2005) also form part of Basu and Palazzo’s (2008) discussion and provide further support for language as that which contributes to behaviour. Ghoshal and Moran (1996) also use transaction cost theory to illustrate frameworks and language become self-fulfilling prophecies.

support of charities or local organisations. The economic contributions of the organisation are made clear to the critics, and often the problem is reframed to convey the difference which has been made be it in terms of job creation, CSI funds or area upliftment (Basu & Palazzo, 2008: 127).

Ethical justifications sit in juxtaposition to the other three justifications as it is seen as a more open-ended justification. Ethical justifications also differ from the above in that the action is driven by a higher order motivation. This is typically in an attempt to achieve an ethical standard. The goal of the action is framed as being in line with the achievement of a universal goal or processed standard, such as curing disease, eradicating poverty, uplifting communities, and respecting basic human rights (Basu & Palazzo, 2008: 127).

While Basu and Palazzo (2008) refer to Ashforth and Gibbs (1990) as the source of their understanding of organisational communication as legal, scientific and economic, it is difficult to pinpoint in the article that they do indeed use these exact words. Rather, they seem to allude to this type of justification in their discussion about the types of reactions which different actors produce, and how this impacts upon their legitimacy. In an effort to achieve legitimacy organisations may end up ‘protesting too much’ or justifying their actions too readily, (Ashforth & Gibbs, 1990: 177) and end up decreasing their legitimacy instead. While there may not be direct support for the use of legal, scientific and economic justifications, there’s support to be found in the other authors and cases which Basu and Palazzo (2008) discuss in this section (Mirvis, 2000; Kolk, 2008).

Mirvis (2000) came close to discussing the scientific justification which Shell made use of during their interaction with stakeholders over the Brent Spar issue but shies just short of using the term scientific. Instead, Mirvis (2000: 63) states that they “issued a detailed accounting of the financial costs and environmental, health, and safety hazards that it said favoured the deepwater disposal of the rig.” The effects of which were later realised by Shell when they turned inwards and realised that their dealing with stakeholders had been too “inward-looking, defensive, and uncommunicative” (Mirvis, 2000: 71). This case study illustrates both the type of scientific justifications which have been used by an organisation and the defensive, protective communication style it promotes but, this case also shows us that a shift in communication is possible.

Kraft, as a player in the coffee industry, is mentioned in Basu and Palazzo (2008: 127) as using economic justifications for their actions. Kolk (2008) did an investigation into the CSR of the coffee sector, and in the evaluation Kraft says it uses the market to generate solutions. They see their role as only being demand side in order to increase the demand for coffee, and thereby considered themselves to be doing their bit for boosting the sector and acting responsibly towards the suppliers. This is an example of an economic justification.

Ashforth and Gibbs (1990) criticised the above justifications (legal, scientific and economic) for their tendency to attempt to prevent dissenting voices from being heard, and for preventing any discussion or dialogue around the issue. In essence, this makes sense for all interactions. The defensive, combative and unengaged nature of the responses alluded to above have the intention of putting an end to the criticism, and trying to find the most watertight means with which to end the interaction. It is difficult to engage or argue with a person who has bought into a specific standpoint, and feels they have concrete evidence supporting their actions. The need to have some sort of concrete backing in the form of facts, figures or regulations implies a defensive rather than an engaged position which has the intention of ending the conversation with the stakeholder, rather than beginning one.

While the legal, scientific and economic justifications are criticised for their intention to shut down conversation, the ethical justification opens the organisation up to dialogue. This makes the organisation more susceptible to facing “performance and value challenges,” because they will be held to “a higher standard of conduct and accountability” (Ashforth & Gibbs, 1990: 184).

Discussion of ethical justification is found in Teegan et al (2004) who discuss the role of NGOs in a paper which Basu and Palazzo (2008) cite. The discussion centres on the role of NGOs, with some reference to the globalisation and the interaction of NGOs with governmental and other organisations. The argument is made that NGOs, and the role of globalisation in the operations of NGOs, have increased the number of people who have higher order interests or increased consciousness which also translates into action.

Further support for this idea of ethical justification is found by Basu and Palazzo (2008) in Logsdon and Wood’s (2002) paper. They argue that business citizenship is needed in order to provide a new framework with which managers can deal with the moral, social and political

concerns of organisations today, as well as giving them the tools to find more ethical solutions. Business citizenship includes an ethical justification for activities or action, whereby it has moral grounding and that self-interest is not the only driving factor. Instead, long term survival or sustainability is the goal (Logsdon & Wood, 2002: 158-160).

It is difficult to see how Basu and Palazzo (2008) would have made the leap from Teegan, et al's (2004) reference to individuals as being encouraged to have higher order interests, to that of organisations operating with the intention to fulfil higher order interests. However, support for the idea of ethical or moral justification could have been found in Porter and Kramer (2006: 3) who name moral obligation as one of the four main justifications for CSR. The moral obligation explains the undertaking of CSR as "the right thing to do." The point of the discussion in Teegan et al's (2004) paper was to point out the effectiveness of NGOs in transferring their objectives to individuals and in promoting their objectives across the globe. However, in the broad definition businesses are NGOs, and if we are to frame what Basu and Palazzo put forward in this light then the leap is not unfathomable. If NGOs as organisations operate from a place of higher order interest, and are able to promote and gain legitimacy for their objectives in society at large, then a corporation could be said to be undertaking at least certain activities from an ethical concern or consideration.

Transparency

The organisation also has the choice of making use of either balanced or biased reporting (Basu & Palazzo, 2008: 127-128). They can choose to convey both sides of the story, the negative and positive impacts of their operations or only the side which portrays the organisation in a positive light. The transparency of an organisation might be difficult to assess without thorough investigation into all their activities. However, the style of reporting or writing is also an indicator of how it is that they seek to convey their image to the public. Organisations which are striving for legitimacy and using responsible activities as public relations exercises might use large advertising campaigns and yet not respond to other issues or criticisms. Those organisations with responsibility as their key interest would be more likely to open themselves up to external audit and risk criticism, by putting forward both its positive and negative impacts (Basu & Palazzo, 2008: 128).

Essentially, this speaks to the larger issue of greenwashing as discussed in the previous chapter. Greenwashing has made stakeholders increasingly sceptical of corporate image and

their skewed representations (Laufer, 2003: 254). “Unsubstantiated and unverified social and environmental disclosures often amount to little more than public relations – issued to manage public perceptions, to respond to public pressure, or to react to perceived public opinion” (Laufer, 2003: 255).

Basu and Palazzo (2008) find significant support among other research which looks at corporate reporting and greenwashing in particular (Tapscott & Ticoll, 2003; Sims & Brinkmann, 2003; Esrock & Leichty, 1998). This dimension is a fairly telling one as it intends to differentiate those for whom responsibility is a central concern, and those who are only interested in the gains which it is able to generate. Parker (2002) also notes that a commitment to balanced reporting would help to encourage self-policing. The drawback comes in, in that it is difficult to make a judgement about whether or not the reporting is balanced or biased, without significant investigation into the CSR activities of the organisation. This is where the role of an independent auditor or subjecting the organisation to independent programmes, would be both useful and telling.

4.1.3) Conative

In the conative grouping Basu and Palazzo (2008) shift the focus to “how firms tend to behave” (2008:128). Conative is the adjective of conation which is defined as “the desire to perform an action” (The Concise Oxford Dictionary of Current English, 1990: 235). Therefore, Basu and Palazzo (2008) aptly use this uncommon word to describe the tendency of a firm to behave in a certain manner.

Posture

Posture refers to how the responses are formed, as opposed to what they are or what vocabulary they use. Firms can either be defensive, tentative or open in their posture (Basu & Palazzo, 2008: 129). The reason for this dimension is that the firm’s posture is a good indication of how it is likely to deal with those who criticise it, what this interaction will look like, and whether it will result in cooperation or disagreement.

It appears that Basu and Palazzo (2008) have come up with these three possibilities based on the descriptions of various organisations reactions to criticisms, which have appeared in

literature. Le Menstrel et al (2002: 256) give a description of the positioning of two different oil firms, and how their reactions illustrate whether they place self-interest over social responsibility, or whether they are prepared to take a hit on the bottom line for their ethical concerns. This indicates that different organisations have different responses to threats or criticisms.

Zadek (2004) also clearly describes various postures, or rather changes in posture, which came about through Nike's exposure and interaction with critics. Zadek (2004: 126) makes use of defensive as a categorisation, and defines this response as one in which the organisation denies its involvement or ownership of the problem, and argues that they should not have to attend to the problem. Basu and Palazzo's (2008) description is similar to this description. They point out that the organisation views its decision as being the right one and do not wish to hear anything which points to the contrary. Further support for a defensive posture is found in the threat-rigidity hypothesis to which George et al (2006: 350) refer. Here the organisation is said to stick to its routine activities, in the face of threat, in order to achieve some sense of control and cut themselves off from the influences of the environment (Staw et al, 1981: 501-503).

A tentative posture will have the organisation seemingly unclear on what course of action to take, and whether or not to rely on that which they did before or try a new approach. This may be due to lack of experience with, or exposure to, these types of issues, or intent to remain unengaged, yet appear to be a responsible organisation (Basu & Palazzo, 2008:129).

An open posture takes an engaged position with a willingness to learn from all involved, in order to improve and respond. The description of Shell's change or transformation from what could have been termed a defensive posture, to adopting an approach which would have them "engage the global public in a two-way conversation over profits and principles" (Mirvis, 2000: 65). The emphasis on a two-way conversation is what is essential and different about an open posture; the debate consists of both the company's and society's interests.

Basu and Palazzo point out that posture is something which "evolves as organisations confront new challenges" (2008: 128). Given the sensemaking framework in which they have positioned themselves, this is a necessary statement as sensemaking indicates that our actions are often understood retrospectively. Therefore, it would mean that the organisation would

have the potential to change their posture and somewhat redress and reconstruct their identity based on the reactions to their previous position.

However, with this dimension the word tentative, as that which lies between defensive and open, is not descriptive enough of what this classification entails. Although Basu and Palazzo (2008) do not necessarily mention this as a halfway point, its description does convey that the posture of the company is stuck between sticking to that which they know and opening themselves up to their critics. Tentative simply conveys an uncertainty. It does not convey any intent to act. In essence, it is almost a non-posture as opposed to a type of posture.

While tentative may be more of a non-posture it is still a revealing description of how an organisational response is built. Changing the term may convey more to the casual reader of this process model, but for the purposes of this thesis the definition is clear. Therefore, it should not pose a problem to classify an organisation as creating tentative responses. It will simply convey that they do not have a clear cut way of approaching the problem and are still uncertain about how to act.

Consistency

This dimension is split into two considerations: internal consistency and strategic consistency. Basu and Palazzo's (2008) model aims to characterise the consistency of CSR as internally consistent or inconsistent, and strategically consistent or inconsistent. The strategic consistency, to which they refer, is that of coherence between the strategy of the organisation and the activities which they undertake. The internal consistency refers to coherence between the activities which the organisation undertakes (Basu & Palazzo, 2008: 129)¹¹. Having a central framework for CSR which is linked to the central strategy of the organisation would promote both internal and strategic consistency.

Basu and Palazzo (2008) situate themselves in Porter and Kramer (2006) when they discuss strategic consistency. "If, instead, corporations were to analyse their prospects for social responsibility using the same frameworks that guide their core business choices, they would discover that CSR can be much more than a cost, a constraint, or a charitable deed – it can be a source of opportunity, innovation, and competitive advantage" (Porter & Kramer, 2006: 2).

¹¹ Sethi (1975) discusses that CSR devoid of an internal structure, means everything and nothing to all.

A strategic approach and strategic consistency are necessary for successful and productive CSR¹². Organisations stand to gain much if their CSR is implemented in such way that it is appropriate and fitting to each firms' strategy (Porter & Kramer, 2006: 1-2).

Porter and Kramer (2006) argue for a win-win situation, whereby society and the corporation stand to gain if both internal and strategic consistencies are present. They point to a framework of thinking which could cause this to occur. Firstly, the company should "identify(ing) points of intersection" (Porter & Kramer, 2006: 5). That is to say the points at which society and business recognise that they are interdependent and where business impacts upon society and vice versa. Then the organisation should "choose(ing) which social issues to address" and "create(ing) a social agenda" (Porter & Kramer, 2006: 6-7). We recognise that the corporation cannot address all of society's ills, but instead it should focus on those that are best suited to their business and competencies. A further step to consistent CSR involves "integrating inside-out and outside-in practices," (Porter & Kramer, 2006: 11) and making adjustments which create both economic and social value to the entire value chain. This would be of maximum benefit if the social value was added in such a way that it becomes integral to the being of the organisation and sets it apart for its customers, in this way "creating a social dimension to the value proposition" (Porter & Kramer, 2006: 11).

CSR activities are less likely to be fragmented if CSR is consistent. It then has the potential to be far more effective for both society and business. This dimension is perhaps the most practically and directly indicative of the rhetoric and reality gap, as consistency has the potential to narrow the "gap between the stated intentions of business leaders and their actual behaviours and impact in the real world" (Frynas, 2005: 581).

Commitment

Commitment is a behavioural goal for Basu and Palazzo (2008) as it speaks to the vehemence and resolve with which the organisation seeks to achieve a specific goal. Commitment can be found in organisational leadership¹³, in the full integration with the firm's decision making in various aspects of organisational life¹⁴, and in the span of implementation where the entire

¹² Wheeler et al (2003) also speak of embedding the creation of social value into strategic conversations.

¹³ Carlson & Perrewe(1995) and Paine (1996)

supply or value chain has assumed this goal¹⁵ (Basu & Palazzo, 2008: 130). Commitment in Basu and Palazzo's (2008) model can either be instrumental (i.e driven by external pressures) or normative (i.e driven by internal pressure).

Basu and Palazzo (2008) draw from Wiener (1982) when they choose to classify commitment as either normative or instrumental. "Internalised normative pressures to act in a way that meets organisational goals and interests," (Wiener, 1982:421) and displays itself in committed individuals through their behaviours, which they have as a result of the belief that their actions are meaningful, because it is the "right and moral thing to do" (Wiener, 1982: 421). A distinction between normative commitment and instrumental-utilitarian commitment is made where instrumental-utilitarian commitment is linked to a more calculated "means to an end" notion.

The commitment as an instrumental motivation is discussed by Wiener (1982: 425-426). He makes four propositions regarding instrumental motivation: 1) "the more the organisation tends to apply material control, the greater the importance of instrumental motivation;" (Wiener, 1982: 425) 2) the more stressful the environment is the more the tendency to normative commitment; 3) the inherent loyalty of a person is also a determining factor in the type of commitment called for; the more responsible or loyal a person is the more commitment determines their behaviour; and 4) the more task-oriented and specific the activity the more instrumental motivations are called into play (Wiener, 1982: 425-426). It becomes important to remember that commitment may not only be as result of instrumental processes, but also the result of normative motivations of the particular individual who makes the normative system of control in an organisation. It needs organisational members who identify and accept this type of commitment, in order for it to be present and goals to be reached and determined.

Locke et al (1988) discuss the literature which supports the correlation between goal commitment and performance, and point to the fact that we need to discuss the determinants of goal commitment. These authors reiterate Wiener (1982) by pointing out that goal commitment can be driven by "external influences (authority, peer influence, and external rewards); interactive influences (participation and competition); and internal factors

¹⁵ Young (2004)

(expectancy and internal rewards)” (Locke et al, 1988: 27). Instrumental commitment is likely to be produced when driven by external influences, such as in the case of CSR, some sort of recognition, or compliance with an authority. Normative commitment is instead driven by internal considerations. A more integrated and sustainable means through which to commit to CSR practices is through normative commitment, as it leads to more integration and better performance.

In Weaver et al (1999) it appears that they state that managerial and executive buy-in is essential for creating an integrated CSR programme, rather than only claiming that moral considerations are imperative for successful CSR. Without the influence of managers and executives CSR processes would become de-coupled and ignored by employees. However, Basu and Palazzo’s (2008) restating has not affected the underlying meaning which Weaver et al (1999) allude to, by pointing out that a more normative approach is often encoded in some managers thinking. We would do well to remember that the “Economic Man” does not exist and that most people do have an intrinsic concern for ethics (Weaver et al, 1999: 549).

4.1.4) General criticisms and suggestions for improvement

The model is most certainly static and too linear to be a real reflection. In as much as we need to remember that identity in sensemaking is constructed, and continually changing, if this model is to be a reflection of how an organisation understands, defines and attaches meaning to CSR, then we need to understand that adjustments, progressions and alterations will take place (Maon & Swaen, 2009: 5-6) . Basu and Palazzo would do well to explicate this in their discussion if we are to see this model as fully “descriptive of an organisation’s inherent sensemaking” (2008: 130).

The linearity and compartmentalised depiction of the model is also misleading. There are elements of the model which have an impact on, or feed into each other, and are likely to influence the classifications of the dimensions of particular organisation. For instance, a defensive posture would indicate a tendency to be biased and to use either legal or scientific justifications. While this serves as criticism of the model, it is also the aspect of the model which makes it easily understandable and implementable. There is value in making this reduction and keeping the model represented simplistically. The linearity and

compartmentalisation of the model is the aspect which makes it operationalisable, and allows for an organisation to be analytically considered along the separated dimensions.

The depiction of the model also makes it appear that an organisation need be either one or the other (e.g individualistic or relational) when in fact this is not the case. An organisation could easily have elements of each in them. Therefore, it gives the impression that the dimensions can be easily compartmentalised and that the organisation's CSR cannot reside in more than one of the dimensions which is not the case. This could be compensated for by allowing elements of each characterisation to be noted, and in being aware that each has something to add to the unique identity of the organisation.

The cognitive dimension (what firms think) appears to be too distinct from the conative dimension (what firms do or enact). As we know from sensemaking we may have different starting points but belief and action driven sensemaking feed into, and are dependent on each other. Beliefs and actions are simply a starting point. Each has an impact on creating or clarifying the other, as sensemaking is the act of reducing the gap between beliefs and action in order to create consistency and sense. This is something which can be included into the explanation of the model and also into a richer depiction of the model itself.

The relationship or the weighting between the dimensions has also not been explored. In Bansal and Roth's (2000: 733) study they found that "firms were motivated largely by concerns for legitimacy, less by competitiveness, and even less by ecological responsibility." While they were not able to test these findings, they do point out what is also a limitation of the process model; each dimension may not have an equal impact on the CSR character of the organisation.

A further criticism of the research which Basu and Palazzo (2008) have done is that they have not referred to the research conducted by Bansal and Roth (2000). There is a distinct overlap between the two articles, and empirical research which was conducted could have improved or fed into Basu and Palazzo's (2008) process model. The study was conducted in order to reveal both the factors which motivated corporate greening, and the contextual factors which lead to corporate greening (Bansal & Roth, 2000: 717). This overlaps with Basu and Palazzo's (2008) effort to identify what causes a company's CSR to look the way it does. This research may have improved the process model through the insight into the firms'

motivations, and the conclusion which was reached that indicated that legitimation was the strongest contributing factor to corporate greening. For instance, legitimacy may have been given a stronger rating in comparison to consistency. The idea of legitimacy springing from compliance would have pointed to a link between commitment and the type of legitimation sort by the firm. It is important to note, for further research, that legitimation has a strong influence on the adoption of CSR or “ecological responsiveness,” (Bansal & Roth, 2000: 717) and that legitimation stemming from compliance would point to a more instrumental form of commitment.

Overall there is room for improvement to Basu and Palazzo’s (2008) model. Some of which will only be discovered through empirical research which uses this model. However, if the purpose of this model is that it “could help explain CSR behaviour in terms of processes managers are likely to adopt in coming up their own view of what constitutes appropriate relationships with their stakeholders and of the world in which they exist,” (Basu & Palazzo, 2008: 124) then this model is apt. This model can be used to describe the CSR behaviour of an organisation through looking at its processes, as opposed to only the outcomes. Overall this is a more robust manner in which to consider the CSR behaviour of an organisation. For the purposes of this thesis, as seeking to describe CSR behaviour, the model remains suitable.

4.2) Constructing the interview guide

With the dimensions of the model having been more fully discussed in the above section, here we will turn our attention to how the model was operationalised. Basu and Palazzo (2008) begin their discussion about the model with the reasoning behind the adoption of the tripartite view which is necessitated by the sensemaking approach to CSR. This new approach is adopted in the hope that it will provide a better justification for CSR behaviour, rather than simply looking at particular CSR acts which are performed. We are able to locate CSR as part of the organisation’s character as we seek to gain a better understanding of the cognitive, linguistic and conative dimensions of the organisation.

Basu and Palazzo’s (2008) brief discussion of the dimensions and various outcomes of the groupings were used as the basis for the questions. Each question pertained to a particular dimension and sought to get an answer that would be indicative of the style in which the

organisation thought, spoke or behaved. From here onwards, each dimension which each question served to measure will be discussed. How the discussion in Basu and Palazzo (2008) led to the question that was constructed will also be discussed.

First, it should be noted that the questions needed to fit the organisations, and so they were tailored around South African food retail sector and the particular organisations involved. Secondly, due to the nature of the interview, a few additional questions were constructed which could be asked if the question had been misunderstood, not fully answered, or if the answer presented was one which was not an accurate reflection of their thinking, but rather a perspective which they would prefer an outsider to have of the organisation. These additional questions were used when the person made it clear that they did not understand what was asked or when their answer did not provide enough substance to clearly fit what they had said with the model. The additional, clarifying questions are denoted in roman numerals.

Identity orientation:

Bearing in mind that identity orientation belongs to the cognitive grouping, it is an attempt to tap into the common awareness of who the organisation is, as an entity, and how the organisation uses this awareness, as the place from which to conduct its interactions with other entities. “These shared perceptions are believed to constitute the identity of the organisation (i.e ‘who we are’)” (Basu & Palazzo, 2008: 125). The three types of identity orientation, which the organisation might possess, speak to its particular perception of reality. Thus, the question needed to measure to what extent the organisation viewed itself as distinct from its environment, and as distinct from other organisations, or whether they felt they formed part of relationships which they created, or whether they formed part of a larger grouping with more universal goals in mind. It was thought best to allude to the type of relationship which the organisation felt it had with those whom it came into contact with while conducting CSR. For instance, it was known that Woolworths had a particular arrangement with MySchool, Fair Trade and the World Wildlife Fund, as did Pick n Pay with the South African Sustainable Seafood Initiative (SASSI) and Indalo Yethu.

The link between the expressed vision and mission of an organisation and CSR, was also thought to be important, as this also points to the identity of the organisation. Having a link or

an alignment between the organisation and the vision and mission of the company, ties what the organisation is doing with CSR back to its roots, the reason for its existence, and its motivation for being. The definition of a mission statement as the expression of the intentions of the organisation “in terms of delivered outcomes... the manner in which they are to be delivered, and the character of the organisation expected to deliver them” (Eden & Ackermann, 1998: 110) justifies this additional question.

Question 1

1. Are CSR actions used to build/strengthen relationships with particular stakeholders such as promoting a cause or action which is of particular interest to key customers or suppliers? How would you describe the way in which CSR actions are conducted in relation to other connections which the organisation has?

Further clarification questions:

- i. Do CSR activities ever take place in collaboration with other companies or NGOs?
 - ii. Is the organisation conducting CSR with a particular issue in mind? (e.g global warming or child labour or poverty or literacy)
 - iii. Would you say the organisation has an independent or an interdependent relationship with the other organisations it comes into contact with on CSR issues?
- a) Is there an alignment between CSR and the vision and mission of the organisation? To what extent is the alignment a consideration when implementing new projects or initiatives?

Legitimacy

The underlying conception, with regards to legitimacy, is the amount of control which the organisation feels that it has over its environment. Pragmatic legitimacy is achieved by communicating to the stakeholders the “usefulness of its decisions, products, or processes” (Basu & Palazzo, 2008: 126). In this way the firm demonstrates that it feels it has the power to influence its environment. Cognitive legitimacy, on the other hand, occurs when the firm simply aligns with societal expectations, and views itself as being subject to its environment. With moral legitimacy rather than accepting societal expectations, some co-creation of norms

occurs, particularly in times of change and uncertainty (Basu & Palazzo, 2008: 126). In this way the organisation realises its reach into the environment. This resonates with the sensemaking idea that we enact our environments. The search for legitimacy becomes a collaborative one, as opposed to one which is imposed or simply an accepted alignment. In order to measure this dimension an understanding of how it is that the company went about gaining legitimacy from its stakeholders, whether they imposed themselves on the environment, simply aligned to expectations, or went about co-creating norms, was needed.

Question 2

2. How does this company go about gaining acceptance/legitimacy from its stakeholders?
 - a. Is there some communication to the stakeholders about how useful the company's products and processes are?
 - i. Does the company simply align to societal expectations? Does some co-creation of norms of what is expected of the organisation occur, and if so through what mechanisms?
 - b. Does the company make use of consultations with stakeholders?
 - c. How do you view the relationship between the context of the organisation and the organisation itself?

Justification

The dimension of justification runs under the grouping of linguistic or “what firms say.” The idea here is to tap into the discourse which the organisation uses to justify its own actions, and how it also goes about communicating its actions to its stakeholders. The justification which a firm may use provides insight into why they behave the way they do, and what they believe about their behaviour. The language that the organisation chooses to use in justifying its CSR activities calls “into play its own lexicon of constructs” (Basu & Palazzo, 2008: 127). The justifications can either be legal, scientific, economic or ethical. Legal arguments will be made by drawing on policies and law. Scientific justifications will make use of experts and measurements. Economic justifications will highlight financial or other tangible contributions. Ethical justifications will refer to humanitarian goals and the greater good (Basu & Palazzo, 2008: 127).

The question posed needed to get a sense of the discourse which the organisation uses in respect to its CSR activities, in order to tap into the root cause of why the organisation was engaged in CSR. This, along with other published or documented rhetoric, would give us some insight into what type of language the organisation employed, in expressing its reasoning behind conducting CSR. Based on the type of language, and the justifications which were employed to answer this question, it would then be possible to classify the type of justification the organisation uses.

Question 3

3. Why is your company involved/engaged in CSR?
 - i. Do you think this is how your competitors and/or stakeholders understand your CSR endeavours?
 - ii. How do you think the engagement could be perceived differently by outsiders?

Transparency

The organisation also has a choice in how it chooses to portray its CSR efforts through the various channels of communication. The information can either be portrayed in a balanced manner, whereby negative, positive and further undertakings can be conveyed, or in a biased manner, where only the information which places the organisation in a positive light is expressed to the stakeholders. We are aware that the reporting may not give an accurate reflection of the activities of the organisation, “a rotten structure might hide behind a glossy facade” (Basu & Palazzo, 2008:128).

The question here need not give the whole picture as this could also be determined from looking at the reports and other communications which the organisation uses. Rather, it was necessary to establish which communication channels the organisation used. The medium of communication would also say something about the willingness of the organisation to engage on issues and be challenged in a more immediate fashion. Thus, it could also point to the openness of the organisation. There exists the idea that using the internet, and internet based types of communications, creates a more direct engagement between the stakeholder and the

company. Those who feel empowered by this type of communication will seek out the truth as opposed to the rhetoric (Esrock & Leichty, 1988: 306). This question was designed to tell us where to look for further insight, and also provided answers as to the type of channels that were used, and what this said about the transparency of the organisation.

Question 4

4. How is information about CSR in this company communicated to the stakeholders?

Posture

Posture makes up one of the three dimensions of the conative grouping. This dimension is to be looked at in light of the behavioural notion which Basu and Palazzo (2008) use to make up the tripartite view of sensemaking around CSR. Now we need to look beyond what the response is, and determine how the response is formed. The posture of the organisation can be assessed based on how they respond to, or approach, criticism which they receive from stakeholders.

The posture of an organisation, according to this model, can either be defensive, tentative or open. The defensive posture is insular in that it does not look for, or accept any, feedback from any other parties. Thus, it presumes that the organisation's position is always right. This makes the organisation unable to adapt, and perceive all input or criticism as a threat (Basu & Palazzo, 2008: 128-129).

When an organisation is tentative in its responses, this could create a problem in that the organisation can be seen to be simply covering things up and window-dressing, without any intention of fully addressing the concerns of the critic. This response could be as a result of uncertainty, because the organisation finds itself in unfamiliar territory. It is either grappling with a new way of responding or it is clinging to established behavioural patterns, both of which would cause the organisation to come across as tentative (Basu & Palazzo, 2008: 128-129).

An open posture is one which encourages learning by remaining open to different perspectives, and wanting to engage with those who hold different opinions or perspectives to their own. Dialogue, listening and engagement are all associated with this posture. This type of open communication has the potential to allow the organisation to make real changes to their approaches and understanding of certain events. The case study of Shell and the Brent Spar oil rig displays a clear shift from what was a defensive posture to an open posture with a willingness to learn from mistakes and make attempts to create fundamental change (Mirvis, 2000: 71-72; Basu & Palazzo, 2008: 128-129).

In order to assess the type of posture which the organisation has, what informs its responses to criticism, it was necessary to formulate a question which tapped into how it is that they would have gone about handling situations in which they have been criticised, or held accountable, for mishaps and misdeeds. This question needed to provide an understanding of how the organisation went about dealing with those involved, if the issue was addressed at all, and how this was fed back to or distributed to other stakeholders. Given that they may have dealt with a mishap before, they may have learnt something or developed new techniques for handling potentially damaging situations. Thus, it is also necessary to know what it is that they may have changed. Question 5 sought to address how the response would have been formed and also establish if any changes have come about from the experience.

Question 5

5. How would negative reactions and criticisms of operations/activities in the organisations which can be linked to CSR be dealt with?
 - a. How is external feedback and complaints dealt with?
 - b. How have mishaps with regard to CSR been reported on or dealt with?
 - c. What kind of constraints you do come up against?
 - i. Are there certain things you would like to do or have done but have not been able to do due to organisational constraints?
 - ii. How much power or discretion does top management have over CSI or CSR activities?
 - d. What types of responses are given to negative media attention on the issues of say sustainability?
 - e. In hindsight, with reference to a particular issue, is there anything that you would have done differently?

Consistency

Many organisations have been criticised for approaching their CSR in an adhoc manner which lacks strategic intent and consistency. Consistency should be apparent both between the overarching strategy and the CSR activities, and between the CSR activities themselves (Basu & Palazzo, 2008: 129).

Strategic consistency exists when the organisation actively attempts to make CSR part of the other strategic conversations which are taking place within the organisation. Strategic inconsistency would be apparent when organisations take on CSR activities without any consideration for the overarching strategic intent, or any fit between the strategy of the organisation and the CSR activity being identified. Essentially for strategic consistency to be present, CSR activities need to come under some consideration and be brought into strategic conversations (Basu & Palazzo, 2008: 129 -130).

Internal consistency stems from a coherent logic which underlies all of the CSR activities within an organisation. Inconsistency could result in contradictory activities and will lessen the impact of the CSR intent (Basu & Palazzo, 2008: 129 -130).

This question needed to test for the presence of both strategic consistency and internal consistency. With regard to the strategic consistency, it seemed best to establish to what extent CSR activities had become part and parcel of the organisation. The follow up questions could then be used to directly establish whether the interviewee felt that there was a need to purposefully consider CSR in strategic conversation, and whether or not they felt that a coherent logic or framework informed the CSR activities of the organisation. It was also asked of the interviewee to identify this logic in order to make it explicit, and allow a judgement to be made about the fit between the CSR activities and the logic which was pointed out.

Question 6

6. In your own view, are CSR activities internalised in this organisation?

- a. Have they become ingrained in the way of doing business? If yes, give an example (e.g. staff volunteerism/payroll donation) and discuss whether in your view it is just a formality or whether it is well received.
- b. On a strategic level, do you feel there is a coherent framework behind CSR in this organisation?
- c. Are CSR activities approached arbitrarily, or do you feel that a coherent logic underlies the endeavours?
 - i. What is the overarching nature of the logic, is it sustainability?

Commitment

An organisation can be classified as having either an instrumental or a normative commitment to CSR. The fundamental difference between these two classifications being that instrumental commitment is largely driven from external incentives, such as compliance with regulations such as BEE or King III, and normative commitment is driven from an internal source, such as a moral or ethical consideration (Basu & Palazzo, 2008: 130).

The question needed to establish where the commitment to CSR was coming from, in order to classify it as either normative or moral. As a check, and to ensure that more than the official version was given, it was thought best to understand how CSR was incorporated into the decision making processes. If CSR was integrated into the decision making processes of the organisation it would indicate the achievement of an integration, which meant that CSR was a central consideration. Thus, it was also necessary to establish whether or not CSR activities could easily be removed from everyday organisational operations. The overarching question became that of where the concern stemmed from, and then the follow up questions looking for supporting evidence for the above answer.

Question 7

7. Where does the commitment to CSR stem from? Is it driven by external sources or from moral considerations?

- a) Is there a particular history or story behind the use of CSR in this organisation?
- b) Explain how, during the course of a decision, CSR might be taken into account?
- c) Could CSR activities be easily removed from day to day business?

4.2.1) Validation of the interview guide

In order to ensure that the questions would be useful, and measure that what they were intended to measure, the interview guide was submitted to two validation rounds. One round took place with an individual who is working in arena of CSR and social reporting as an auditor, and the other with two experienced researchers in the department of Information Science at Stellenbosch University.

First, the interview guide was sent to the auditor who provided valuable feedback and comments about the applicability of the questions to the business environment. A few revisions were made, largely to align the language used in the questions with terminology which the interviewees were more likely to be familiar. The final validation round took place with the two researchers who discussed each and every question fully, and recommended some additional clarifying questions to be added to the prompts that were to be used when necessary. The recommended changes were then made and approved by both the auditor and the two researchers.

4.2.2) Limitations of the operationalisation

One limitation of the operationalisation of this model is that the questions are not generally applicable but instead quite specific to the South African retail sector. For the purposes of this thesis this is not a problem, but for further research in different sectors this is limiting. However, the core purpose or the fundamental concepts which need to be measured have been clearly laid out, and so the questions may be easily adapted to other situations.

While the prompts served to try and get to the core issues, and prevent the interviewees from only presenting the public relations version, there would be little that could be done if the

interviewees did not want to speak about the issues in a balanced manner. The questions are also quite in-depth and involved; to answer properly this would require a substantial amount of time from the interviewees.

The sampling issue which the questions presents, was that the questions were set up in such a way that it was necessary to speak to the people who had an in-depth understanding of CSR in the organisations. Some of the issues which needed to be discussed could only be answered by these particular people. Therefore, this interview guide limits the sample to those who perhaps already have the best understanding of the issue at hand. While this means greater insight into what is on the go in terms of CSR in the organisation, it also means that the questions were answered by those who best understand the topic. In essence, the drawback of this approach is that the best picture would be presented, as those who answered the questions were, at the very least, sympathetic to the issue of CSR, if not passionate about its implementation and advocacy. I attempted to hedge against this risk in the operationalisation of the model by making use of additional probing questions which were related to specific problems or untoward incidents related to CSR in the organisation, of which I was already aware.

4.3) Conducting the research

To reiterate from chapter one, Woolworths, Pick n Pay and Spar were the three cases which would be used. These three organisations were suitable because they came from the same sector, were in the same place in the value chain, were of a comparable size, had a sustainability section in their integrated reports, were listed on the JSE and made mention of CSR on their website. These three organisations are three of the four largest organisations in this sector, which also made them fairly representative of the sector as a whole.

Again, the specifics of the interview guide meant that the questions would be best answered by those who work in the CSR arena, and deal with the CSR issues at the particular companies. I sort to find the interviewees in the departments within each of the organisations that handled CSR matters, and to conduct the first round of interviews with the person who they felt it most appropriate with which to begin. I then asked these people to refer me to additional people in the organisation, until I felt I had acquired sufficient information to

classify the organisation. I indicated to the interviewees that it would take approximately half an hour of their time but ultimately the actual time taken varied substantially across the interviewees.

Within Woolworths, the relevant department was that of the Good Business Journey unit, at Pick n Pay it was the Marketing and Sustainability division, and at Spar I was lead to the group head of Human Resources and Corporate Social Responsibility. I made contact with the relevant departments and asked who it was best to speak to in connection with conducting research of this nature. I then spoke to the people who I would soon conduct the first round of interviews with, in order to set an appointment and collect the necessary permissions which I required for ethical clearance. I intended the interviews to be conducted one-on-one.

At Woolworths I first interviewed a project coordinator in the Good Business Journey division, who then subsequently referred me to the head of sustainability in the food division who I then later interviewed. At Pick n Pay I first interviewed the head of sustainability who then suggested that I also interview the head of the Pick n Pay-Ackerman foundation. In the case of Spar, I was referred from the Head Office to the Western Cape Distribution Centre where I conducted an interview with both the head of Human Resources for the Western Cape Distribution Centre and the CSI and training manager. Similarly at this stage of the process I contacted the CSI division at Shoprite Checkers, who declined to be interviewed.

The interviews at Pick n Pay and Woolworths went ahead smoothly. The interviewees in these two companies were all fairly candid and willing to discuss all issues, including the contentious ones, with me. This quickly led me to a position where I felt that all the questions that I had, had been suitably answered.

The outcome was a little different at Spar. During my initial interview with the Human Resources manager, the CSI and training manager was called in right at the beginning of the interview without prior consultation with me. There was a particular dynamic between the two people which I experienced at times to be slightly uncomfortable. It was difficult to ensure that both parties expressed their honest opinions, particularly given the skewed power relation between the two people. However, in the end, it appeared as though both parties voiced what they knew. This interview led me to realise the extent to which Spar's activities were decentralised across the distribution centres. This realisation combined with the lack of

depth in understanding of CSR, as a macro issue, which the interviewees displayed, meant that I considered there to be no further need to contact the other distribution centres. This type of research called for the “bigger picture” that I thought the Head Office would be able to offer. I made attempts to contact the head of CSR at Spar’s Head Office for an interview but they remained fruitless. I then decided that the information gleaned from the content analysis and the interview would prove to be enough to construct a profile for Spar, albeit a limited one, particularly given that their involvement in CSR, at this point in time, is still limited.

During the interviews the prompts were only used when necessary, and I listened quietly but empathetically to what they were saying in order to validate their responses and make them feel comfortable with discussing these issues. So as not to interrupt the flow of the interview, the interviewees were allowed to talk around the topic, in doing so they quite often answered some of the questions before they had been asked. This also provided me with an opportunity to be privy to the type of language which they used to discuss CSR without being prompted by the questions. Having sensemaking as the overall theoretical background to this thesis made noting the way in which they spoke about CSR all the more important. These deviations from the interview guide helped to inform my understanding of how they understand CSR. However, for the sake of the analysis and to ensure that their answer the question was clear, when this deviation occurred they were referred back to what they had said earlier to indicate that we had already touched on the subject, and to ensure that they had nothing more to add when they were explicitly asked about the topic.

I used a Dictaphone to record the interviews. In addition to the recordings I also wrote down words or phrases that caught my attention during the interview, next to the question which they pertained to, and that I thought might be of use later. The general feeling which I had about the interview and any other interesting happenings or observations which I had were also recorded.

The use of the theoretical perspective of sensemaking and emphasis on language meant that it was necessary to find meaning in the whole, which was captured both in what was said, how it was said, and the overall impression in analysing the interviews. Thus, when it came to actually analysing the interviews, I allowed some time to pass in order to create some distance between myself and the material. I then listened to the interview in its entirety in

order to get a general impression and to note where the overlaps/repetitions occurred, where certain answers to other questions helped to clarify previous questions, and where earlier questions also led the subject to answer questions which were still to be asked. After this, I took the notes I had made during the interview and listened again to the sections which I felt to be of interest. I then listened to each question and classified each dimension in order to produce a CSR character for each organisation.

Chapter 5. Case Studies

5.1) Background to the cases

5.1.1) *Woolworths*

Woolworths was first opened in 1931 in Cape Town, South Africa. Today Woolworths is a retail chain which extends into Africa, the Middle East and Australia. The company is listed on the JSE SRI and is a level 4 BEE contributor. Their mission statement reads as follows: “we, as passionate committed retailers, understand and lead our customers through excellence and a deep knowledge of our products and services and the world we live in” (Woolworths, 2012). Their seven values are quality and style, value, service, innovation, integrity, energy and sustainability (Woolworths, 2012). CSR has played an important part in shaping Woolworths as an organisation. Their presence on the SRI and the explicit commitment to sustainability and integrity through their company values outwardly commit them to conducting CSR or following a socially responsible agenda. With higher prices and more emphasis on quality and convenience, Woolworths attracts the wealthier consumer with most of the consumers falling under a higher Living Standards Measure (LSM) category in comparison to its competitors (Woolworths, 2012).

5.1.2) *Pick n Pay*

Pick n Pay was started in 1967 by Mr Raymond Ackerman as a family controlled organisation and since then it has expanded significantly. The company was listed on the JSE in the year following its foundation and is now also listed on the JSE SRI. The company is a level 8 BEE contributor. Pick n Pay uses the analogy of the “four legs of the table” to convey their core concerns which are: administration, merchandise, promotion and social responsibility, and people (Pick n Pay, 2012). Pick n Pay expresses that their interest in communities is not purely philanthropic but also a furtherance of self-interest and a symptom of the future-orientated concerns of the organisation. Accountability, integrity, and responsibility surface in their values and they make a commitment to the serving the South African community as a stakeholder in the organisation. In 2007 the organisation underwent a significant rebranding exercise which signalled the refreshing and transformation of the

organisation. Pick n Pay attracts consumers from a broader range of LSMs and thus has less of a niche market in comparison to Woolworths. Pick n Pay is also a franchise organisation which means that stores are owned by franchisees and while each store is branded as Pick n Pay, it may also take on its own particular character (Pick n Pay, 2012).

5.1.3) Spar

Spar is an international organisation but it opened in South Africa in the 1960s and now consists of more than 700 outlets. The Spar Group consists of 6 distribution centres which service all the franchises. While the franchises are encouraged to make use of the group's buying power they can also stock goods from their own local suppliers. There are three types of Spars: KWIKSPAR which operates as a convenience store, SPAR which is a neighbourhood grocer, and SUPERSPAR which caters for bulk shopping (Spar, 2012). Spar caters largely for convenience shoppers. The Spar Group is listed on the JSE but not on the SRI. However their latest integrated report conveys an aspiration to be listed on the SRI. The group is a level 6 BEE contributor (Spar, 2012).

5.2) Content analysis

5.2.1) Rhetoric

Advertising

The interviews revealed that the organisations (particularly Pick n Pay and Woolworths) used a variety of different marketing platforms to communicate about CSR. Everything from videos, print advertisements, articles in their magazines, television advertisements, in-store communication and internal communications are used. It would be an unmanageable task to collect and analysis all of these types of marketing. Therefore, it is necessary to zoom out to the level of the type of emphasis which the organisations attempt to convey or place through their CSR marketing endeavours. The information used in this discussion largely came from the information gleaned from the interviews.

Woolworths saw advertising as necessary to convey what the organisation had on the go in terms of CSR initiatives and how they were going about achieving their targets (particularly to internal stakeholders). The emphasis was placed on what the organisation was doing and the particular causes which they support (Interviewee 1 & 2, 2012). For instance, the current emphasis on rhinoceros poaching has led to both a wave of communication about the issue and about the means through which Woolworths was addressing/supporting this cause. Fundamentally their advertising is issue-centred and focusses on Woolworths' involvement and activities.

Pick n Pay has an opposite focus. Their communications largely focus on what the consumer can do to promote sustainability. Consumer education is a fundamental focus, whereas Pick n Pay's activities as an organisation take a back seat (Interviewee 5, 2012). However, the most recent television advertisement represents a shift in this communication. Mention was made in the second Pick n Pay interview about the *Goodness* advertisement and the content of this advertisement shows how Pick n Pay is involved in procuring sustainable suppliers and what they are doing to promote sustainability (Interviewee 6, 2012). Perhaps this represents somewhat of a shift in Pick n Pay's previous emphasis and the consumer will be made more aware of those initiatives with which Pick n Pay is currently busying itself.

The Spar interviewees were only able to mention internal communication and newsletters which were used to inform the internal stakeholders about Spar's CSR involvement. Again here the predominantly CSI focus was picked up on and the only CSR activity which was mentioned was that of an organic gardening project. They also see Spar as being understated about what they do. To paraphrase, they prefer to get on with the job as opposed to creating a fuss about their achievements (Interviewee 3 & 4, 2012). Spar's limited external communication seeks rather to provoke the idea of Spar as useful to or involved in the community through the services which they provide. The communication does not appear to extend above and beyond this into the realm of their impact on the environment or their measures to become more environmentally or socially aware.

Website

The information on the website of the organisation is entirely produced by the organisation and serves to report on their activities and present them in the best light possible. It is through this lens that we should look at the company website and remember that due to the lack of gatekeepers it becomes increasingly difficult to “locate a beacon of trust, reliability and credibility” (Jahdi & Acikdilli, 2009: 110). This is made even more difficult when the entire agenda of the corporate website is to portray an ethical corporate image. For some firms, corporate communications are essential to the survival of the organisation as they position themselves for ethical consumers. However, CSR communications through websites may just be more greenwashing. The company website will give further insight into the transparency dimension as how the information is reported on the website would help to classify the linguistics of the organisation as biased or balanced. In order to analyse the websites the “About Us” sections were looked at as well as the sections that contained information about their sustainability, social responsibility or social investment.

The homepage of Woolworths’ website largely depicts their products and their online shopping. One is not necessarily initially exposed to any messages about their socially responsible activities but under corporate information there is a link to their Good Business Journey section and here one can find extensive information about the initiatives which Woolworths undertakes. They give an overview of the Journey and explain that the real emphasis started in 2007, and that they consider this to be a “journey” as they are trying to achieve change “one step at a time” (Woolworths, 2012). In this overview they also include the various awards and mentions that Woolworths has received. This can be interpreted as “providing third party evidence... to lend credibility to the corporate claims” (Pollach, 2005: 293). The various sub-pages explain the focus areas, the commitments Woolworths has made in these areas, what they are doing to reach their targets and what you as a consumer can do. This section of the website is entirely focussed on Woolworths, their initiatives, and the macro issue which the focus pertains to, such as recycling. Little is made of the specific organisations which they work with (although they do state that this is not a journey which they undertook alone). The phrase “we were the first major South African retailer to offer...” (Woolworths, 2012) is repeated or alluded to which suggests some focus on being the best in this area this also suggests an attempt to create a positive perception about Woolworths

(Pollach, 2005: 295). Overall social responsibility receives a fair amount of attention on the Woolworths website

On the Pick n Pay website it is easy to see the links to the “sustainable living” section and find a link to their foundation. The description of the sustainable living page is “what you can do today for a better tomorrow” (Pick n Pay, 2012). This emphasis on what you as a consumer can do is also carried through into the detail of the page since while this section communicates what Pick n Pay is doing to tackle sustainability issues, a lot of information is about how you as an individual can make a difference. This suggests an attempt to “include the audience in the discourse” (Pollach, 2005: 296) and it also conveys a less Pick n Pay centred approach and moves towards an approach which considers the need to involve the greater community to fundamentally address the issue. Perhaps this is also what they try to achieve when, in contrast to Woolworths, they make mention of the NGOs and organisations that Pick n Pay works with, in regard to sustainability and CSI. The interactivity of the “what can I do” section also suggests an attempt to involve their audience by clicking on aspects and receiving short practical pieces of information. Overall the Pick n Pay website contains a lot of sustainability and CSI information about the company but also goes to lengths to involve their customer in the goal and the process.

Spar’s website is without much substance, and this is also carried through into their social responsibility section. There is no information about CSR in the “About Us” section. Its presence is very obscure. One has to click through a few tabs before any mention of social responsibility is found. Two sentences attempt to convey the focus of the group and then some information is given about a specific national campaign and other regional campaigns (Spar, 2012). The information is entirely CSI focussed and the only additional information which one can access is embedded in the annual/integrated reports.

Social media

The use of social media is not only important for the content of the messages but also for what this type of communication means for the organisation. What is most important here is the use of this type of communication. Twitter and Facebook are examples of the type of social media which not only empower individual consumers to have instant and direct contact

with the organisation, but also makes the consumer far more powerful in terms of the number of people who they can reach with their opinions and criticisms. This type of communication has gone a long way to making the organisation far more accountable as “empowered publics will increasingly demand real information while rejecting the one-sided persuasive pitches” (Esrock & Leichty, 1988: 306). The content of the responses which corporations give through these types of media can also give more insight into the types of justifications which they use for the various happenings. While the corporation is the author of this communication and as such it needs to be considered rhetoric, it also forces the corporation to be confronted with reality through consumer opinions and complaints.

Woolworths joined Facebook in December 2009 and also currently has a Twitter account for both their Good Business Journey and the organisation as a whole. They use these channels extensively for communicating and responding to consumers. They field criticisms and comments through these channels, and also release official statements in response to widespread criticism. Woolworths also uses these platforms to refer consumers to issues and causes which the organisation is currently involved with or concerned about. An example of this is the plight of the Rhinoceros; Woolworths have effectively used social media (including YouTube videos) to communicate with consumers around this issue of Rhinoceros poaching and to promote the various campaigns which they have to support this cause.

Pick n Pay joined Facebook in June 2009 and also has a Twitter account for Pick n Pay itself as well as for their Fresh Living Magazine. They give their customers information about products and specials through Facebook and Twitter and also respond to customer complaints largely through Twitter. There is some focus on certain issues such as recycling and wasteful water usage and they also provide information about what the consumer can do to address these issues. For example their Facebook page informs you that you can donate your Smart Shopper points to charity and tells you about an endangered species organisation.

Spar only has a Facebook page which they set up in September 2010; they do not currently use Twitter. They use the platform for promoting specials and competitions. They also post information about the initiatives they have such as the Spar Women’s running races. The emphasis on the Spar Facebook page is on “My Spar” and telling stories about your own local spar and how it has impacted on your life. However, beyond this there appears to be

little consumer engagement on issues outside of the organisation or with queries and complaints.

5.2.2) *Reality*

Awards

Various competitions are run and awards available to organisations who are involved in CSR. These also provide some external reflection on the organisation's efforts, and some independent judgement of their activities and the contributions which they are said to have made or be making. This thesis will refer to some these awards which are most relevant to the companies involved. This is by no means an exhaustive list. These awards are perhaps the only means through which the CSR activities of the organisations can be evaluated without a very thorough investigation into the actual activities of the organisations.

Woolworths and Pick n Pay have claimed many of these awards but Spar is yet to have received any for their efforts in the CSR arena. These awards lend credibility to the real impact that the retailers are making both in the retail sector and in the broader categories. The awards are as follows:

1. The Global Retailer Awards: the responsible retailer category is of most relevance to this thesis. This is an international competition for the retail sector which is run every year and was won by Woolworths in both 2008 and 2010 (Woolworths, 2012).
2. The Mail and Guardian Greening the Future Awards: Pick n Pay received an award for the most innovative environmental strategy at these awards in 2010 (Pick n Pay, 2012).
3. The Yellowwood Engager: this was run for the first time in 2011 and looks at the brands to which stakeholders feel the most connected and engaged. The award was won by Pick n Pay indicating that consumers feel more closely connected to Pick n Pay as a brand (Yellowwood, 2012)
4. The Carbon Disclosure Leadership Index: organisations who subscribe to the carbon disclosure project also receive recognition for the decreases in carbon emissions which they successfully undertake. Both Woolworths and Pick n Pay have been listed

on the Carbon Disclosure Leadership index, with Woolworths being the winner of the retail sector category in 2010 (Woolworths, 2012; Pick n Pay, 2012).

5. Climate Change Leadership Awards: this is sponsored by the Sunday Times and recognises organisations that have been instrumental in combating climate change. This was won by Pick n Pay in 2012 (CCLA, 2012).
6. Mail and Guardian's Top Companies Reputation Index: this was conducted in May 2012 and found Pick n Pay in 4th place overall on the main index. Woolworths featured closely behind Pick n Pay in the index which accounted for the spontaneous association of a good reputation (Mail & Guardian, 2012).

Integrated reports

As discussed earlier, integrated reports are intended to report for stakeholders and no longer only for shareholders. The purpose of this shift in reporting was to better explain how the organisation went about making its money. Pick n Pay and Woolworths still produce stand alone sustainability reports, which give a more detailed account of their activities, but what is contained in their integrated report serves to show how what they have been doing links into the broader business of the organisation.

Each of the case companies have produced one integrated report and are soon to be issuing their second integrated report during the course of 2012. The report is produced by the company itself but is audited by internal and external auditors. Furthermore under King III, the board of directors is also held responsible for the integrity of the report (for the financial and social reporting) and so there is some external filter on the information and a lot at stake if misrepresentation occurs. There is still reason to be cautious of this reporting as the trend towards standardisation and the efforts on the part of the IIRC will not serve to reveal the real differences in outcome produced by firms. The case of Enron discussed earlier is a prime example of how integrated reports could "contain more show than substance" (Fry & Hock, 2001: 62). Fry and Hock's (2001: 64) study of company reports found that the companies with the worst public image dedicated the most amount of space to social responsiveness in their reports. The information in the reports may not be inaccurate although it may be skewed. Given the commitments of King III and the increasing amount of external auditing, there is a lot at stake if the firm misrepresents themselves. With regard to Basu and Palazzo's

(2008) model there is more insight to be gained particular into the transparency dimension by examining the reporting of the organisation. For the sake of comparison only the 2011 integrated reports of the organisations, with some additional information from their standalone reports, were examined.

Woolworths reports on their Good Business Journey goals and the improvements they have made during the financial year. Sustainability is a key element which runs through the integrated report and the presence of a sustainability committee also sees to it that sustainability issues are a clear and examined priority of the organisation. However, the report does not contain much detail about their efforts in this regard and appears to only present the facts, figures and risks associated with the goals. Only in the Good Business Journey report are initiatives and goals fleshed out. The sustainability indicators are summarised at the beginning of the report and then it is indicated whether or not the progress was positive or negative. The measurable and quantifiable targets which Woolworths makes use of, makes it easy for the effectiveness of the activities to be judged and also makes for fairly balanced reporting. Where possible the outputs are also audited by an independent auditor, giving even more assurance as to the accuracy of the information in the report. Another interesting aspect is the inclusion of consumer feedback and the responses given by Woolworths. This could be interpreted as a willingness to present what they are being criticised for and what they plan to do about it or why they cannot do anything about it. Various case studies are distributed through the report under the different focus areas and serve to give insight into the practical changes which have occurred. However, they only give examples of successful incidents where as there may be occasions where things did not go according to plan, or the where the initiative was found to not be wholly integrated (Woolworths, 2012).

Pick n Pay's integrated report begins with a statement that they aim to give a balanced picture of the group's performance and this does indeed appear to be the case. They make mention of the difficult time they have faced financially due to the Global Crisis and also note that they experienced a period of stressful labour unrest. They speak broadly about their sustainability initiatives in the integrated report but provide more detail in the sustainability report itself. They have two focus areas, namely energy and waste reduction, to which they also make specific and quantifiable commitments. One of the challenges they note is "improving the integrity and scope of sustainability related data" (Pick n Pay, 2011: 20). This again appears

to convey their concern for presenting balanced, accurate information and also says that there are areas in which they are at risk for not reaching their particular goals. They identify energy and waste as a core business issue and make it clear that their motivation to tie sustainability issues to the business largely stems from the new emphasis on integrated reporting as well as out of concern for the bottom line and cost reduction (Pick n Pay, 2011: 24). All the way through the sustainability overview, they present their undertakings and how far they have come in achieving these as well as identifying the challenges which they faced. In general, this again suggests a willingness to discuss the good and the bad, with a good deal of emphasis falling onto sustainability.

Spar's integrated report begins with the Chairman and Chief Executive expressing concern for the environment and their wish to measure their impact (Spar, 2011: 12). Their sustainability section (and lack of a standalone sustainability report) is vague in comparison to Pick n Pay and Woolworths. The report indicates initiatives in training and development, transformation, environmental impact and CSI but none of this information appears to carry through to the rest of the report. Very little of the information is quantified in terms of what their overall goals are, and this contributes to the vague nature of this section of the report. Given the emphasis on sustainability and the environment which appears to exist, their actual environmental initiatives are fairly thin on the ground with recycling not yet occurring in all of the distribution centres and vague statements about the water savings which have been made. There is also no mention of what is yet to be done and how this will be achieved. It appears that the focus is largely on CSI and making an impact or a difference through these means.

Media reporting

Sustainability has received more and more attention from the media and currently Media Tenor, in conjunction with Trialogue, run an analysis of sustainability coverage in the media in the Financial Mail every quarter which they refer to as the Sustainability Coverage Monitor. These analyses show how much positive, negative and neutral attention the sector receives from its media sustainability coverage. Reporting in the mainstream media on the various incidents which companies have had, which are related to the CSR initiatives, takes place. For instance, much coverage of Pick n Pay's labour relations issues, and of

Woolworths' run in with the small beverage company Frankie's and their free range egg issue was published in newspapers. It is possible to pick up on what the organisation is actually doing (the reality of their actions) through various media reports. However, it should also be noted that the more an organisation does the more they are expected to do. Thus, the amount of reporting on a particular company's CSR misdeeds may not necessarily be linked to their actual impact but is rather indicative of the type of image which the organisation has tried to create. The organisation's reactions as reported in the media may give additional insight into how the organisation justifies its actions, particularly in the light of misdeeds and oversights. The analysis here looks at a few samples of the types of reports that are associated or tagged with the name of the company and either CSR, CSI or sustainability. These should be seen in the context of the analysis of the retail industry overall which Media Tenor has published. The last two reports show the retail industry as receiving largely neutral coverage (Schriener, 2011: 18; 2012: 18).

Woolworths receives a fair amount of positive and negative coverage on sustainability and related CSR issues. Woolworths came under fire when the company was accused of presenting mixed messages when they decided to sell only free-range eggs and yet all their baked and ready-made products still contained eggs from battery hens (Knowler, 2009: 9). More recently, they have found themselves in the media a lot lately with regard to the Frankie's (a small beverage company) issue where the Advertising Standards Association ruled in favour of Frankie's, forcing Woolworths to withdraw and rebrand their range of cool drinks. This was particularly disappointing to some consumers who felt that Woolworths should be supporting small suppliers and not trying to squeeze them out of the market¹⁶ (Neethling, 2012: 10). Trialogue's February Sustainability Coverage Monitor alludes to the fact that this incident did indeed impact Woolworths' sustainability score (2012: 20). The positive coverage which Woolworths receives is largely due to the awards which it has won, its Good Business Journey efforts and its emphasis on both internal and external auditing (Guest, 2011: 10).

Pick n Pay has also received both positive and negative coverage. The media have written about their new distribution centre and the green issues involved with the construction of the centre, as well as their commitment to SASSI and sustainable seafood (Mail and Guardian,

¹⁶ This point is reiterated by Saunderson-Meyer in the Saturday Argus (2012: 19) and by Whitfeld in Finweek (2012: 22)

2011: 3). They have also received positive coverage associated with the Cape Argus cycle race and the Velokhaya development team, which they sponsor. Their CSI efforts for Operation Smile have also received positive coverage (Toffoli, 2006: 110). However, during the course of 2011, labour unrest meant that they found themselves in the media because they were being associated with retrenchments and accused of unfavourable labour conditions by labour unions (Thomas, 2011:62; Mackay, 2008: 7).

Spar receives very little coverage in the media related to their socially responsible activities. There is some positive coverage about their CSI initiatives but other than that the media does not appear to engage with the brand (The Herald, 2011: 21). However, a recent publication Ethical Living, pointed out that in their opinion Spar had insufficient environmental management policies and criticised it for operating under the oppressive regime in Zimbabwe (Ethical Living, 2012: 23).

	Woolworths	Pick n Pay	Spar
Advertising	CSR focussed	CSR and consumer focussed	Limited & CSI focussed
Website	CSR is a central issue	Clearly features CSR	Poor
Social media	Extensive use	Well used	Very limited use
Awards	Multiple	Multiple	None
Integrated report	Indepth sustainability report	Indepth sustainability report	Limited sustainability information
Media	Extensive negative and positive media coverage	Some negative and positive coverage mostly neutral	Limited to no coverage

Table 5.1: Content analysis summary

5.3) Interview analyses

5.3.1) Identity orientation

Woolworths – collectivistic

Both interviewees at Woolworths spoke about the nature of the relationships between Woolworths and the various NGOs which they partner with as being an interdependent relationship. The organisation itself has CSR focus areas and these relationships with the

NGOs are used to achieve the goals which they have in the different focus areas (Interviewee 1 & 2, 2012). Interviewee 2 (2012) said that the organisation had begun its CSR path with broad social and environmental goals in mind. Therefore, the goal appears to be one which extends above and beyond the organisation even into the realm of using Woolworths as a brand and its relationships with other organisations to promote and support activism around its focus areas. Thus, while perhaps this organisation could also be classified as relational due to the partnerships which they form with stakeholders there appears to be a commitment which is broader than that of the stakeholders. There is a better fit with Basu and Palazzo's description of a collectivistic organisation which defines "themselves almost in universal terms, such as... 'we strive for a sustainable earth'" (2008: 126).

During the more in-depth discussion of the model earlier on, it was noted that a shortcoming of Basu and Palazzo's (2008) discussion was that it appeared that the organisation needed to be classified as either or when in fact it may reside in both. Perhaps a better conception would be that of a continuum. Therefore, in this case Woolworths finds itself situated between the relational and collectivistic identity orientations but tending to the collectivistic. They are most certainly partners in relationships with stakeholders but they also use these relationships to further a goal which is more universally orientated than perhaps the relationship itself can speak for.

Pick n Pay – relational and collectivistic

Pick n Pay has partnerships which help them to focus on and address specific issues related to CSR. The overall feeling is that these partnerships are key, and that it is a thing of the past to attempt to solve problems as an isolated entity. However, Pick n Pay sees climate change as the umbrella issue which the organisation would like to address (Interviewee 5, 2012). The Pick n Pay-Ackerman foundation also finds relationships and partnership key to their efforts but align themselves to the Millennium Development Goals (Interviewee 6, 2012). Thus, the overall emphasis is on partnerships and addressing broader social and environmental goals through these partnerships.

Pick n Pay is in a similar position to Woolworths in this dimension. They lie somewhere on the continuum between the relational and the collectivistic identity orientation. Pick n Pay appears to differ from Woolworths in that they lie closer to the relational orientation. This is because the brand appears to act as less of an activist than Woolworths. Pick n Pay has

universal goals in mind and uses the relationships to address these issues but with less of an emphasis on using its resources to act as activists. This leaves the feeling that Pick n Pay places emphasis on “CSR actions that are designed to strengthen particular network relationships” (Basu & Palazzo, 2008: 126) and as such they tend to be more relational.

Spar- individualistic

The Spar Western Cape Distribution Centre has only just begun to make use of partnerships in conducting CSR. They now have a partnership with an NGO to develop schools in the surrounding communities. In the past there has been little collaboration over projects. The only alignment between the purpose of the organisation and its CSR activities that was stated was that of Spar’s motto “together we shall prosper” (Interviewee 3, 2012) and the spirit of togetherness which Spar sought to foster through CSR. This shows us that the organisation finds itself in the process of transitioning from an individualistic identity orientation to that of a more relational identity. However, I think that at this point in time the limited number of partnerships which they have would put the organisation closer on the continuum to an individualistic orientation. Spar is an “atomized entity which is distinct and separate from others” (Basu & Palazzo, 2008: 125) although they have begun to shift towards finding themselves in partnerships.

5.3.2) Legitimacy

Woolworths – moral

For Woolworths this is perhaps the most clear-cut of the classifications. There is most certainly a co-creation of norms which takes place, that means that the organisation does not simply comply with what is expected of them but rather they seek to both create that which is expected and respond to expectations. This became clear in the discussion around legitimacy when the issue of continuing to sell plastic bags was raised. Interviewee 1 (2012) suggested that there were some people within the organisation who felt that plastic bags should be done away with entirely but in order to this it was necessary to first modify consumer behaviour. This was hoped to be achieved through encouraging the use of reusable bags and having one day a year where consumers had to bring their own bags with them to the shops. This message was reiterated in the discussion around consumer focus groups and needing to respond to both the explicit, expressed need which the consumers spoke of but also to the

greater issue to which this need pointed (Interviewee 2, 2012). Therefore, this organisation strives “to achieve legitimacy by cocreating acceptable norms of behaviour with relevant stakeholders” (Basu & Palazzo, 2008: 126).

Pick n Pay – moral

Within Pick n Pay the CSR messages that are sent out are largely about what you as a consumer can do, as opposed to what they are doing as an organisation (Interviewee 5, 2012). Therefore, they feel little need to communicate the “usefulness of its decisions, products, or processes” (Basu & Palazzo, 2008: 126) and their search for legitimacy is also not simply modified to comply with the demands of the environment. Thus, Pick n Pay cannot be said to be seeking legitimacy pragmatically or cognitively. Instead, through communicating to society and their stakeholders what it is that they can do to address sustainability issues, there is an attempt to co-create the acceptable norms of behaviour between themselves and the relevant stakeholders. This approach is proactive which according to Basu and Palazzo’s (2008) classification sees this organisation as seeking and creating moral legitimacy.

Spar – cognitive

Spar “aligns its actions to be congruent with perceived societal expectations” (Basu & Palazzo, 2008: 126). All of the projects spoken about or mentioned during the interview were CSI based, which gives the impression that the organisation is out to fulfil a need in society (Interviewee 3 & 4, 2012). There may be some co-creation of what is expected of the interaction by Spar and the community during specific interactions, but no attempt is made at proactively co-creating norms. The type of legitimacy which Spar seeks is characterised as cognitive legitimacy as it simply seeks to respond to the needs that it sees in society, in order to adhere to the expectations that society has of the organisation.

5.3.3) Justification

Woolworths – economic and ethical

Both interviewees felt that there were numerous reasons why the organisation was engaged or involved in CSR. However, the overlapping reasons which came out were the business case for CSR and that it is the “right thing to do” (Interviewee 2, 2012) The enormous cost savings which the organisation has experienced as a result of championing sustainability were pointed

out and this economic reasoning was reiterated by the idea that sustainability would become a brand differentiator for the organisation. Employee pride and retention was also listed as one of the reasons why the organisation engages in CSR (Interviewee 2, 2012). These are economic justifications according to Basu and Palazzo who outline this classification as making use of “tangible contributions to stakeholders” (2008: 127). However, this reasoning is also enclosed in the additional justification that engaging in CSR is the right thing to do particularly given the macro-context of the organisation as South African and all the social ills that we experience. This justification is ethical as it serves to promote a “higher order interests... and achieve(ing) universal goals of human welfare” (Basu & Palazzo, 2008: 127).

We can say that both economic and ethical justifications are used not only because of the aforementioned discussion but also because it has become clear that largely the implementation of certain CSR activities, such as the commitment to only use free-range eggs, were dependent on economic and ethical justifications. The bottom line was perhaps the biggest reason why this commitment was not rolled out to all the products immediately, and yet the ethical justification formed part of the solution to the problem when the organisation realised that committing to using only free-range eggs was indeed the right thing to do overall. The implementation may have taken some time but Woolworths has sought to honour its commitment despite the additional (and fairly substantial) cost to the bottom line.

Pick n Pay – economic and ethical

The immediate answer by the interviewee to the question “why is your organisation involved or engaged in CSR?” was “so that the company can be around in 10 years” (Interviewee 5, 2012). While this is a self-preservation issue and points to the economics of the organisation, it is also reminiscent of a justification which recognises the need to care for the environment that they operate in order to ensure the longevity of the organisation. The organisation cannot exist without the environment and the various resources which it requires.

Within South Africa we do not yet have a business model which seeks to create social value above and beyond serving the bottom line. Ultimately, each organisation has a responsibility to turn a profit for its shareholders. This is a responsibility which cannot be discounted and so it appears that we cannot be without economic justifications, or fall truly into ethical justifications, while this business model remains in place. Both Woolworths and Pick n Pay

recognise this responsibility and also manage to incorporate CSR issues into the balancing act, thereby keeping some ethical justifications for their actions.

Spar – unclassifiable

When the interviewees were asked why the organisation was involved or engaged in CSR neither of them were sure of an answer. When pressed to consider the macro-reasoning for the company's involvement the response was so that they could give back to the communities in which they operate (Interviewee 3&4, 2012). It appears that little justification has actually been formed and that the organisation is still figuring out what they mean by CSR. This being said what was expressed was an ethical justification but we cannot consider this to be a classification due to the uncertainty with which this question was answered. The response appeared to be formed entirely from the promoting question.

5.3.4) Transparency

Woolworths – balanced

From the assessment of the organisation's integrated report and their expanded Good Business Journey report it is clear that Woolworths makes use of balanced reporting. There are clear measurable goals which have been set and then the progress of the organisation is reported against these goals, accompanied by reasons why the target has or hasn't been met (Woolworths, 2012). Some of the information is also externally audited which also points to a willingness to present balanced information and also necessitates it.

Woolworths also makes use of a variety of different communication channels. The use of social media supports the use of balanced reporting as this direct interaction with the consumer acts as a check and balance on what the organisation is saying and what is actually happening. Social media users have access not only to what the organisation is saying but to what other stakeholders are saying, encouraging and providing a broader spectrum of information.

Pick n Pay – balanced

As was discussed earlier, the first integrated report that Pick n Pay produced gave a very balanced view of where the organisation is at in terms of its CSR activities and where

improvements need to be made. Perhaps the transparency could be increased by using a similar model to that of Woolworths where targets are set and the progress is measured. However, the overall feel of the report is that it is an honest attempt at communicating to the stakeholders and does not seek to only convey positive and favourable outcomes. Reporting to the Carbon Disclosure Project is also an attempt to openly measure their progress with the watchdog presence of an external entity. Pick n Pay also uses social media to communicate about their CSR activities. This also speaks to the willingness to present a balanced view of their activities for the same reasons as were stated with Woolworths; it allows for direct interaction and social media users also have access to numerous opinions not only the opinions of the organisation.

Spar – balanced

The sustainability section in Spar's integrated report is nowhere near as comprehensive as that of the other two companies but it does still make an attempt to be balanced. It would be a leap to describe the reporting of the company as biased but the lack of interaction around their CSR makes it difficult to fully determine the extent to which it is actually balanced. However, what is said in the report does not appear to present any untruths and the lack of depth could probably be explained by the fact that they actually have very few CSR projects on the go at present.

5.3.5 Posture

Woolworths – open

“An open posture is oriented toward learning that is based on the organisation's willingness to listen and respond to alternative perspectives offered by others” (Basu & Palazzo, 2008: 129). The criticism of Woolworth's activities is fielded through various channels such as email, social media and customer complaints. The interviewees 1 and 2 (2012) described the process of dealing with criticism as an ongoing one and that it involved engaging with the party who lodged the complaint and providing them with an explanation. Interviewee 1 (2012) expressed that more often than not the complaints were things that the organisation had already thought of, and so these considerations and future plans were given to the complainant and if it was not something which had been considered before, the organisation would seek to better understand the complaint and see if there was something which could be

done or changed. An example of this is the free-range egg incident where Woolworths then engaged with the person who had made the complaint and this led to a change and encouraged Woolworths to commit to eventually only using free-range eggs (Interviewee 2, 2012). This shows that the organisation is willing to use criticism to push them closer to their goal of sustainability and to engage, listen and learn from outsider opinions and perspectives.

Pick n Pay – open

Pick n Pay accepts feedback from outsiders through various channels and expresses a concern for fully addressing problems and complaints. The organisation is neither defensive nor tentative. Each specific query is channelled to the relevant person in the organisation who then undertakes to respond. The complaint is usually dealt with by saying what the organisation is doing, and how they plan to address the issue in the future (Interviewee 5, 2012). What is important about this is that the organisation seeks to engage and displays a willingness to hear other perspectives which gives the organisation its open posture.

Spar – tentative

It was discussed earlier that tentative appeared to be more of a non-posture than an actual posture as it describes an organisation lacking in experience and tools to deal with these issues. This aptly describes the situation at Spar. Their CSR activities are largely exclusively CSI activities. Therefore, they face little criticism of their efforts and are not forced to generate or create responses often. This may also be why there is a lack of substantial justification for their engagement in CSR. When asked what they would do in the event of misconduct in relation to CSR, they said that in one such case which they had dealt with, they conversed with the party involved and sought legal advice but little about the event was communicated beyond those directly involved (Interviewee 3 & 4, 2012). This again indicates why there has been little need to actually develop a posture. Thus, they remain tentative and not open or defensive.

5.3.6) Consistency

Woolworths – strategically and internally consistent

Both interviewees pointed out that they refer to their CSR path as a “journey” and that is to express the fact that they are on their way to achieving better CSR and learning about CSR as

they go along (Interviewee 1 & 2, 2012). Therefore, when they were asked whether or not CSR was integrated into the way of doing business the answer was more so than ever but that it is not yet perfect. This does not detract from the fact that there is a strategic commitment to CSR, and that it is part and parcel of daily organisational activities to the extent that it is even incorporated in employee scorecards (Interviewee 2, 2012).

A framework with set goals and focus areas ensures internally consistency. Interviewee 2 (2012) did point out that sometimes arbitrary initiatives or donations were made and that this was a necessary part of being a responsible citizen, but that largely the initiatives (if they were worthy enough for short term investigation) would lead to a larger and more beneficial change. Overall, the framework is used to give the organisation a delineated space in which to act and engage with CSR issues. CSR has become part of the organisations strategy and this speaks to strategic consistency as they have been “actively embedding CSR in the organisation’s strategic conversations and processes” (Basu & Palazzo, 2008: 129). The framework which they have is used to insure internal consistency between the activities undertaken by the organisation.

Pick n Pay – strategically and internally consistent

CSR at Pick n Pay is strategically consistent. Sustainability forms one of their key strategic pillars and it is becoming more and more integrated into the business through training manuals, score cards, job specific training, and constant internal communication. The efforts that they make (such as the alliance with SASSI) are also largely linked to their core business activity of selling food and this gives a consistency between the overall objectives and the CSR objectives (Interviewee 5, 2012). A particularly good example of this is their enterprise development programme which is managed by the Pick n Pay-Ackerman foundation. This programme funds small producers who then gain access to the market through the Pick n Pay stores and who become suppliers for Pick n Pay. This programme allows Pick n Pay to use their core business to support upliftment as well as source sustainable suppliers (Interviewee 6, 2012).

Internal consistency between CSR activities is kept by having a framework within which to work. They have two focus areas, namely energy and waste reduction, which helps to concentrate their efforts. Furthermore, they have also finished working through all Pick n Pay policies and ensuring that there is a sustainability link built into the policies. An example of

this is their policy around cleaning products policy now supports the use of green products and also directly ties into the health, safety and hygiene policies of the organisation (Interviewee 5, 2012). Therefore, it appears that CSR activities at Pick n Pay are internally consistent.

Spar – strategically and internally inconsistent

There exists no strategic integration of CSR at Spar. This was clear from the first question when the only alignment that was picked up on was that of the objective of togetherness. Instead, the feeling that one has of CSR at Spar is that it remains adhoc and an issue which is only remotely connected to the core business. The themes of hunger, nutrition and feeding people in general can be picked up on. However, there is no formal integration into Spar's strategy, and as such this type of theme cannot be extrapolated into a strategic move or commitment. This may be as a result of the decentralised nature of CSR at Spar. There are a few national projects but the rest is left up to the various distribution centres to decide and come up with on their own (Interviewee 3 & 4, 2012).

CSR at Spar is also internally inconsistent at the moment. Changes are beginning to occur, as a framework is being implemented although, currently, the organisation simply assesses the projects that come their way on an individual basis. The projects need not fit into any wider framework. A framework will go a long way towards making their activities more consistent with each other and less adhoc. An organic gardening project is now underway and this is perhaps the beginning of a new, more consistent outlook for CSI within Spar (Interviewee 4, 2012).

5.3.7) Commitment

Woolworths – instrumental

Basu and Palazzo differentiate between instrumental and normative commitment by saying that “instrumental commitment, (is) one derived from external incentives” and that it is differentiated from normative commitment “which stems from internal and largely moral considerations” (2008:130). The interviewees expressed elements of both types of commitment. It was felt that the leadership of the organisation may offer a moral commitment to CSR. However, overall the commitment appears to stem from the business

case for CSR. The business case is drawn on repeatedly and can be seen in the approach to cost savings and the implementation of clear and explicit targets (Interviewee 2, 2012). The external pressure to conduct CSR is also acknowledged and this means that the overriding commitment within Woolworths is that of an instrumental commitment.

Pick n Pay – normative

The nature of Pick n Pay as a family business is perhaps what led both interviewees to mention the leadership of the organisation as one of the driving forces behind the commitment to CSR. There was no mention of external factors as driving the commitment. It appears that there are committees, and check and balances in place to see to it that CSR is integrated into the way of doing business and as such it cannot be easily removed (Interviewee 5, 2012). The commitment here should then be classified as normative as it stems from internal concerns, and is driven throughout the business by the strategy and the leadership of Pick n Pay. This type of commitment also points out that this is not a wavering or unsteady type of commitment. It was said by Interviewee 6 (2012) that CSR was part of the “DNA” of the organisation.

Spar – instrumental

Neither interviewee (3 & 4, 2012) was sure of the history of CSR in Spar and could only presume that it at always be an issue which Spar sought to address. However, it was said that they were committed to forming partnerships with the community in which they operate (Interviewee 4, 2012). This is what produced the instrumental classification as this appears to support CSR as an externally driven commitment. The need for legitimacy drives the commitment to CSR. It is not something that is internally driven but rather something that is driven by the need to be externally accepted and supported.

5.3.8) Summary

The interview guide and the responses which it provoked from the interviewees were able to successfully produce a CSR profile for each organisation. Woolworths has an identity orientation which exists very close to a collectivistic orientation, moral legitimacy, ethical and economic justifications, balanced transparency, an open posture, consistency both internally and in its strategy, and they have an instrumental commitment to CSR. Pick n Pay

is very similar to Woolworths, although erring more on the relational side of the continuum with moral legitimacy, economic and ethical justifications, balanced transparency, an open posture, strategic and internal consistency, and a normative commitment to CSR. Spar had a very different profile to the other two. Spar was individualistic with some elements of a relational identity orientation, cognitive legitimacy, balanced transparency, a tentative posture, both strategically and internally inconsistent, and an instrumental commitment. The justification dimension was unable to be conclusively classified.

Each dimension was sometimes not reducible to only one classification but this did not appear to create any conflicts. The shortcomings of the model which were discussed early on were somewhat corrected for in the analysing of the interviews by noting when one of the other dimensions fed into the classification of another and allowing the identity orientation to exist on a continuum as opposed to a fixed, singular classification. Producing these three profiles should contribute to Basu and Palazzo's (2008) intention for empirical research to give insight into whether certain combinations of the dimensions tend to cluster together. Below is a comparative table of the CSR profiles generated for the organisations. Now that we have the profiles of the organisations we can match these to the observed outcomes of CSR in Spar, Woolworths and Pick n Pay.

	Woolworths	Pick n Pay	Spar
Identity orientation	Collectivistic	Relational/Collectivistic	Individualistic/Relational
Legitimacy Justification	Moral Economic & Ethical	Moral Economic & Ethical	Cognitive Unclassified
Transparency Posture	Balanced Open	Balanced Open	Balanced Tentative
Consistency Commitment	Consistent Instrumental	Consistent Normative	Inconsistent Instrumental

Table 5.2: CSR profile comparisons

5.4) Observed outcomes and CSR profiles

Basu and Palazzo (2008) pointed specifically for the need for empirical research to determine whether certain CSR profiles led to certain CSR outcomes. In this way we would be able to

see if “an individualistic identity orientation tend(s) also to rely on pragmatic transparency, along with biased reporting, a defensive posture, and instrumental commitment to their CSR program(mes)” (Basu & Palazzo, 2008: 131). Thus, having discussed the observed outcomes in the form of both the rhetoric and the reality of the organisations involved and generated the CSR profiles of the organisation on the basis of interviews we can further serve Basu and Palazzo’s (2008) research agenda and gain insight into the rhetoric and reality gap by comparing the observed outcomes to the CSR profiles of Spar, Woolworths and Pick n Pay.

First, it is necessary to discuss how the different classifications of each dimension hang together as a coherent profile, then an overall assessment of the outcomes of the CSR activities at each organisation will be matched to the profile. This will help us to see what type of profile produces what type of outcome. From here more discussion about the rhetoric and reality gap in the organisation will follow. This section concludes with a macro discussion on managing the gap before making case specific recommendations.

5.4.1) Woolworths

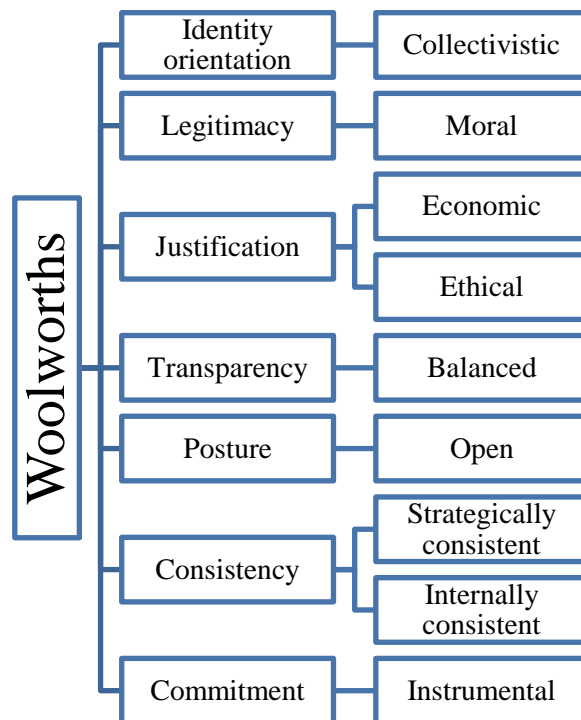


Figure 5.1: Woolworths CSR Profile

The collectivistic orientation which Woolworths has sets up the rest of their profile. Within the profile certain characteristics serve to reinforce each other too. The moral legitimacy which they seek is also indicative of their collectivistic orientation as they are able to use their brand as a platform for activism and in this way commit themselves to the greater good. They have open communication channels which support their balanced reporting. Furthermore, their use of ethical justifications (even though it is underpinned by economic justifications) also allows for open communication.

In an overall assessment of the outcomes of their CSR we are able to see that they are an industry leader, communicate a lot about their CSR initiatives, and make use of a lot of green marketing. They have occasional upsets which pose a risk for their reputation, but they have a strong, unwavering commitment to CSR which sets them apart from their competitors and many other corporations in general. Their rhetoric often runs ahead of their reality. However, in an organisation where CSR is so deeply ingrained in the brand and their way of doing business this hardly poses a problem, as the rhetoric actually drives the reality forward. Therefore, the profile which Woolworths has, successfully produces a brand that is committed to CSR and uses CSR (and the mishaps which occur) to drive innovation and make their operations as sustainable as possible.

5.4.2) *Pick n Pay*

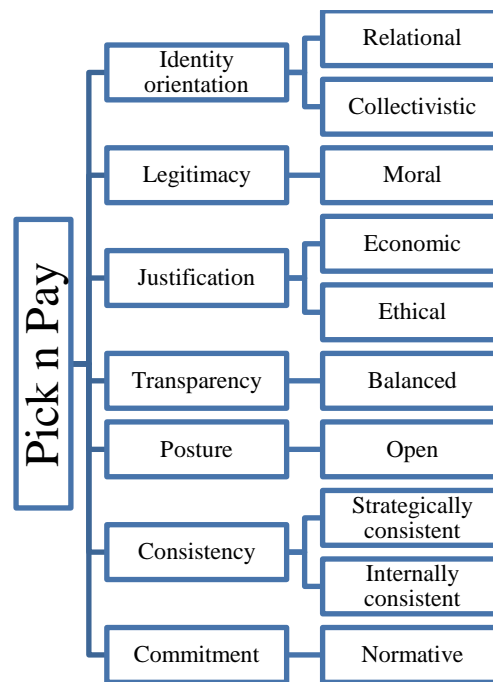


Figure 5.2: Pick n Pay CSR profile

Pick n Pay's open posture is also reinforced by their ethical and economic justifications. By seeking to keep the communication channels open and not shutting down the conversation by relying, or overly relying, on legal, scientific and economic justifications this supports their overall open posture. Their normative commitment reveals the extent to which the objectives of CSR have been internalised in Pick n Pay, and this can only but help to reinforce the strategic and internal consistency which they have. The moral legitimacy that Pick n Pay seeks will perhaps move them further down the continuum to a more collectivistic identity but for now the relational emphasis is enough for them to consider themselves as part of an open system which helps them to keep their posture open.

In summary, their CSR outcomes look as follows: they are also an industry leader with many awards to show for their initiatives, they have a strong sustainability commitment and make use of some marketing along these lines, they are criticised to a lesser degree and this is perhaps indicative of a smaller rhetoric and reality gap. Pick n Pay does not appear to let the rhetoric spearhead their way into sustainable and philanthropy activities. Instead, as an organisation they, appears to take more of a back seat. Thus, if we are to compare this

outcome to that of Woolworths we see the main difference lying in the amount of media criticism which the organisations receive. This could be explained by one of two things. Either the normative commitment which Pick n Pay has more of, in comparison to Woolworths, serves to keep them from allowing the rhetoric of the organisation to get ahead of their actions, or the fact that Woolworths acts in a more collectivistic manner than Pick n Pay and uses their sustainability as a brand differentiator simply prompts more scrutiny and more criticism.

In order to further serve Basu and Palazzo's (2008) research objective we can say that both of the profiles described above give rise to successful CSR. Both of these companies have received many awards for what they do and have made a real progress in their measured outcomes such as waste and energy reduction (or carbon emissions).

5.4.3) Spar

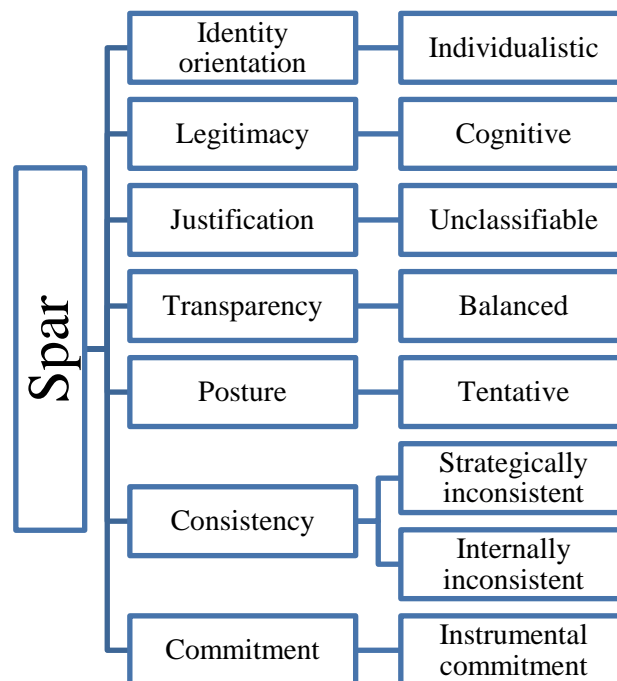


Figure 5.3: Spar CSR profile

Spar in its individualistic identity orientation, isolates itself from the environment in which it exists by choosing not to engage in many partnerships. They appear to be aware that there are certain societal expectations that they should respond to in order to continue to be accepted

by the community or by stakeholders. This is probably the main reason why they engage in CSR at all. This point is further reiterated by the instrumental commitment which sees CSR as being driven by an external concern or pressure. They respond to this pressure but the lack of forethought or real commitment sees CSR manifesting itself in both an internally inconsistent and a strategically inconsistent manner. Their tentative posture may also be reinforced by the inconsistency as this means that the organisation has actually not formed much of a stance on CSR in general and finds it difficult to form or produce a response.

The outcome which this profile has produced is one which sees CSR in Spar as almost entirely CSI focussed. They have made little progress, particularly when compared to their competitors, and cannot be considered to have made a significant impact or to be a leader in CSR in any way. There is minimal communication around their CSR activities and also minimal interaction or criticism from the media. This is due to the fact that they do not appear to aspire to much in terms of CSR and as such little is expected of them. However, they do have a stated commitment to sound environmental and social practices, although this does not receive much backing from their activities. Therefore, Spar keeps their rhetoric and reality gap to a minimum by focussing on CSI, which is suited to their individualistic identity orientation, and also by reserving any CSR communication in order to avoid enacting an environment which would call them to account for their initiatives. The only gap which can be said to exist is that they have a stated commitment to CSR (and also refer to their activities as CSR) when in fact they concentrate on CSI.

Ultimately, the individualistic orientation along with the other elements of the profile which Spar is said to possess, has created an outcome in which little is done about CSR and little is aspired to. This profile is that of an insular organisation that does not understand CSR as looking at how they go about making their money, and nor do they appear to see the benefits of CSR as that which extends from inside the organisation to environment in which they operate.

5.5) Managing the gap

5.5.1) Macro

“Sensemaking is an effort to tie beliefs and actions more closely together as when arguments lead to consensus on actions, committed actions uncover acceptable justifications for their occurrence, or bold actions simplify the world and make it clearer what is going on and what it means” (Weick, 1995: 135). Sensemaking requires one to take whichever is clearer, be it belief or action and then tie the other, or the less clear aspect, to the clearer one. For instance, in producing an integrated report and having to produce a sustainability section, or at least consider stakeholders as opposed to only shareholders, the organisation acts in a certain way and then only ties its beliefs or its rhetoric to its actions later on in the process.

Embedding integrity into the organisational culture could be seen as a solution to the rhetoric and reality gap. Organisational culture is defined by Hofstede (2001: 391) as “the collective programming of the mind that distinguishes the members of one organisation from another.” Organisation culture “can motivate staff and through coherence of employee’s behaviour it can help engender a feeling of consistency about a brand” (de Chernatony, 2001: 125). It is this consistency that can in turn produce a feeling of trust between the organisation and its stakeholders, making the brand more meaningful for the consumers and the reputation of the organisation far more stable in the long term. If consistency and integrity run from inside the organisation to the outside it has the ability to make an impact on the consumers. These are consumers who hold a powerful weapon in the form of the ability to make or break a company’s brand and reputation. Embedding integrity as a cultural value would potentially help to avoid creating the gap in the first place. However, sensemaking tells us that shared meaning is difficult to attain and it is shared meaning which forms the basis of the conventional understanding of organisational culture.

Weick (1995: 188) makes it clear time and time again that while shared experiences are easy to achieve, shared meaning is not. This would mean that while people could attend the same event, read the same information or partake in the same training day, they may share the experience but what they gain from these experiences depends on how it fits into their unique cognitive structure and understanding. While we could turn to the conventional understanding of organisational culture as shared meaning, and encourage a culture of integrity in an

attempt to close the rhetoric and reality gap, the truth is that people have a vastly different prior experience which means that the organisational culture is largely without shared meaning and fairly inhomogeneous (Weick, 1995: 188).

On the other hand, Weick (1995) explains that encouraging shared experience may be enough to build a strong culture. “If I act on the basis of my understanding of that common experience, and you act on your different understanding of the same experience, we remain tied together by the common origin of those understandings” (Weick, 1995: 189). Either shared experiences can be discussed together and people can create shared meaning from this or shared experiences should be accepted for what they are as they are sufficient for creating some commonality. Recounting the experience should be sufficient to put the organisational members in the same frame and achieve a strong organisational culture. Therefore, in order to close the rhetoric and reality gap, in the absence of shared meaning, we need to encourage shared experience which can then become a common frame. Acting from this common frame will help to prevent organisational members from creating the gap between their beliefs and their actions (Weick, 1995: 188-189).

5.5.2) Case specific

Woolworths’ rhetoric and reality gap seems to appear in their CSR efforts when something is begun but it is not taken far enough for the consumers’ satisfaction and then their efforts appear to be superficial. There appears to be a trend with the free-range egg incident and that of Frankie’s. However, Woolworths appears to effectively use this gap to either convince the rest of the company that further, deeper and more integrated CSR is necessary or to drive innovative projects that have yet to be considered. They are a clear example of how the gap between talk and action allows them to push for more and more sustainable projects and get closer to their targets, if not beyond them. The one recommendation which could be made is that CSR should begin to be spoken about as a more internally driven phenomenon either through leadership or through more of a moral concern for the environment. Altering this commitment might see them being accused less of greenwashing and help to prevent CSR mishaps from creating reputation damage. Here Weick’s (1995: 189) notion of culture as “what we have done around here, not what we do around here” might be of help. In creating more shared experiences around CSR this might help the organisation on their way to

creating a shared meaning which allows CSR to shift to a more normative and moral commitment.

This being said, it is exactly because they choose to differentiate their brand through socially and environmentally responsible goals that more is expected of them in this regard. Therefore, this is not a bad thing – the shift to only using free-range eggs may not have occurred if they had not been confronted about the issue – as it is through harnessing this criticism and putting the ideas of their consumers to work that they have become to be considered a worldwide leader in sustainable business.

Pick n Pay's profile looks very similar to that of Woolworths and yet they are not as often in the news or the media for their CSR activities and appear to trade less on what they do in this regard to attract support. They take a more low-profile approach perhaps as they do not use CSR as a brand differentiator. This means that their reputation risk is much lower. However, Pick n Pay then does not stand to gain from the opportunities that the rhetoric and reality gap provides. The less they say about what Pick n Pay is doing, and the more they focus on that which the consumer could do, the less they are likely to be challenged on their activities. Communicating more about their CSR efforts and the criticism or challenges that it will provoke might be the push which they need to further integrate their sustainability goals.

In this case Pick n Pay could create hypocrisy by aspiring to more. Being prepared to use their brand as more of a platform for activism the organisation would in turn make an attempt to create a more aware and critical environment, which would push the organisation to achieve more with regards to their CSR. It appears that they have already begun to make the shift prescribed above. They currently have the *Goodness* advertisements which show the various efforts which Pick n Pay has been involved in and how they go about finding "goodness". This communicates what Pick n Pay has been doing. However, more emphasis on their commitments would also help to provoke criticism and generate more responses. "How can I know what I think until I see what I say;" (Weick, 1995) if Pick n Pay does not actively create and project a CSR image they cannot benefit from the reflection and reconstruction which feedback from external parties would give them.

Spar presents an entirely different profile to that of its competitors. It needs to examine what it means by CSR and see to it that it gains a better understanding of what it means for them as

an organisation (albeit decentralised). The problem with referring to their CSI initiatives using the broader term CSR is that it creates the expectation that there is more to found in terms of other initiatives, such as recycling or waste or energy reduction, when this is in fact not the case. If Spar hopes to be listed on the SRI in the years to come then there needs to be shift or a re-examination of what it is that they mean by CSR. At present the feel of the website and the integrated report is that of a CSI initiative masquerading as a bigger social and environmental commitment.

This emphasis on CSI is suited to their current individualistic identity orientation. During the interview it was discussed that Spar was beginning to make use of partnerships and this points to a shift in their identity which makes their intense focus on CSI less congruent. Thus, addressing their identity orientation would be the best place to start. This would involve a monumental shift in terms of reframing who they are as an organisation. The current emphasis as an individualistic organisation prevents them from moving beyond CSI and engaging in CSR to contribute to a greater societal issue. Spar needs to begin to act along the lines of CSR and this action will help to prompt further sensemaking around the issue of CSR and further clarify their beliefs on the topic. By sticking to limited interaction “they risk alienating the entire company from the rest of society” (Maon & Swaen, 2009: 30) and this will result in “reduced reputation, increased costs and decreasing shareholder value through the erosion of its license to operate” (Hill, 2001: 32). The recommendation for Spar would be to actively take on more CSR activities in conjunction with other stakeholders and allow this process to help them to clarify what they understand by CSR. In the same way that Pick n Pay cannot know what they think until they see what they say, Spar needs to act in order to see what they say and then shape their beliefs accordingly.

Chapter 6. Conclusion

6.1) Summary

Returning to Carroll's (1979) four-part definition of CSR as including economic, legal, ethical and discretionary responsibilities the economic responsibilities which the organisation has to its' shareholders has not been ignored. The legal responsibility has been discussed in Chapter 2, and it was noted that this appears to be ever-expanding in an attempt to get organisations to become more socially and environmentally aware. This has had an impact on the ethical responsibility of the organisation, as it has largely been clouded by legislation be it directly or indirectly. The discretionary responsibility of organisations has also been encroached upon by legislation in South Africa, particularly with the implementation of the BEE codes of good practice. Thus, CSR in South Africa finds itself in an increasingly legislated environment. Coupled with the expectations of a more conscious society, corporations in South Africa can no longer ignore CSR.

Up until recently, CSR studies were largely focussed on either how the organisations went about conducting CSR or what specific activities and initiatives they employed. The addition of sensemaking theory to CSR has given us a new perspective through which to study the mental frameworks, and sensemaking processes which underlie CSR in organisations. The seemingly unlikely fit between CSR, as an essentially a normative concept, and the lack of prescription in sensemaking, has a lot to add to CSR research. Basu and Palazzo's (2008) process model of sensemaking effectively sets about using seven dimensions to produce a descriptive profile of the sensemaking processes in an organisation. This thesis applied this model to three case studies and created a CSR profile for all three of the organisations. The specific purpose for the construction of these three profiles was to match them to the observed outcome of the rhetoric and reality gap.

In order to construct the observed outcomes of the organisations, a content analysis was undertaken. Some of the information gleaned from the content analysis was also carried through to the interview analysis, to assist with classifying the justification and transparency dimensions. Woolworths' rhetoric extensively uses and focusses on CSR. Their reality looks very similar as there is a lot of engagement from the outside world with Woolworths on CSR issues; in particular they receive a lot of media coverage, both positive and negative. Pick n

Pay's rhetoric differs in that they tend to place, or focus, their CSR messages on the side of consumer action and involvement. Their reality differs to Woolworths in that they receive less critical media reporting. Spar, on the other hand, is mainly CSI focussed and engages only limitedly with CSR through their rhetoric. Spar's reality has next to no engagement with CSR.

Woolworths tends to a collectivistic identity orientation and achieves moral legitimacy. They use both ethical and economic justifications, which support their balanced reporting style. They tend to behave in an open manner, with both strategically and internally consistent activities that are underpinned by an instrumental commitment to CSR. Pick n Pay only differs in that they have more relational elements to their identity orientation and their commitment to CSR is normative as opposed to instrumental. Spar's profile is completely different. Spar tends to the individualistic orientation and achieves cognitive legitimacy. We were not able to conclusively classify their justifications, largely because they were yet to produce justifications. They also make use of balanced reporting. Their posture is tentative, and their CSR is both strategically and internally inconsistent, making their commitment to CSR instrumental.

The differences in the observed outcomes of the three organisations can be seen in, and explained by the profiles of the organisations. Briefly; Spar's individualistic orientation would explain their CSI focus, Woolworth's instrumental commitment would explain why their rhetoric is sometimes quite far ahead of their reality, and Pick n Pay's normative commitment would explain why their reality is more closely matched to their rhetoric. Ultimately, given that the rhetoric and reality gap can be both dangerous, and both useful and necessary, each case study was advised to either better utilise the gap to push for more innovatively, socially and environmentally responsible business practices or to be aware that the gap may have become too large. In all cases more sensemaking around CSR would be useful. This could be achieved through constructing more shared experiences which may ultimately result in a common framework. Therefore, CSR as a concept would be understood better.

6.2) Contributions:

6.2.1) *Theoretical*

Firstly, this thesis sought to contribute empirical data to a fairly new line of research in CSR. This line of research places emphasis on the underlying mental frameworks which contribute to the CSR results which an organisation produces and also to the future outcomes or path of CSR in the organisation. This proved to be successful through the operationalisation of Basu and Palazzo's (2008) process model. Secondly, this thesis sought to contribute to Basu and Palazzo's research agenda by matching CSR outcomes to the CSR profiles which were generated. Thirdly, the profiles were discussed in order to add to the discussion about whether or not certain dimensions with a profile would cluster together across different organisations.

A thorough examination of Basu and Palazzo's (2008) process model was undertaken before it was decided that the model was suitable for the purposes of this thesis although there were some shortcomings. The model is too static and linear to be a real reflection of organisational sensemaking processes. The model also does not explore the relationships between the groupings or the potential weightings between the dimensions. Allowances for the improvement of the model were made, where they were necessary.

Basu and Palazzo (2008: 133) conclude by saying that "understanding what a firm thinks, says, and tends to do in relation to others (i.e. its sensemaking process) is likely to strengthen CSR analysis." The empirical research in this thesis has helped to contribute to expanding this understanding of the cognitive, linguistic and conative aspects of organisations, in relation to CSR. The addition of a classification of the underlying frameworks of CSR in an organisation help to explain why CSR is conducted the way it is within an organisation. In producing the CSR profiles of Woolworths, Pick n Pay and Spar we were able to match the understanding that these organisations had about CSR, to the observed outcomes of their CSR. Thus, the value of the approach lies in the ability to describe the organisations understanding of CSR and also anticipate the course of their CSR future. In general, it was found that what an organisations thinks and says, coupled with how they tend to behave explains the presence of the rhetoric and reality gap as an observed outcome and has implications for how it should be managed.

The profiles of Pick n Pay and Woolworths explained the success of CSR in these organisations. Both of these organisations have the type of “processes that support CSR decisions within organisations” (Basu & Palazzo, 2008: 130). The most significant difference between the two was along the commitment dimension, where Pick n Pay was thought to have a normative commitment to CSR, and Woolworths was thought to have a more instrumental commitment. This could explain why Woolworths sometimes produces a larger rhetoric and reality gap and why Pick n Pay doesn’t receive as much attention from the media for its CSR efforts. Spar’s profile was able to explain its emphasis on CSI and its ill-formed understanding of CSR.

Another objective of Basu and Palazzo (2008) was to see if certain combinations of the dimension classifications were likely to cluster together. This study is able to add the particular profiles of the three organisations used, to this research agenda. While we are not able to say conclusively that certain dimension classifications do cluster together it should be noted that the profiles of these organisations appear to fit together sensibly. For instance, in the case of both Pick n Pay and Woolworths the presence of an open posture would support the fact that the organisation makes use of balanced reporting, as both point to the willingness to present both sides of the story. In the case of Spar, their cognitive legitimacy, and the need for alignment with societal expectations which this is produced by, would seem to sensibly exist with their tentative posture. The uncertainty Spar experiences in choosing how, or if, to respond, is driven by the need to not to disrupt the cognitive legitimacy which they are receiving. Thus, this thesis has made a contribution in terms of the beginnings of an understanding about which dimensions would cluster together and why this might be the case.

6.2.2) Practical

In terms of the management of both CSR and the rhetoric and reality gap this thesis has shown how the gap can be managed to decrease or mitigate reputation risks, and how the gap can be utilised to further the agenda of CSR within an organisation. The addition of a sensemaking perspective to this gap helped to meaningfully describe its presence, and further our understanding of this gap as both a risk and an opportunity. The gap left unmanaged can

pose severe reputation risks for organisations. However, on the other hand, Brunsson (2006: xiii) explains that an “organisation of hypocrisy” is the best solution to coping with the demands of the seemingly conflicting goals of the triple bottom line. Thus, we should not seek to remove the rhetoric and reality gap, as this will only lead to risk averse, unaspiring organisations. Instead, we need to be aware of the gap and manage it effectively. In essence, while the presence of a substantial rhetoric and reality gap can indeed be cause for worry, due to the risks which this poses, it is also the very mechanism which could act as the driving force for the improvement of CSR within an organisation

While it is theory of sensemaking which can help us to better understand the rhetoric and reality gap and how it gets produced, it is also the act of sensemaking which can help us to reduce the gap. Sensemaking involves tying one’s actions to one’s beliefs or vice versa depending on which of the two was clearer to begin with. Therefore, the more organisations engage with CSR, and its’ ambiguous and conflicting goals, and actively strive to make sense, or construct meaning for the concept, the closer the gap between their actions and their beliefs will become. It is this that will both allow for the utilisation and the management of the rhetoric and reality gap. While the construction of shared meaning is difficult to attain, Weick (1995) says that encouraging shared experience can eventually contribute to the construction of a shared frame, and acting from this common frame will help to reduce the rhetoric and reality gap.

For the management of the rhetoric and reality, organisations need to be aware of the gap which they are producing, find its origins and both utilise the gap, to improve CSR in the organisation, and manage the gap, to prevent the degradation of the reputation of the organisation. Generating a profile for the organisation, such as the ones contained in this thesis, will also contribute to the management of CSR in general. Knowing how an organisation understands CSR will help the organisation to understand why certain CSR outcomes occur and how to better match the institutional factors of the organisation with its CSR activities.

Ultimately for managers this thesis has shown that they can better utilise the rhetoric and reality gap by gaining insight into the underlying understanding of what the organisations means by CSR. Using the rhetoric and reality gap would cause them to harness the ideas of the critical public and look for more innovative solutions. Managers could also simply choose

the keep the gap to a minimum by ensuring a good match between the organisation's framework and their CSR focus; an organisation which is individualistic will be more successful at CSI. Those people within the CSR departments of organisations can also use the repercussions of the rhetoric and reality gap to gain leverage for better, more sustainable CSR in general. When confronted on their CSR shortcomings, other organisational members will be forced to lend more importance to the matter.

6.3) Limitations and further research

Although the operationalisation of the model was successful, the interview guide is specific to the South African context and to the retail sector. However, it is a starting point for a more generalisable one. The essence of what needs to be measured is contained in the questions and the classifications attest to the fact that the questions are effective. Therefore, it is reasonable to assume that the interview guide remains a good starting point for further research in different sectors and different countries.

The limited number of organisations used, and the limited sample (i.e. the use of the same sector and very similar organisations with the same regulatory constraints), limits the extent to which we can extrapolate the information gleaned can to add to Basu and Palazzo's wish to see whether or not certain combinations of the dimensions are likely to cluster together. A more diverse sample would be able to produce a more stable conclusion about the likelihood of certain dimensions to cluster together.

Furthermore, the sensemaking perspective on which this entire thesis is based creates a limitation in terms of the prescriptions which can be made for CSR, and the future trajectory of CSR in the organisations. Given the conflict between the normative nature of CSR and sensemaking's avoidance of prescribing one approach to be better than another's; we can only draw the conclusion that we should simply look to achieve the best match between the type of CSR profile and the outcome we wish to generate.

A more rigorous method for examining and analysing the observed outcomes of an organisation's CSR activities could also be established. This thesis made use of what was available. This has its merits as most of the information used, and the platforms described, are

available to the public. Therefore, this information is a good indication of what the public would base its assessment of the organisation. However, a more thorough investigation into the activities of the organisation may prove to be a more suitable manner to better understand what the organisation is actually doing.

This thesis sought to collect some of the fragmented literature about the difference between what organisations say they do with regards to CSR and the outcomes which they actually produce. The use of greenwashing as a marketing tool has contributed to this gap by “greening” corporate communication. The result is that of a sceptical consumer and the discrediting and commodification of CSR.

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Appendix

Interview guide:

Background

Name:

Position in the company:

How long have you been in the position?

How long have you been in the CSR field and how did you end up here?

What guidelines/policy do you formally and informally adhere to in conducting CSR in this company? Follow up questions might be necessary: how has the adoption of King III influenced CSR? What role do the BEE codes of good practice play in CSR or CSI endeavours?

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Questions which measure the 7 dimensions

1. Are CSR actions used to build/strengthen relationships with particular stakeholders such as promoting a cause or action which is of particular interest to key customers or suppliers? How would you describe the way in which CSR actions are conducted in relation to other connections which the organisation has?
 - i. Do CSR activities ever take place in collaboration with other companies or NGOs?
 - ii. Is the organisation conducting CSR with a particular issue in mind?(e.g. global warming or child labour or poverty or literacy)
 - iii. Would you say the organisation has an independent or an interdependent relationship with the other organisations it comes into contact with on CSR issues?
 - a) Is there an alignment between CSR and the vision and mission of the organisation? And to what extent is the alignment a consideration when implementing new projects or initiatives?
2. How does this company go about gaining acceptance/legitimacy from its stakeholders?
 - a. Is there some communication to the stakeholders about how useful the company's products and processes are?

- iii. Does the company simply align to societal expectations? Does some co-creation of norms of what is expected of the organisation occur, and if so through what mechanisms?
 - b. Does the company make use of consultations with stakeholders?
 - c. How do you view the relationship between the context of the organisation and the organisation itself?
3. Why is your company involved/engaged in CSR?
 - i. Do you think this is how your competitors and/or stakeholders understand your CSR endeavours?
 - ii. How do you think the engagement could be perceived differently by outsiders?
4. How is information about CSR in this company communicated to the stakeholders?
5. How would negative reactions and criticisms of operations/activities in the organisations which can be linked to CSR be dealt with?
 - a. How is external feedback and complaints dealt with?
 - b. How have mishaps with regard to CSR been reported on or dealt with?
 - c. What kind of constraints you do come up against?
 - iii. Are there certain things you would like to do or have done but have not been able to do due to organisational constraints?
 - iv. How much power or discretion does top management have over CSI or CSR activities?
 - d. What types of responses are given to negative media attention on the issues of say sustainability?
 - e. In hindsight, with reference to a particular issue, is there anything that you would have done differently?
6. In your own view, are CSR activities internalised in this organisation?
 - a. Have they become ingrained in the way of doing business? If yes, give an example (e.g. staff volunteerism/payroll donation) and discuss whether in your view it is just a formality or whether it is well received.

- b) On a strategic level, do you feel there is a coherent framework behind CSR in this organisation?
 - i. Are CSR activities approached arbitrarily, or do you feel that a coherent logic underlies the endeavours?
 - ii. What is the overarching nature of the logic, is it sustainability?

7. Where does the commitment to CSR stem from?

- a. Is it driven by external sources or from moral considerations?
- b. Is there a particular history or story behind the use of CSR in this organisation?
- c. Explain how during the course of a decision might CSR be taken into account?
- d. Could CSR activities be easily removed from day to day business?

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In conclusion:

What would be some of the constraints which you feel you face in conducting CSR in your organisation?

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