

PERCEPTIONS OF CORPORATE SOCIAL RESPONSIBILITY AND ITS INFLUENCE ON CUSTOMER BEHAVIOUR IN WHITE CITY, SALDANHA

by

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DECLARATION

I, Nqobizizwe Agostina Nkwanyana, declare that this research report, titled “Perceptions of Corporate Social Responsibility and Its Influence on Customer Behaviour in White City, Saldanha”, has been composed by myself and that the work has not been submitted for any other degree or professional qualification. I confirm that the work submitted is my own, except where work that formed part of jointly authored publications has been included. My contribution and those of other authors to this work has been explicitly indicated. I confirm that appropriate credit has been given within this work where reference has been made to the work of others.

N.A. Nkwanyana

December 2020

Signed.....

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ABSTRACT

Numerous studies have been conducted on corporate social responsibility (CSR) and customers' responses to businesses' CSR activities around the globe. Currently, such studies are increasingly being refined in order to identify customers' perceptions of CSR activities, and how these perceptions can be influenced. Most of these studies have focused on high-income communities in Western countries. However, the ability to generalise the results and apply the recommendations to low- to medium-income communities within developing countries remains questionable. Theory and empirical research have shown that the most immediate predecessors of CSR engagement are positive media publicity, reputation, and tax savings from businesses' perspective. Although the literature indicates that there are benefits of engaging in CSR activities, several challenges also exist, namely high costs demands, lack of broad support by society, and lack of social skills.

Against this backdrop, this study aimed, as its primary objective, to examine the effects that CSR activities have on customers' buying behaviour in White City, Saldanha. It is hypothesised in this study that there is a functional dependency between CSR and customer behaviour. To understand and explain the effects of CSR activities on customer behaviour, the study employed four theories, namely the stakeholder theory, legitimacy theory, contractarian theory, and agency theory.

The study employed a quantitative research design as its research approach. The sample comprised 311 participants from White City recruited through random sampling. These participants were all employed, receiving income within low- to medium-income brackets, and were all residents of White City. The instrument that was used to collect data was a closed-ended questionnaire developed by the researcher. Reliability and dimensionality analysis were conducted by means of the Statistical Package for the Social Sciences (version 25). The instrument was found to be reliable based on the acceptable Cronbach's alpha percentages, as posited by Nunnally (1978) and Pallant (2011). Confirmatory factor analysis was conducted for both the independent variable (CSR activities) and the dependent variable (customer behaviour).

The results of the study indicated that White City customers indeed consider a business' CSR activities when making a buying decision and perceive CSR activities as good practices conducted by businesses. They were, however, neutral about their buying behaviour being dependent on CSR activities. The results of this study provide important insights for managers of businesses that operate in communities with low- to medium-income earners on how to embark on and benefit from CSR activities. The nine-phase CSR model was developed to enable CSR activities' benefits for both businesses and customers in the future. The study recommends that businesses in low- to medium-income areas should engage in CSR for future sustainable growth and should also consider price fairness. Due to the fact that the study was conducted in a specific setting (White City, Saldanha), the results cannot be generalised to other areas. Future research could include other municipalities in the Western Cape province or other provinces in South Africa.

Keywords: Corporate social responsibility, customer behaviour, quantitative research.

OPSOMMING

Talle studies is al wêreldwyd onderneem rakende korporatiewe maatskaplike verantwoordelikheid (KMV) en kliënte se reaksies op ondernemings se KMV-aktiwiteite. Tans word sulke studies toenemend verfyn om die persepsies van kliënte ten opsigte van KMV-aktiwiteite te identifiseer, en hoe hierdie persepsies beïnvloed kan word. Die meeste van hierdie studies het gefokus op hoë-inkomste-gemeenskappe in Westerse lande. Die vermoë om die resultate te veralgemeen en die aanbevelings toe te pas op lae- tot medium-inkomste-gemeenskappe in ontwikkelende lande is egter te betwyfel. Teorie en empiriese navorsing het getoon dat die mees onmiddellike voorgangers van KMV-betrokkenheid positiewe mediapublisiteit, reputasie, en belastingbesparing volgens ondernemings se perspektief is. Alhoewel die literatuur aandui dat daar voordele verbonde is aan deelname aan KMV-aktiwiteite, bestaan daar ook verskeie uitdagings, naamlik hoë koste-vereistes, 'n gebrek aan ondersteuning deur die samelewing, en 'n gebrek aan sosiale vaardighede.

Teen hierdie agtergrond is hierdie studie daarop gemik, en is dit sy primêre doelwit, om die gevolge van KMV-aktiwiteite op die koopgedrag van kliënte in White City, Saldanha, te ondersoek. In hierdie studie word dit veronderstel dat daar 'n funksionele afhanklikheid bestaan tussen KMV en kliëntegedrag. Om die gevolge van KMV-aktiwiteite op die gedrag van klante te verstaan en te verduidelik, het die studie vier teorieë gebruik, naamlik belanghebbendes-, legitimiteit-, kontrakteur-, en agentskapsteorie.

Die studie het 'n kwantitatiewe navorsingsontwerp as navorsingsbenadering gebruik. Die steekproef het bestaan uit 311 White City-deelnemers wat deur ewekansige steekproewe gewerf is. Hierdie deelnemers was almal in diens, met 'n lae tot medium inkomste, en was inwoners van White City. Die instrument wat gebruik is om data te versamel, was 'n geslote-einde-vraelys wat deur die navorser ontwikkel is. Betroubaarheids- en dimensionaliteitsontleding is met behulp van die Statistical Package for the Social Sciences (weergawe 25) onderneem. Daar is gevind dat die instrument betroubaar is op grond van aanvaarbare Cronbach se alpha persentasies, soos vasgestel deur Nunnally (1978) en Pallant (2011). Bevestigende faktoranalise is

uitgevoer vir beide die onafhanklike veranderlike (KMV-aktiwiteite) en die afhanklike veranderlike (kliëntegedrag).

Die resultate van die studie het aangedui dat kliënte van White City 'n onderneming se KMV-aktiwiteite oorweeg wanneer hulle 'n koopbesluit neem, en KMV-aktiwiteite beskou as goeie praktyk deur ondernemings. Hulle was egter neutraal dat hul koopgedrag afhanklik was van KMV-aktiwiteite. Die resultate van hierdie studie bied belangrike insigte vir bestuurders van ondernemings wat in lae- tot medium-inkomste-gemeenskappe handel dryf oor hoe om KMV-aktiwiteite te begin en voordeel daaruit te trek. Die nege-fase-KMV-model is ontwikkel om voordele van KMV-aktiwiteite in die toekoms vir beide besighede en kliënte moontlik te maak. Die studie beveel aan dat ondernemings in gebiede met 'n lae tot medium inkomste moet deelneem aan KMV vir toekomstige volhoubare groei en ook prysbillikheid moet oorweeg. Aangesien die studie in 'n spesifieke omgewing (White City, Saldanha) uitgevoer is, kan die resultate nie veralgemeen word na ander gebiede nie. Toekomstige navorsing kan uitgebrei word na ander munisipaliteite in die Wes-Kaap-provinsie of na ander provinsies in Suid-Afrika.

Sleutelwoorde: Korporatiewe maatskaplike verantwoordelikheid, kliëntegedrag, kwantitatiewe navorsing.

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LIST OF ABBREVIATIONS

ACAPS	Assessment Capacities Project
B-BBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
CCI	Customer-company identification
CSI	Corporate social investment
CSR	Corporate social responsibility
EC	European Commission
EFA	Exploratory factor analysis
EU	European Union
EUNFRD	European Union Non-Financial Reporting Directive
GRI	Global Reporting Initiative
HRW	Human Rights Watch
MNC	Multi-national corporation
NPO	Non-profit organisation
SARS	South African Revenue Services
SEC	Securities and Exchange Commission
SME	Small and medium-sized enterprise
SPSS	Statistical Package for the Social Sciences
TSE	Taiwan Stock Exchange
UK	United Kingdom
UN	United Nations
USA	United States of America
WBCSD	World Business Council for Sustainable Development

CHAPTER 1

INTRODUCTION AND BACKGROUND

Corporate social responsibility serves as a fundamental aspect of a corporate's discourse with stakeholders, therefore it is of interest to study whether this method of communication is an effective tool for gaining customers' support (Gavana, Gottardo & Moisello, 2018:1).

1.1 INTRODUCTION AND BACKGROUND TO THE STUDY

The contemporary outlook of corporate social responsibility (CSR) claims that businesses are socially responsible towards the communities in which they operate. Being socially responsible implies that businesses engage in economic, legal, ethical, and philanthropic responsibilities (Carroll, 1991:40-41). As a result, there has been increasing interest in examining the effects that CSR has on building a business' reputation and in analysing the impact of a business' CSR commitment on its performance (Sontaite-Petkeviciene, 2015:506). Dyer and Whetten (2006:790) are of the view that businesses respond to their stakeholders' expectations, which is significant for business marketing. In the marketing field, CSR serves as a method of inducing a business' stakeholders (specifically their customers) by disclosing CSR activities in business marketing and communication.

CSR has become a prominent component of business activities over recent years. Many businesses devote a department within their structure, a section in their annual reports, and a webpage on their websites to CSR activities and reporting, which exemplifies the importance of being corporately responsible (Servaes & Tamayo, 2013:1045). A KPMG (2017:9) report shows that the reporting rate of CSR activities of 100 companies worldwide has remarkably increased from 18% to 75% from 2002 to 2017. A rapid increase in reporting of CSR activities demonstrates that businesses are increasingly more concerned with CSR, rather than only focusing on wealth maximisation in isolation. The ultimate objective of a business is to maximise shareholders' profits through maximising firm value. However, the business practice does not exist in a vacuum. Businesses need to address the concerns of the public or society in which they operate. A good business is one that positively impacts its host community while simultaneously mitigating the negative impact and keeping it minimal

(Jonathan & Guay, 2006:54). This reduction of negative impact on the host community while ensuring positive impact can be described as a practice of being socially responsible.

Generally, CSR is known for its financial demands on small and medium-sized enterprises (SMEs). Although small businesses perceive CSR as an infrequent phenomenon, the number of CSR activities in both the private and public sectors has significantly increased and continues to do so (Islam, 2016:2). The increase can be linked to the expectations of the host community that requires businesses to be socially responsible. Any negative impact of a business on its community has a negative impact on its reputation, thereby contributing to a loss of customers (Gavana *et al.*, 2018:2). No business wants to lose its customers and therefore all businesses want to be rated as highly reputable businesses.

Highly reputable businesses tend to experience more losses during CSR incidents; for example, litigation and ill-treatment of employees (Servaes & Tamayo, 2013:1047), whereas businesses with a low reputation suffer less because such incidents tend not to spread widely. The highly positive reputation of a business increases its competitive advantage, which simultaneously increases customers and its value (Wae Yee, 2012:2-3). An increase in firm value means an increase in shareholders' wealth, which is the primary objective of every business.

Despite the noted realities, there is often a dispute on whether organisations should focus on profit accumulation without giving back to the host community or whether they should embark on CSR activities (Ceil, 2012:3). To this end, researchers argue that CSR can improve the competitiveness of a business (Weber, 2008:247; Weinzimmer & Esken, 2016:3; Diddi & Niehm, 2016:73-74). The literature indicates that in the long term, there is a positive relationship between the CSR contribution of a business and its financial success (Weber, 2008:247). According to Knox and Maklan (2004:514), the development of CSR could be suppressed by the lack of a systematic framework. Epstein and Roy (2001:601) argue that effective and successful implementation of CSR depends on an approach that enables businesses to assess their returns on CSR.

CSR activities are considered an effective practice to raise an organisation's reputation among customers and the public as a whole (Trudel & Cotte, 2009:62-63;

Sen & Bhattacharya, 2001:226). In particular, CSR becomes fundamental to large multinational businesses that spend large amounts of money and efforts to maintain their strong brand over different countries. For example, Coca-Cola is ranked in the top three global businesses for its continuous implementation of various CSR programmes across 200 countries (Gallo, 2014:1). CSR can also be used by businesses as a penetration strategy into the economies of other countries where they would like to expand their business operations.

1.2 RESEARCH PROBLEM

According to Rahman and Norman (2016:191), the role of CSR in influencing customers' perceptions and attitudes has been deliberated in both business and academic domains. Butt (2016:211) states that CSR positively influences a business' financial performance, increases its market values, supports its share prices, and provides a competitive advantage. Moreover, customers now require businesses to be socially responsible and behave ethically, on top of offering quality products at competitive prices (Sen & Bhattacharya, 2001:239). This is exemplified in a study conducted by Robinson, Irmak and Jayachandran (2012:126), who found that when customers are given an alternative to support social issues through product purchases, product purchases increase. Crowther (2004:141) is of the opinion that businesses can achieve more financial and non-financial economic benefits if they are perceived by their stakeholders as socially responsible. Furthermore, among all the business stakeholders, customers are the ones most influenced by a business' CSR initiative(s).

There has been a substantial increase in the number of studies that focus on CSR (Fatma, Rahman & Khan, 2015:393; Kolk, Dolen & Ma, 2015:2; Butt, 2016:211); however, these studies focused on high-income earners in developed countries. The effects of CSR in developing countries are therefore unexplored (Fatma *et al.*, 2015:204). Kolk *et al.* (2015:2) argue that there is a need to focus on non-Western developing countries, simply because CSR theories that were developed in developed countries are not applicable to underdeveloped or developing countries. In response, this study seeks to bridge the extant knowledge gap in the literature by examining customer perceptions of CSR and the effect of CSR on customer behaviour within a developing country, namely South Africa. Butt (2016:211) is of the view that

customers' perceptions of CSR activities still needs more research, although general research on CSR is becoming saturated. Furthermore, a large proportion of the findings from the studies that have examined customers' responses to business' CSR activities are debatable. Studies conducted by Ellen, Webb and Mohr (2006:155) and Carvalho, Sen, De Oliveira Mota and Lima (2010:305) indicate that businesses' CSR activities positively affect customers' responses, whereas studies conducted by Fatma *et al.* (2015:398) and Valor (2008:323) indicate that customers' responses have a direct influence on businesses' CSR activities.

Rahim, Jalaludin and Tajuddin (2011:135-136) and Pomeroy and Dolnicar (2009:294) view consumer awareness of and knowledge about CSR as fundamental aspects for customers' responses to businesses' CSR activities. They suggest that customers need to be aware of businesses' CSR activities in order to support them. Most businesses have therefore dedicated a section on their websites to CSR activities and reporting (Servaes & Tamayo, 2013:1045). Figure 1.1 depicts the rapid increase of CSR reporting rates from 2002 to 2017 for N100. N100 refers to the top companies in the world in terms of revenue per year of assessment.

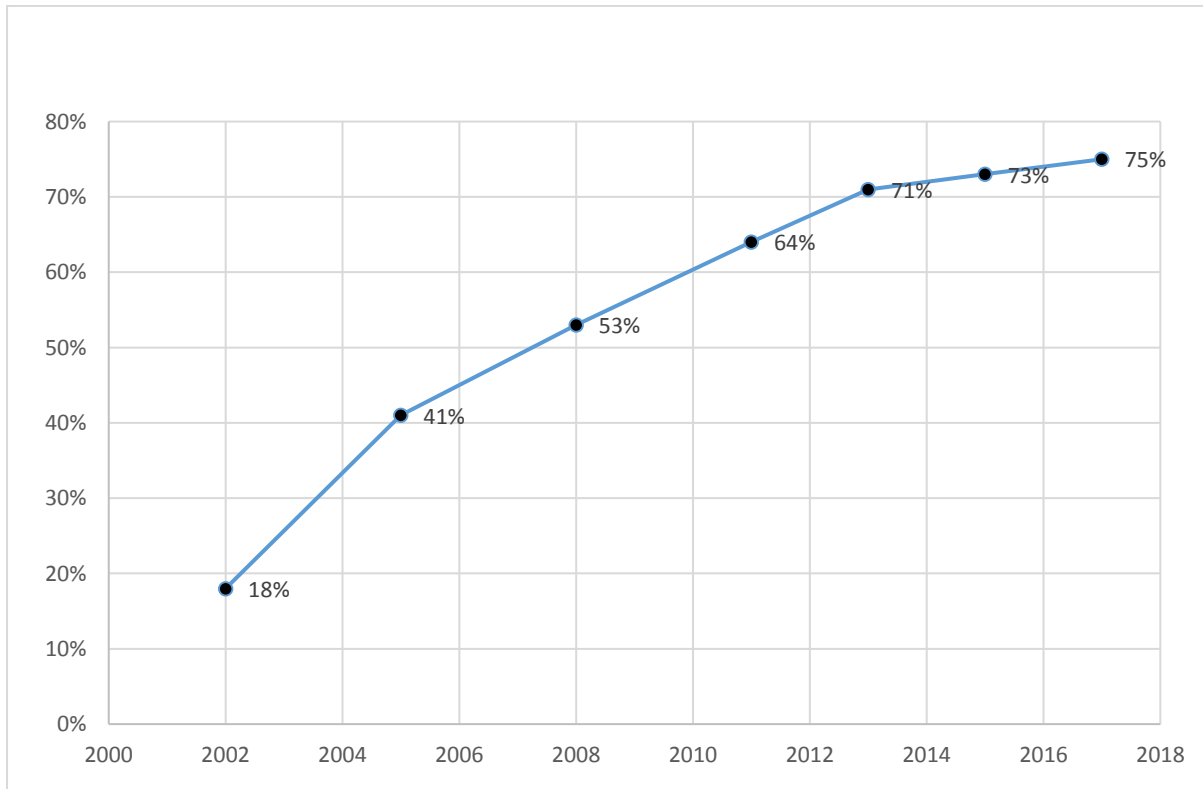


Figure 1.1: Global corporate social responsibility (CSR) reporting rates since 2002

Source: KPMG (2017:9)

Figure 1.1 indicates that there has been a marked increase in the CSR reporting rates of the top 100 companies in the world in terms of revenue per year from 2002 to 2017. Figure 1.1 bears testimony that more businesses are embarking on CSR activities; CSR reporting rates have therefore increased. According to Butt (2016:211), customers are the stakeholders that are most influenced by the social activities undertaken by a business. The increase of CSR reporting increases customers' awareness and knowledge about CSR, which in turn increases customers' responses to a business' CSR engagement (Servaes & Tamayo, 2013:1046).

1.2.1 Aim

The aim of the study was to examine the effects of CSR activities on customers' buying behaviour in White City, Saldanha.

1.2.2 Hypothesis

There is a functional dependence between a business' CSR activities and customers' buying behaviour.

1.2.3 Research questions

The primary research question of this study is: **What effects do CSR activities have on the buying behaviour of customers in White City, Saldanha?** The following secondary research questions were formulated in an attempt to answer the main research question:

- What are customers' perceptions of CSR in White City?
- What is the effect of awareness of CSR activities conducted by businesses on customers' buying behaviour?
- What strategies could be used to enable organisations and customers to benefit from CSR activities in the future?

1.2.4 Research objectives

The primary objective of this study is: **To examine the effects that CSR activities have on customers' buying behaviour in White City, Saldanha.** The secondary research objectives are as follows:

- To explore customers' perceptions of CSR activities in White City.
- To determine the effects of awareness of CSR activities conducted by businesses on customers' buying behaviour.
- To devise strategies that could be used to enable organisations and customers to benefit from CSR activities in the future.

1.3 SIGNIFICANCE OF THE STUDY

Research on CSR might be reaching maturity, but consumer responses to CSR activities are not well researched (Marquina-Feldman & Vasquez-Parraga, 2013:100), and in developing countries, the effect of CSR has remained unexplored (Fatma *et al.*, 2015:393).

A considerable amount of literature has been published on the effects of CSR on customer behaviour in developed countries. These studies focused mainly on high-income earners. A study conducted in Pakistan by Butt (2016:217) shows that perceived CSR activities influence customers to reward socially responsible businesses. On the contrary, Fatma and Rahman (2016:51) argue that the relationship between consumer responses and a business' CSR activities is not always evident and direct. CSR theories developed in developed countries are not applicable to underdeveloped or developing countries; there is thus a need to focus on non-Western developing countries (Kolk *et al.*, 2015:2).

The primary role of profit-seeking organisations is to maximise shareholders' wealth. However, managers entrusted with shareholders' money often embark on activities or investments that do not directly contribute to the maximisation of a firm's value, thereby decreasing the shareholders' wealth. Rather, these activities involve spending shareholders' money. Understanding the effects of CSR on customers' buying behaviour will shed light on how businesses could benefit from CSR through customer behaviour as a response to a business' CSR activities. According to Carvalho *et al.*

(2010:291), if done right, there are lucrative returns from CSR for different stakeholders' groups, thereby refining the wellbeing of the world, society, and businesses. A systematic method of embarking on CSR activities is therefore crucial for businesses.

Although there is a significant increase in studies on CSR, there is little evidence of research focusing on the effects of CSR on the buying behaviour of customers in developing countries. Additionally, previous studies focused on high-income earners, while there is still little evidence of research on low-income earners. This study therefore addresses an extant knowledge gap in the literature. By examining the perceptions of customers (specifically in low- to medium-income earners) of businesses' CSR, this study seeks to add to the literature on customers' responses to businesses' CSR involvement. At the level of practice, this study makes recommendations that seek to enable businesses and customers to benefit from CSR involvement in the future. Knowing the impact that CSR has on customer behaviour will enable businesses to set objectives that will ensure their sustainable development without compromising the interest of other stakeholders, i.e. customers. On one hand, the community (customers) is likely to benefit from CSR activities embarked on by different businesses. These activities include, but are not limited to, bursaries, scholarships, constructing sports fields, donations, and building infrastructure such as schools, clinics, and roads. On the other hand, businesses might benefit from CSR through improved productivity, subsidies from the government, customer satisfaction, and increased product and service demand. Lastly, this study aimed to bridge the knowledge gap in the literature to enable academics to gain insight into the impact of CSR on the buying behaviour of low- to medium-income customers in developing countries. In order to enable both businesses and customers to benefit from CSR activities, a nine-phase CSR model was developed by the researcher. This model comprises nine phases and can be implemented by any business regardless of its size. This model is discussed in detail in Chapter 6.

1.4 THE SCOPE OF THE STUDY

This study expounded the perceptions of CSR and its effect on customer behaviour through the examination of customer responses to a business' CSR activities. The researcher examined respondents from White City, Saldanha, aged 19 years and

older, within the low- to medium-income bracket. These participants were all working (as the study required) and were entitled to a monthly salary or wage during the data-collection period. People receiving a government grant due to infirmity and old age were not included in this study. During the period 2016 to 2019, there was a substantial rise in CSR-reporting rates of 100 companies globally (KPMG, 2017:9). As a result, the period of this study is 2017 to 2019.

1.5 RESEARCH METHODOLOGY AND DESIGN

This study employed a descriptive quantitative approach to illuminate the research data. The quantitative approach entails a traditional scientific approach to research that is founded on the philosophical paradigm for human inquiry identified as positivism (Polit & Hungler, 1999). It provides a numerical description of trends, opinions, or attitudes. The strengths of the quantitative approach are that it provides numerical, verifiable, and comparable data that are straightforward (Assessment Capacities Project [ACAPS], 2012:7). However, a weakness is that a researcher might use irrelevant theories that have no relation to the study's population.

1.5.1 Data-collection techniques

Data were collected from both primary and secondary sources. A questionnaire was used to collect data from primary sources. A questionnaire entails a series of questions asked to people in order to gather statistically useful data about a certain phenomenon (Roopa & Rani, 2012:273). Its strengths are the fact that it is quite inexpensive to design and administer, it ensures the protection of privacy of the respondents, and maintains confidentiality (Roopa & Rani, 2012:273). However, it also has weaknesses, such as that respondents are unable to clarify their answers and there is a lack of spontaneous responses. The secondary sources of data included books, journal articles, and Internet sources.

1.5.2 Data analysis

Data gathered through questionnaires were analysed using the Statistical Package for the Social Sciences (SPSS) version 25. Content analysis was used to analyse the secondary data. According to Neuendorf (2002:10), content analysis refers to “the

scientific method which includes attention to objectivity, reliability, hypothesis testing, generalization, and validity to the context in which the messages are presented". Data analysis enables researchers to situate data in the research context. Altheide (1996:14) notes that a key to data analysis is to delineate the object of inquiry and to situate the data in the context of the main aspects of the study. This study synthesised both primary and secondary data in order to provide a complete analysis of the influence of CSR on customer buying behaviour. This section only provided a brief account of the research design and methodology; a more detailed account is provided in Chapter 4.

1.6 DEFINITION OF KEY CONCEPTS

The key concepts of this study are CSR and customer buying behaviour. The meaning of these concepts is explored in Chapter 2, so that their meaning is understood in context of this study; however, a brief overview of these concept is provided below.

1.6.1 Corporate social responsibility (CSR)

Carroll (1979:499) notes that "CSR includes the idea that the business does not only have economic and legal obligations, but philanthropic (discretionary) and ethical responsibilities". This simply means that for CSR to be recognised as appropriate, it must address the complete range of obligations a business has to a society, inclusive of economic function. These responsibilities include economic, legal, ethical, and philanthropic responsibilities (Carroll, 1979:499). Ethical and philanthropic functions have taken on an especially significant note in recent years.

Economic responsibilities mean that a business must generate profits in order to continue as a going concern. Legal responsibilities require a business to obey the law in its dealings. Ethical responsibilities imply that a business must do what is right, fair, and just. This involves being socially and environmentally responsible. Lastly, philanthropic requires a business to be a good corporate citizen by giving back to the community and avoiding harm to the environment that might negatively affect the quality of life.

1.6.2 Customer buying behaviour

Rani (2014:53) defines customer buying behaviour as the selection, acquisition, and consumption of products and services in order to satisfy human needs and wants. A customer identifies what goods or service he or she requires, then chooses those goods and services that promise better utility. After goods or services selection, a customer considers cash availability for spending. Finally, a customer makes a decision based on necessity, as well as cash availability for a purchase. The customer's buying behaviour is influenced by several factors, such as cultural, social, personal, and psychological factors (Rani, 2014:53). These factors develop customers' product and brand preferences. Even though businesses have no control over these factors, understanding the impact they have on customer buying behaviour is crucial, simply because marketing mix strategies can be developed to appeal to the preferences of customers (target market).

1.7 STRUCTURE OF THE DISSERTATION

This study comprises six chapters. Chapter 1 presents the introduction of the study. It provides a background and summary of the study. Included in its background is an outline of the problem statement, aim, research hypothesis, research questions, and the objectives of the study. It further expounds the significance of the study, the research methodology and design, and the study's scope. The last section provides a concise explication of the key concepts utilised in this study, as well as the outline of the dissertation.

Chapter 2 provides a broad overview of literature relevant to the study. It begins with a substantive review of the study's key concepts and the extant literature on customers' reactions to CSR in developed countries. It further expounds the level and significance of customers' awareness of a business' CSR, the benefits and drawbacks of embarking on CSR, CSR in corporate governance, as well as sustainability reporting. Lastly, the chapter discusses the theoretical framework of the study.

Chapter 3 discusses international, African, and national perspectives of CSR. It starts by examining CSR growth in Europe, Asia, North America, and South America. The drivers of CSR, among which legislation, in these different continents are also discussed. The chapter further investigates the application of CSR in Europe, Asia,

North America, South America, and Africa. Lastly, the chapter discusses the South African perspective on CSR.

Chapter 4 discusses the study's research methodology and design. The chapter starts with a portrayal of the research design utilised by the study, in an attempt to answer the primary research question. It further discusses the scenery of the research, the population, the sample and its distribution, data-collection tools that include primary and secondary sources, as well as the method used to analyse the data collected from these sources. Finally, the chapter discusses the reliability and validity of the study's research instruments and the principle of honour for self-respect (i.e. ethical considerations).

Chapter 5 undertakes a statistical presentation of the analysis of the data collected using SPSS. It starts with the presentation and discussion of exploratory factor analysis (EFA) and item analysis. Two factors for each composite variable of the study established using exploratory factor analysis are also presented and discussed. Finally, the chapter focuses on the presentation and discussion of the correlation between the study's composite variables and their factors and multiple regression results.

Chapter 6 presents the study's findings and conclusion, the thematic nature of each chapter, and the conclusion and recommendations. It begins by presenting and discussing the study's findings, then presents a summary of the study where each chapter's summary is presented. It further makes logical inferences based on the study's findings. The recommendations are also deliberated. Beyond existing businesses, the recommendations seek to inform future prospective entrepreneurs and businesses as to how they should approach CSR activities in order to be competitive in emerging markets and maintain growth. The study developed a nine-phase CSR model. This model is also presented and discussed in this chapter as part of its contribution to the literature. Finally, the chapter explicates the study's limitations and indicates areas for future research.

1.8 CHAPTER SUMMARY

This chapter provided the introduction to the study. It presented the general background and overview of the study. The chapter included an outline of the problem statement, the research hypothesis, research questions, and the objectives of the study. It also explicated the significance of the study, research methodology and design, as well as the scope. In conclusion, the chapter provided a brief elucidation of the concepts utilised in this study, and also presented the overall structure of the dissertation. The next chapter focuses on the literature review.

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter provides a comprehensive theoretical discussion of CSR and customer buying behaviour in terms of a business' CSR. The objective of this study is to examine the effects that CSR activities have on customers' buying behaviour in White City, Saldanha. In doing so, this chapter begins with a substantive explication of CSR and customer buying behaviour. A review of literature on customers' reactions to CSR is also discussed in order to understand extant analogue studies and their findings. The chapter further discusses the level of customers' awareness of CSR and the necessity for CSR awareness, the benefits of focusing on CSR, the drawbacks of CSR, CSR in corporate governance, and sustainability reporting. Finally, the last section presents the theoretical framework.

2.2 DEFINING CSR AND CUSTOMER BUYING BEHAVIOUR

2.2.1 CSR

A question of note is: "What does it mean for a business to be socially responsible?" For over 30 years, an agreed-upon definition of CSR has been deliberated on in both academia and corporate environments. The first definition was noted by Davis (1966:90), who defined CSR as "the businesses' actions and decisions undertaken for reasons at least partially beyond the firm's direct economic or technical benefits and or interest". A year later, Eells and Walton (in Kapoor, 2015:23) argued that CSR refers to "the challenges that emerge when corporate enterprise casts its shadow on the social scene, and the ethical principles that ought to govern the nexus between the corporate and society".

A decade later, the Committee for Economic Development (1971:16) defined CSR using the "three concentric circles" approach, which comprises the inner, intermediate, and outer circles. The inner circle focuses on economic functions, namely products, growth, and jobs. The intermediate circle describes social values and environmental conservation as the economic functions that a business must take into consideration

(i.e. improving social standards of local communities). The outer circle delineates newly arising and still unstructured responsibilities that businesses should account for in order to be actively engaged in cultivating the social atmosphere.

Iamandi (2007:14) and Dahal and Sinha (2016:39) challenge the internationally held view that businesses should be socially responsible. They argue that social responsibility is mainly concentrated on the idea of business motivation and obligation and that performance or action is ignored. Social responsiveness therefore focused on business action and the implementation of CSR activities. However, the question still remains as to how a business' economic focus can be reconciled with a social focus. This resulted in Carroll's (1991:42) comprehensive definition of CSR that addresses four responsibilities, namely economic, legal, ethical, and philanthropic responsibilities. These responsibilities have to be addressed in a specific order of precedence, starting with economic and ending with philanthropic responsibilities. Figure 2.1 illustrates Carroll's (1991) CSR pyramid.

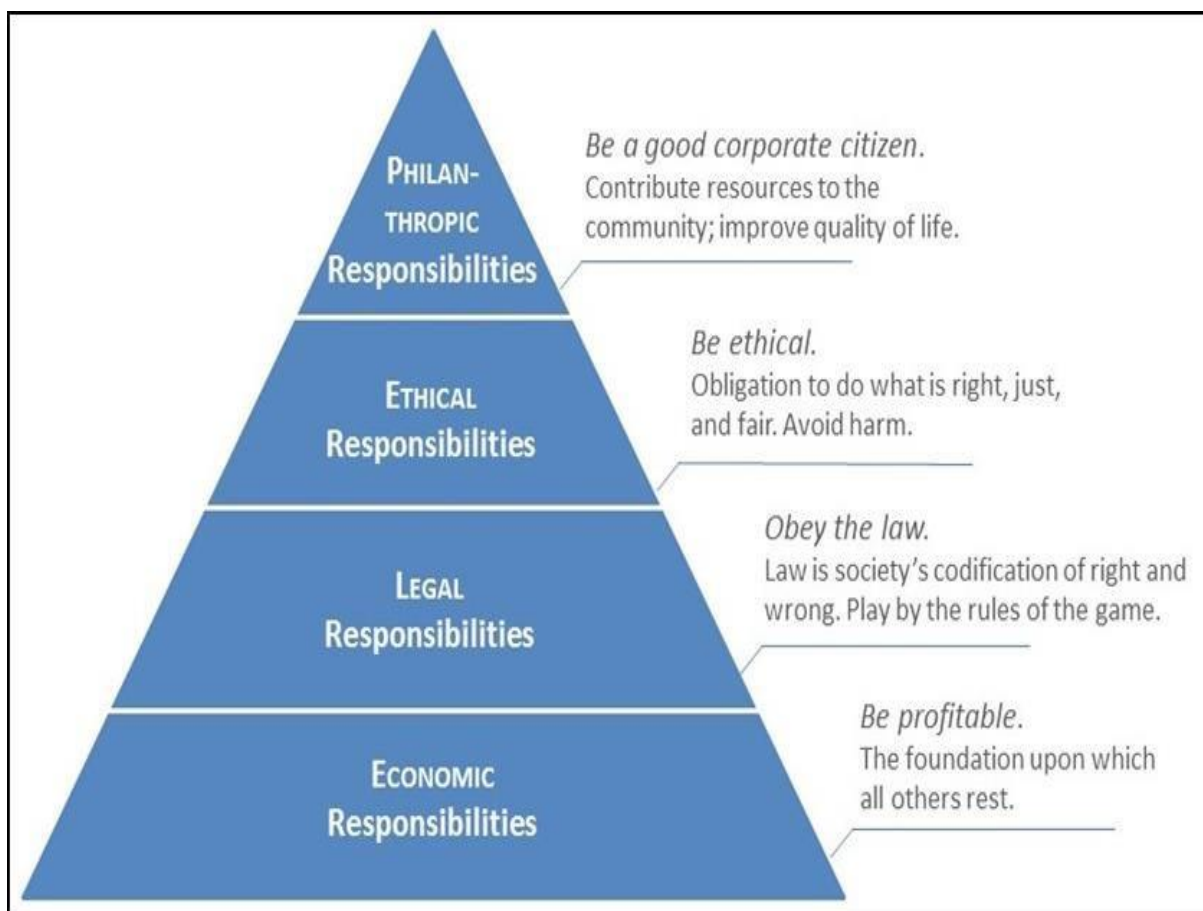


Figure 2.1: CSR pyramid

Source: Carroll (1991:42)

The CSR pyramid, as depicted in Figure 2.1, indicates four components of CSR, namely economic, legal, ethical, and philanthropic responsibilities. Firstly, the business must generate income so as to carry on its operations under the “going concern” principle (economic responsibilities). While carrying on its operations, the business is expected to obey the law, the constitution, and/or regulations, simply because the law is a codification of acceptable and unacceptable behaviour in the community (legal responsibilities). Moreover, the business is required to do what is right, fair, and just, and to mitigate any possible harm it may have on the environment and its stakeholders (i.e. customers, employees, and local community) (ethical responsibilities). Lastly, the business must operate as a good corporate citizen by providing financial resources to the community in order to improve their living conditions (philanthropic responsibilities). Carroll (1991:4) remarks that “in a sense, philanthropy is icing on the cake”.

According to Kotler and Lee (2005:144), corporate philanthropy refers to a business’ direct contribution to a cause or charity, which is usually in the form of donations and/or cash grants. This is a CSR category that is primarily at a business’ discretion, as there are no laws or regulations that govern it. The European Multistakeholder Forum on Corporate Social Responsibility (2004:3) defines CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”. Kotler and Lee (2005:3) regard CSR as “a commitment to improve community well-being through discretionary business practices and contributions of corporate resources”, whereas Falck and Heblich (2007:247) define CSR as “voluntary corporate commitment to exceed the explicit and implicit obligations imposed on a company by society’s expectations of conventional corporate behaviour”.

Depending on the approach, the literature review on CSR presents it in a more inclusive or exclusive way. The World Business Council for Sustainable Development (WBCSD, 1999:3) defines CSR as the “continuing commitment by organisations to behave ethically and contribute to economic development while improving the quality of life of the workforce, their families, and the local community and society at large”. This definition comprises the elements that are generally included in empirical work on CSR, such as the environment, the treatment of employees, the community, and human rights. Whereas some of these elements are stakeholder related, others focus

on social dimensions. According to Gavana *et al.* (2018:1), CSR refers to a firm's response to its stakeholders' expectations, which are central to corporate marketing.

Christian Aid (2003:5) views CSR as responsible corporate behaviour practised by an organisation for the benefit of multiple stakeholders who are affected by the organisation's existence or its products/services. Traditionally, CSR was viewed as philanthropy to improve stakeholders' welfare or as an instrument to supplement the government's efforts in service delivery. The modern view of CSR is based on an organisation's practice of "doing well" by "doing good" (Hategan, Sirghi, Curea-Pitorac & Hategan, 2018:2).

Matten and Crane (2005:168) argue that it is corporate citizenship that offers responsible ways of thinking and behaving. It unlocks substantial benefits for both society and business. Thorough environmental practices could be associated with developments in operational efficiencies, economic performance and productivity, competitiveness, and innovation and high quality (Porter & Kramer, 2011:9). Corporate citizenship (through environmental sustainability and social responsibility) can therefore be strategic in an organisation. Carrol (in Camilleri, 2017:78-79) is of the view that businesses' commitment to society had long been existing as businesses are mandated to engage in ethical, legal, economic, and philanthropic activities. The European Commission (EC, 2008:6) defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

Mackey, Mackey and Barney (2007:818) posit that CSR refers to voluntary business actions designed to advance social conditions, or business actions not required by law that attempt to promote social good and that extend beyond the explicit transactional interests of the business. According to Godfrey, Merrill and Hansen (2009:427), the voluntary nature of CSR can broadly be regarded as grants or gifts from the business to its stakeholders. However, that does not mean that CSR represents a gift with no strings attached. Tonkiss and Passey (1999:258) note that a gift's "strings" come through a process of "unspecified reciprocity" or intangible requirements where a gift offering is perceived as buying respect.

The definitions above clearly show that CSR generally encompasses a component of "voluntarism". However, the different definitions of CSR suggest that there is no

universally accepted definition. For the purposes of this study, CSR means a business' way of saying "thank you" to the community and its employees for their support. The "thank you" way involves a business' engagement in activities such as training employees for self-development, building sports fields, making charitable donations, and offering sponsorships to its employees and citizens at large. Some organisations may even go as far as providing for human basic needs, such as clear running water, health services, and security.

2.2.2 Customer buying behaviour

Du Toit, Erasmus and Strydom (2007:308-309) define customer behaviour as behavioural patterns of decision making directly involved in the acquisition and utilisation of products. It also includes the decision-making processes preceding the determination of behavioural patterns. Furthermore, customer behaviour is mainly determined by two factors or determinants, namely individual factors and group factors. Table 2.1 lists customer behaviour determinants as per Du Toit *et al.* (2007:308-309).

Table 2.1: Determinants of customer buying behaviour

Individual factors	Group factors
Needs	Cultural group
Perception	Family
Attitude	Opinion leaders
Personality	Reference group
Lifestyle	
Learning ability	

Source: Du Toit *et al.* (2007:308-309)

Velumani (2014:52) argues that customer behaviour is the sum of a customer's preferences, attitudes, intentions, and decisions in the marketplace when buying a product or service. Additionally, the study of customer buying behaviour encompasses the social sciences disciplines of psychology, anthropology, economics, and sociology. According to Khaniwale (2015:280), customer behaviour is

a study of individuals and [the] methods they employ to choose, use, and set out products and services to satisfy their wants and the effect that these methods have on the customer and the society at large. It includes all the

feelings, actions and thoughts that an individual takes before or while buying any idea, product or service.

It is a concept that answers what, how, why, where, and when an individual makes a purchase. As a result, a customer's final choice of what to buy from which business is the buyer's decision.

Khaniwale (2015:281-283) posits that a customer is influenced by several factors when making a buying decision, namely internal and external factors. These factors come into play when a customer attempts to make a decision on what to buy, where to buy it, when to buy it, and how to buy it (cash or credit). Internal factors include personal factors (profession, education, age, income, lifestyle, and personality) and psychological factors (learning, motivation, perception, and beliefs and attitudes). External factors include cultural factors (buyer culture, subculture, and social class) and social factors (family, reference groups, and role and status). These factors might be beyond or in control of the consumer.

Khaniwale (2015:280) concurs with Du Toit *et al.* (2007:309) regarding the determinants of customer buying behaviour. It is also evident from the above different scholars' definitions of customer buying behaviour that customer behaviour is about an individual's buying decision process, which is influenced by certain factors. For the purposes of this study, customer behaviour refers to a process of how customers make decisions about the products and services they buy in order to satisfy their needs and wants. This definition is in line with Velumani (2014:52), Khaniwale (2015:280), and Du Toit *et al.*'s (2007:308) definitions of customer behaviour. The terms "customer behaviour" and "customer buying behaviour" hold the same meaning, and are used interchangeably throughout the study.

The terms "business", "enterprise", "organisation", and "firm" may be defined differently by different scholars. Akrani (2011:1) defines business as an "economic activity which involves a continuous and regular production and distribution of goods and services in order to satisfy humans needs and wants". Stephenson (in Shinawatra University, 2012:1) argues that "a business refers to the regular production or purchase and sale of goods undertaken with an objective of earning profit and acquiring wealth through the satisfaction of human wants". According to Dicksee (in Shinawatra University,

2012:2), a business is a form of activity conducted with the objective of earning a profit for the benefit of the owners or shareholders.

Savoiu (2009:65) defines an enterprise as “a business organisation that is formed and which provides goods and services, creates jobs, contributes to national income, imports, exports and above all, sustainable economic development”. According to the Business Dictionary (2019), an organisation refers to a social unit of people structured and managed in order to achieve or pursue a similar goal or collective goals. Chandler (1992:483) defines a firm as a legal entity established with the aim of earning profits for its managers. It is also an administrative entity that carries out more than a single activity and it has a team of managers needed to coordinate and monitor these different activities. For the purposes of this study, a business refers to economic activities with different resources (i.e. human, financial, and/or natural resources) undertaken with the purpose of generating profit for the owners. Business has the same meaning as the concepts “enterprise”, “organisation”, and “firm”; the concepts “business”, “enterprise”, “organisation”, and “firm” are therefore used interchangeably.

2.3 CSR AND CUSTOMER RESPONSES

Businesses and researchers are paying increasing attention to CSR activities and how customers react to these activities (Deng & Xu, 2017:516). Oberseder, Schlegelmilch, Murphy and Gruber (2014:101) note that despite such businesses’ and researchers’ effort toward understanding customers’ response to CSR, it remains unclear as to how customers perceive a business’ CSR activities. However, in general, the majority of scholars report a positive relationship between CSR and customers’ responses. For example, Garcia de los Salmones, Herrero Crespo and Rodríguez del Bosque’s (2005:380) study focused on CSR in the telecommunication industry, and found that CSR positively influenced customers’ loyalty; Romani, Grappi and Bagozzi (2013:17) found that CSR has an influence on customers’ intention to participate in advocacy actions to the benefit of the business and saying positive things about the business; Raza *et al.* (2020:13) report a strong correlation between CSR initiatives and customer loyalty; and Xie and Zhou (2009:82) and Deng and Xu (2017:524) also found that CSR activities positively influence customers’ buying behaviour.

Pivato, Misani and Tencati (2008:10) argue that trust is one of the central variables in many relationships between businesses and targeted customers; businesses can therefore make use of this variable in pursuit of a competitive advantage. Trust refers to “an expectation that the trustee is willing to keep promises and fulfil obligations” (Pivato *et al.*, 2008:6). It enables businesses to shape the attitudes and actions of customers in response to the businesses’ CSR activities. Pigott (2004:25) and Smith (2003:65) posit that a robust customer-business relationship ensures a positive relationship between customer reactions towards the business and its products or services.

According to Butt (2016:214), a customer’s buying habit is strongly influenced by cultural and value systems – just like the influence that buying power has on the decision-making process. It guides customers in their behaviour, preferences, and attitudes toward different challenges in all walks of life. Williams, Brammer and Zinkin (2007:240) argue that there is a semi-positive relationship between socially responsible behaviour and religion. A study conducted by Ramasamy, Yeung and Au (2010:69) showed that religious people in Hong Kong reward businesses that engage in CSR activities. They are even more willing to purchase products and/or services from socially responsible businesses.

The major component of customers’ responses towards a business’ CSR activity is awareness (Butt, 2016:214). Brown and Dacin (1997:73) posit that the customers’ knowledge of a business’ CSR activities can result in positive product evaluation. The level of awareness therefore plays a pivotal role in analysing customers’ responses. Additionally, awareness emerges from a business’ marketing programmes or indirectly through third-party information such as customers’ reference group, the media, or non-profit organisations (NPOs). Nan and Heo (2007:71) are of the view that customer groups with high levels of awareness tend to respond positively towards socially responsible businesses.

According to Servaes and Tamayo (2013:1047), the information gap between the business and its customers is reduced through intensive advertising, which increases the possibility of customers finding out about a business’ CSR engagement and compensating the business for its CSR activities. Bhattacharya and Sen (2004:10) remark that a business’ CSR engagement is taken into account by customers when

making a buying decision, and some are even willing to pay higher prices. Those who are not willing to pay more will most likely buy products from other businesses with CSR involvement. This is in line with Baron's (2001:9) findings that "a business practice labelled as socially responsible, increases the demand for its product".

Customers are often not aware of the CSR activities conducted by businesses (Anim & Cudjoe, 2015:11). Customers' lack of awareness of a business' CSR engagement limits the customers' ability to respond to the business' CSR engagement (Bhattacharya & Sen, 2004:23). McWilliams and Siegel (2001:125) point out that potential customers must be aware of a business' CSR activities in order to reward the business. Also, businesses with CSR involvement should have advertising intensity. Advertising improves a business' information environment, thereby increasing potential customers' awareness regarding the business and most likely stimulating them to be informed even more about the business' practices, including its CSR involvement (Servaes & Tamayo, 2013:1047).

McWilliams and Siegel (2001:125-126) are of the view that CSR-linked publicity and media exposure may increase CSR awareness among customers. In turn, this increases demand for products, thereby increasing the business' returns. Servaes and Tamayo (2013:1047-1048) argue that this does not mean that businesses must advertise their CSR activities; however, "advertising intensity leads to increased awareness of the business, including its CSR activities". Additionally, CSR can be viewed as a "product" that is recognised by the customers. The customers can only appreciate a business' CSR if they are aware of and informed about it. Advertising therefore increases public awareness regarding the business and enables customers to be aware of the business' CSR engagement.

Pérez and Rodríguez del Bosque (2017:6) posit that customers' responses to a business' CSR activities are influenced by customers' demographic and psychological factors. Their view is in line with the view of McCarty and Shrum (1993:91) that understanding information about customer demographic and psychological traits can be useful for businesses to understand how customers behave towards a business' CSR activities. Demographic factors include age, gender, and educational qualifications, whereas psychological traits encompass collectivism, CSR support, and novelty seeking (Pérez & Rodríguez del Bosque, 2017:6).

Among all these factors, several studies have found that demographic factors are the most important factors that influence customers' perceptions of CSR and their responses to a business' CSR activities (Currás, Dolz & Miquel, 2014:134; Ailawadi, Neslin, Luan & Ayala, 2014:20; Roberts, 1996:82). Roberts (1996:81) found that gender has a direct influence on customers' socially responsible buying behaviour, with women showing a more responsible profile than men. Laroche, Bergeron and Barbaro-Forleo (2001:515) found the same results, which showed that female customers have a greater willingness to pay higher prices for environmentally friendly products. Jones, Willness and Glavas (2017:136) are of the view that female customers have better perceptions of CSR than men.

According to Cho and Hu (2009:475), age also plays a significant role in customer buying behaviour. For example, younger customers tend to have less interest in CSR information than older customers, and such information strengthens older customers' responses towards businesses in terms of whom to buy from (Pérez & Rodríguez del Bosque, 2017:8). A study conducted by Servera-Francés and Piqueras-Tomás (2019:78) found that customers aged 40 and above expect more from a business in relation to its CSR activities than younger customers.

The literature indicates that educated people with respected jobs are those who are usually more socially concerned (Schloderer, Sarstedt & Ringle, 2014:121). Rizkallah (2012:338) posits that education also plays a fundamental role in customers' response to a business' CSR activities. Specifically, highly educated customers tend to pay a great deal of attention to CSR perceptions in their buying decision, especially when a product they are buying concerns environmental care. According to Rizkallah (2012:341), educated customers pay more attention to safety, dangerous products, and environmentally unfriendly products.

Laroche *et al.* (2001:514) note that personal values and lifestyles can help to understand customer behaviour much better than demographic factors. According to Swaen and Chumpitaz (2008:16), CSR support refers to "a level of customers' personal support for the causes defended by a company as part of its CSR initiatives". Studies have shown that CSR support is considered by customers when making buying decisions, in such a way that their personal concerns and interests shape their responses towards a business' CSR activities (Tsen, Phang, Hasan & Buncha,

2006:45-46; Podnar & Golob, 2007:335). According to Laroche *et al.* (2001:514-515), CSR-supportive customers are more sensitive towards CSR activities and, as a result, they are more willing to reward CSR-engaging businesses through the purchase of their products and/or services.

In comparison with other psychological factors, Triandis (1993:133) argues that customer buying behaviour is mainly influenced by collectivism. According to Koch and Koch (2007:208), collectivism refers to a level at which a customer is more concerned with other people's interests instead of his/her own interest. Customers who are collectivist give products or services more value and demonstrate more loyalty intentions than customers who are individualist (Yoo, 2009:45). A study conducted by Chomvilailuk and Butcher (2013:109) found that collectivism positively influences customers' CSR perceptions and their willingness to reward socially responsible businesses. Relative to customers who are individualist, customers who are collectivist are willing to pay higher prices for environmentally friendly products and are in support of "green" initiatives (Laroche *et al.*, 2001:513; Grunert & Juhl, 1995:48).

Lastly, Pérez and Rodríguez del Bosque (2013:907) define novelty seeking as "customer values that are specifically related to experimentalism and describes those people who like trying new things and facing stimulating challenges". According to Phau and Teah (2009:18), novelty seeking is related to customers' curiosity to try different things and their need to experiment with new products. Pérez and Rodríguez del Bosque (2013:913) note that customers who are novelty seekers are more likely to have positive CSR perceptions than conservative customers, simply because they understand CSR demands and the pressure on CSR-engaging businesses to incorporate the latest innovations. Based on this justification, Pérez and Rodríguez del Bosque (2017:11) posit that there is a positive relationship between novelty-seeking customers and their responses to CSR perceptions.

Deng and Xu (2017:517) argue that customer-company identification (CCI) has an influence on customers' responses toward CSR, especially in the sense that it creates extra-role behaviour. According to Lichtenstein, Drumwright and Braig (2004:28), Anderson, Fornell and Mazvancheryl (2004:173), and Wann-Yih and Cheng-Hung (2007:206), extra-role behaviour includes facets such as being loyal to a business and making positive recommendations to others, engaging in positive word of mouth to

attract new customers for the business, wilfully spreading positive information or counterattacking negative information about the business, and actively making contributions towards a business' development. When customers identify a business, they produce some mental connection to it, and share common interests (Deng & Xu, 2017:517). It is this kind of emotional connection that prompts customers to willingly put more effort into realising the goals of a business.

CCI emerged from organisational and social identity theories, which, according to Bhattacharya and Sen (2003:86), is when customers compare a business' identity with their personal identity. Robust customer-business relationships often result from customers' identification with businesses. This helps customers to satisfy one or more self-definitional needs. There are many ways of arousing customers' identification (i.e. customer groups, corporate employees, and special projects), and CSR also has a substantial influence in arousing customers' identification (Deng & Xu, 2017:517). It combines three components of the corporate identity mix (i.e. communication, symbolism, and behaviour of business stakeholders), which triggers customer identification.

Deng and Xu (2017:517) note that customers use CSR activities to evaluate the value and image of a business. Their affirmation of a business' existence and approval of its value are affected by a business' CSR performance. A study conducted by Lichtenstein *et al.* (2004:29) found that CSR initiatives have a positive effect on CCI. Lii and Lee (2012:78) focused on three CSR initiatives (philanthropy, sponsorship, and customer-related marketing), and also confirmed that CSR activities have a significant influence on CCI.

2.3.1 Price justice and CSR

Customers' preparedness to pay more for a product or service is primarily dependent on their perceptions of price justice or fairness (Crawford & Mathews, 2001:2, 5). Customers may consider several aspects when determining price fairness. Of the many aspects that can be considered, the rationale behind the higher price surfaces as one of the most significant determinants (Bolton & Alba, 2006:260-261). This evaluation takes place when customers examine the motive, causes, and intentions

of the higher price or price increase through their own conclusions or based on the information supplied by the business.

Mohr and Webb (2005:142-143) note that

when customers conclude that a higher price is driven by a positive justification (that is, to fund CSR activities), they perceive the higher price insignificant than when they conclude that the business has unjustifiable negative reason(s) for the higher price (that is, shareholders' wealth maximization).

It is therefore anticipated that customers' perceptions of price fairness will fluctuate with the degree to which they distinguish a business to be CSR compliant or socially responsible.

It is expected that these customers' probability of purchasing an expensive product or service from a CSR-engaging business will be influenced by these perceptions of price fairness. Price fairness perceptions also have an influence on other customer behaviours, namely complaining about price increase and switching to a competitor (Xia, Monroe & Cox, 2004:3). This is in line with extant literature on consumer emotions by Bechwati and Morrin (2003:441), who found that when customers lose interest in a business' product or service, they are likely to switch to a business' competitors and/or complaining and spreading negative word of mouth about the business.

Distributive justice theories propose that an unfairly perceived outcome results in destructive reactions (Cohen-Charash & Spector, 2001:280). Contrariwise, fair outcomes lead to constructive reactions. Based on customer emotions and distributive justice, it is expected that price fairness perceptions are negatively related to customers' complaints and switching intentions. Customers are less likely to complain or switch to a competitor if they perceive price increases to be fair (Carvalho *et al.*, 2010:294). In short, customers who perceive that a price increase is reasonable (that is, the price increase is due to CSR activities) are likely to reward a business (through buying its products or services), as well as showing less propensity of switching to a competitor or of complaining.

Bhattacharya and Sen (2004:16) are of the view that a business' CSR affects customers' sense of wellbeing. Customers feel good about themselves by not only

purchasing the products and services of a CSR-engaging business, but also by knowing the business and sometimes even having contact with the business. Smith (1996:151) proposes that there is a personal feeling of satisfaction entrenched in the practice of “doing good” (that is, socially responsible through CSR engagement) or doing something humane for others.

Strahilevitz (1999:216) proposes four major motives for customers’ willingness to sacrifice (that is, paying higher prices for the products and services of a CSR-engaging business) for others, namely:

- aspiring to do the right thing;
- desiring to experience a warm glow;
- having a need to see themselves as good and kind; and
- trying to feel morally satisfied.

These four major motives are aligned with the social psychological perception that people participate in social or ethical behaviours because they do not want to feel ashamed for not doing what is right, or they want to feel good about themselves for doing what is right and good. Strahilevitz (1999:217) notes that “the extent to which a promised charity donation will add value to a product or service should be a direct reflection of how successful that incentive is in making customers feel good about their procurements”.

2.3.2 Buying power

Buying power is also one of the customer-specific traits that can be influential in determining customers’ reactions to CSR-driven price increases, which is likely to fluctuate significantly in developing countries (Carvalho *et al.*, 2010:295). The role of purchasing power has been studied broadly in both marketing and economics domains. Wakefield and Inman (2003:206) are of the view that the basic understanding of purchasing power is that it has a direct, positive influence on the consumption of discretionary products. Moreover, the acquisition of lower-quality products is not driven by a deficiency of choice, but by the lack of purchasing power, which leads to higher-quality products being unaffordable. A study conducted by Dubinsky, Natarajan and Huang (2005:1693) found that customers who fall within low- to medium-income brackets are more idealistic and less tolerant of ethically

questionable situations. In the context of consumption, this means that lower purchasing power can be a financial constraint, which eventually leads to customers becoming more sensitive to price fairness in the actual acquisition of CSR-driven price-increased products.

According to Carvalho *et al.* (2010:295), the influence of customers' price sensitivity on loyalty to a business may be reduced by high ethical standards. It is therefore expected that customers' purchasing power is likely to strengthen the mediating role of price fairness in the customers' willingness to buy expensive products from a CSR-engaging business (Carvalho *et al.*, 2010:295). This, however, does not increase customers' willingness to complain about the business or switch to a competitor. Shortly, this means that to those customers with lower purchasing power, the mediating role of price fairness on their buying intentions will be sturdier than those customers with higher buying power.

A study conducted by Seiders, Voss, Grewal and Godfrey (2005:31) indicated that customers with high buying power tend to be the ones that switch to a competitor and/or complain about products, simply because these customers are able to use their wealth status to meet their demands through complaining or switching actions, whereas customers with low buying power have no status to use for their demands to be met. In simple terms, the market environment offers high-income earners more bargaining power than it does to low-income earners, especially in countries where income inequality is high (Walsh, Evanschitzky & Wunderlich, 2008:983-984).

Wakefield and Inman (2003:208-209) argue that customers with high income, which causes them have higher buying power, have more demands and are hedonists. Carvalho *et al.* (2010:295) debate that these customers' personal satisfaction feelings play a significant role in determining customers' interactive responses to CSR. It is therefore expected that the mediating role of personal satisfaction on customers' responses (that is, complaining about price fairness or switching to a competitor) to a CSR-driven price increase will be sturdier for high-income earners than for low- to medium-income earners.

2.4 THE BENEFITS OF FOCUSING ON CSR

According to Jonathan and Guay (2006:53-54), CSR enables NPOs to save on operational costs (which is a direct cost to a company), it improves the performance of the staff members of a business, and also enables a business to eliminate or avoid costs of subcontracting or hiring additional employees. The Human Rights Watch (HRW) is one of the biggest international non-profit seeking organisations that operate around the globe (HRW, 2016). The organisation has continuously attained high human resource output through CSR shown to its employees, which includes risk benefits and insurance policies. Its environmentally friendly policy has also reduced its operational costs greatly, such as insistence on low-carbon-emitting cars (Ceil, 2012:4-5). Through this CSR activity, the HRW has also minimised its transport expenses. Moreover, the HRW's emailing system has messages that warn against excessive printing for the sake of the environment. Through this initiative, the HRW saves on office expenditure.

CSR enhances a business' image by making the public aware of its existence and its activities, it leads to less investment in marketing and publicity activities in the media, and it can also be perceived as passive publicity because it creates constructive stories for the media to report about a business (Frankental, 2001:22-23). According to Ceil (2012:5-6) and Chang-Hyun and Jung-Yong (2019:4), through CSR involvement, a business gains positive and free media coverage and CSR also offers a solution to businesses with bad publicity or a poor image by diverting attention from the negative practices to the positive ones. Negative publicity harms a business' image, reputation, and performance. In this technology-driven era, it is hard to control negative publicity as it easily spreads on social media (Chang-Hyun & Jung-Yong, 2019:3). Traditionally, organisations could defend themselves through strategic clarifications that were offered objectively. However, it is now difficult because of social media because the story builds up to a trending topic and attracts even more people in a short period of time. Through CSR involvement, the public re-examines the inferences they might have made as a result of a business' past negative publicity (Ceil, 2012:6).

Petroleum businesses like BP have invested greatly in environmental CSR to rescue themselves from bad publicity with regard to global warming (Ortas & Moneva,

2011:21; Ceil, 2012:6). Several windmills were built at BP oil stations that demonstrate the business' response to environmentally friendly renewable energy practice. The United Nations' (UN) transport division is connected with a large number of fuel-consuming cars that pollute the environment (Charkiewics in Ceil, 2012:6). In response to this, the UN has adopted eco-friendly vehicles. These vehicles are clearly branded "Eco Friendly". This practice offers credibility to the UN's message on global warming alleviation activities and environmental conservation, which are advocated by the organisation.

Ceil (2012:6) argues that the contentment of customers is of the utmost importance to a business. CSR advertises and promotes a business' image to its target market. Businesses that are involved in CSR activities find it easy to advertise their products to customers. According to Blackburn, Doran and Shrader (in Ceil, 2012:7), numerous businesses even use their CSR activity as an advertising tag; for example, marketing by Barclays Bank habitually has "the official sponsors of the English Premier League" attached to its communications to demonstrate its CSR activity. Such activities also improve the relationship between an organisation and its suppliers. In return, the suppliers feel morally obligated to respect all contract aspects in terms of time and quality for a CSR-involved firm. This makes it easier for a business to achieve its objectives, simply because the business receives benefits in terms of high-quality goods and services delivered by its suppliers (Ceil, 2012:7).

Sivaranjini, Rekha and Nisha (2011:59) posit that the advantages received by a business for being socially responsible include workforce diversity, improved financial performance, increased ability to attract and retain employees, access to capital, enhanced brand image and reputation, and reduced regulatory oversight. The process of taking resources from the business to another activity makes CSR appear as an expense to a business (Ceil, 2012:7); however, its short-term and long-term effects are contributory to the attainment of a business' objectives. According to Saeidi, Sofian, Saeidi, Saeidi and Saaeidi (2015:343), CSR creates income-enduring infrastructure that allows a business to accomplish its objectives and sustain it for a long period of time, it can be seen as a long-term investment to a business, and it also enables NPOs to attract funding from various sponsors. This is in line with Sivaranjini *et al.*'s (2011:59) benefits of CSR.

2.5 THE DRAWBACKS OF CSR

Current business processes and the media rationalise CSR and make it seem mandatory and legitimate (Ceil, 2012:8). However, the practice of CSR is not mandatory, and neither a legislative nor universally accepted principle in business. Several businesses practise CSR to avoid being perceived by stakeholders as being irresponsible (Friedman, 1970:123). The core thought of business does not concern CSR activities. The main objective remains wealth maximisation, which all profit-seeking organisations pledge to. According to Ceil (2012:8), the traditional economic thought of business presents CSR as a deviation from the core thought of business. It is not in line with shareholders' wealth accumulation as it involves the use of an organisation's resources to venture into the activities of other people. Additionally, organisations that practise CSR act like the state and its agencies. It is the state's or government's duty to ensure conservation of the environment, not businesses.

Frankental (2001:19) argues that CSR is a double taxation practice and it strains a business' profitability as it involves the outflow of cash from the business. Furthermore, the South African Revenue Services (SARS) demands tax from registered businesses that operate within the Republic for facilitating their activities. A business should therefore be regarded as a responsible citizen for paying tax. It is up to SARS to provide certain necessary services to society. According to Jonathan and Guay (2006:55), businesses offer money in exchange for human resources. This forms part of the major components of production costs. A business should compensate in accordance with service(s) rendered. The money spent by a business on employees' self-development (employee CSR) is a business expense. This is simply because there is no guarantee that CSR activities will increase the loyalty or productivity of employees (Jonathan & Guay, 2006:55-56).

Porter and Kramer (2006:69-70) argue that the public and the media are always on guard about a business' CSR activities, which places businesses in a difficult situation in the market. Businesses embark on CSR activities not to benefit the society, but rather to gain publicity, and they are viewed as good corporate citizens and friendlier than those with no CSR (Ceil, 2012:9). This creates an unfair competitive advantage for SMEs whose financial position constrains them from embarking on CSR. It also indirectly compels businesses to invest their wealth in CSR activities. However, some

organisations still experience legal cases while being involved in CSR activities. For example, during the 2010 economic crisis, American International Group experienced a threat while it had ongoing CSR activities (McDonald & Paulson, 2015:81).

Frankental (2001:22) and Christian Aid (2003:8) argue that some businesses use CSR as a cover-up for massive damage they impose on the environment. As a result, they should not be left to voluntarily practising business ethics by being socially responsible. Moreover, businesses tend to use CSR to influence policy frameworks. For example, alcohol and tobacco firms have enormous CSR activities that they use to insulate their operations against legislation that may negatively impact their production (Savedoff, 2017:1).

According to Charkiewicz (in Ceil, 2012:10), some NPOs use CSR as advocacy campaigns that sway government aspects of subject states such as the HRW, which supports women's empowerment in the Arab world. It has been utilised as an instrument to change government systems. Moreover, numerous republics promoting NPOs have used CSR as an avenue to compel legislation on gay rights and press freedom. Brunswael (2009:29-30) advances some arguments against CSR, as shown in Table 2.2.

Table 2.2: Arguments against CSR

Argument	Explanation
Costs of CSR	CSR activities are costly and may not return profit for the business.
Lack of broad support	CSR-engaging businesses may not be appreciated by every member in society, which may negatively influence responses towards CSR.
Lack of social skills	Many businesses may not have the ability to engage in CSR activities. This may negatively impact the reputation of these businesses.
Deviation from a business' primary purpose	Businesses may invest many resources into CSR activities, which may result in negligence of its primary purpose and conflicts between management and owners, and costs may also arise.
Profit maximisation	The most widespread argument against CSR is its financial demand, which is against the core purpose of a business, namely to maximise shareholders' wealth.

Source: Brunswael (2009:29)

2.6 CSR IN CORPORATE GOVERNANCE

There are many definitions of corporate governance. Grandori (2004:2) defines corporate governance as an ongoing process through which the diverse and conflicting interests of stakeholders are accommodated. According to Clarke (2004:1),

corporate governance is a system through which an organisation is directed and controlled. Marshall, McManus and Viele (2004:377) state that corporate governance encompasses social responsibility; complete, responsible, and fair disclosure of the board of directors and different committees; business ethics; and reasonable stakeholders' treatment.

Notwithstanding the absence of a commonly accepted definition of corporate governance, its purpose remains common. According to Shleifer and Vishney (1997:763), corporate governance primarily exists to eliminate agency costs caused by directors' or management's opportunistic behaviour of serving their own interests at the expense of the organisation and failure to make decisions to the best interest of the company. Clarke (2004:7) shares the same view. At first, corporate governance focused on monitoring management's administrative controls over a company, related party transactions, disclosure of directors' remuneration, and audit fees. These components were disclosed as notes to annual financial statements.

The second version of corporate governance began between 2000 and 2002, which exclusively focused on ethical issues such as risk management control, the relationship with company shareholders, effective boards of directors, active monitoring ownership, internal audits, as well as corporate responsibility (Kolk, 2008:3). This happened due to global corporate financial scandals and failures, which made shareholders question the way managers control and direct firms. Several codes of corporate governance have been introduced, which focus on monitoring the way companies are managed. These include the King Code and the Sarbanes-Oxley Act. According to Gouws and Cronjé (2008:125), some of these codes are mandatory while others are optional.

The third generation of corporate governance was prompted by the advent of knowledge-based companies, the level of awareness required by shareholders, and the growing importance of stakeholder relations (Kiyanga, 2014:39). Stakeholder relations include community relations, employee relations, shareholders' relations, supplier relations, and the understanding that shareholders are equity owners rather than assets of the firm and that the organisation is not a closed system, but rather an open system. At this point, an organisation was defined as an arrangement of managing associations between the contributors of a firm's specific assets

(stakeholders), such as employees, shareholders, suppliers, community, customers, and the public. The core objective of a firm was its shareholders' wealth maximisation, as well as accountability and responsibility to its stakeholders.

According to Grandori (2004:323-324), the corporate governance codes introduced to deal with the changes tend to focus on external monitoring of an organisation's CSR reporting. The reporting involved high-profile reporting bodies that serve as the global role players in the corporate responsible disclosure. These include the Global Reporting Initiative (GRI), the Institute of Directors in South Africa, and the Organisation for Economic Co-operation and Development.

2.7 SUSTAINABILITY REPORTING

The subject of businesses' sustainable growth and performance existed long before environmental and social disclosure became an accepted practice by businesses (Eccles, Cheung & Saltzman, 2011:1). The businesses' primary focus was on shareholders' wealth maximisation, with no focus on issues such as environmental degradation, climate change, and empowerment of disadvantaged societies. This resulted in the emergence of sustainability reporting and a number of prominent non-financial reporting initiatives such as accountability and GRI. Sustainability reporting initially included voluntary disclosure in annual financial statements and some independent reports. However, the latest version of sustainable disclosure emerged as social accounting practices aimed at disclosing responses to stakeholders' societal distress about companies perceived to have high environmental incidents such as chemical and petroleum companies (Ortas & Moneva, 2011:21).

Sustainability reporting has become a fundamental practice of businesses. This happened after the realisation that sustainability reporting not only improves a firm's image, but it also engages a firm's stakeholders, attracts potential investors, improves a firm's internal control, and saves a firm from litigation penalties (Kiyanga, 2014:40). Throughout its existence, a generally accepted definition of sustainability reporting is lacking. According to Ortas and Moneva (2011:18), sustainability reporting is the art of being accountable to both internal and external stakeholders for effective performance of an organisation towards sustainable growth. Jones (2010:11) defines

sustainability reporting as a term used to describe a firm's reporting on its social, environmental, and economic performance.

According to Kolk (2008:1), stakeholders are better served by their organisations when sustainability reporting and corporate governance are integrated. However, Margolis and Walsh (2003:293-294) question whether the conflicting interest of the stakeholders would be met if the two systems (sustainability reporting and corporate governance) are integrated. Adams and McNicholas (2007:399) debate that research on sustainability reporting is still lacking. They further argue that organisations that practise sustainability reporting were not engaged during the development of environmental and social reporting. Parker (2005:856) argues that this situation might have been caused by deductive research approaches.

KPMG (2008:18) documents that even though sustainability reporting assurance is a new concept, organisations are realising that independent assurance improves the credibility and transparency of their sustainability reporting. According to Certified Practising Accountant Australia (2017:64), sustainability reporting assurance offers value to the users of published sustainability reports, the reporting firm, as well as the stakeholders at large. According to the Foundation for Environmental Education (2006:7), sustainability reporting assurance has increased. The increase is as a result of auditing guidelines issued by bodies such as the GRI and the European Federation of Accountants.

The sustainability reporting framework plays a crucial role in CSR disclosure. According to KPMG (2013:24), sustainability reporting is flexible compared to the reporting of annual financial statements. It emphasises the alignment of an organisation's style of communication and position, and engrosses the target audience in an appropriate manner for effective dialogue and information dissemination, rather than focusing on the formats to be followed when reporting. Considering the flexibility, businesses involved in CSR activities can disclose such practices in their financial reporting in a manner they find suitable for review by stakeholders.

2.8 THEORETICAL FRAMEWORK

Scholars have developed numerous theories focusing on a business and its stakeholders (that is, both primary and secondary stakeholders). These theories include the stakeholder theory, contractarian theory, legitimacy theory, and agency theory.

2.8.1 Stakeholder theory

“Corporations have obligations not only to their shareholders, but also to others in their society as well; they have public duties” (Whetho, 2014:140).

According to Kiyanga (2014:21), a stakeholder is someone who has an interest in something. A business' stakeholders therefore include all those individuals with an interest in the business. They comprise shareholders, employees, customers, suppliers, society, financiers, the legal environment, political groups, and the physical environment. Kiyanga, Wingard and Cronjé (2016:45) argue that there are basically two meanings of the concept “stakeholder”, namely the widely used and the narrow, original concepts of a stakeholder. The widely used stakeholder concept refers to individuals or groups of individuals who are affected by a business' achievement of its objectives. In contrast, the narrow, original concept refers to those individuals or groups of individuals without whose support the business would cease to operate (Freeman, 1994:410). This comprises stakeholders like shareholders, employees, and customers. For an entity that depends on its suppliers for survival, the suppliers are also main stakeholders.

The stakeholder theory states that a business should not solely function to maximise financial benefits for the shareholders, but rather benefits for all its stakeholders. This often becomes a challenge because of the conflicts of interest among the stakeholders. On the one hand, customers want quality products at lower prices. On the other hand, businesses want higher profit at lower costs. The core principle of the stakeholder theory is that management must make good decisions to balance the stakeholders' conflicting interests and that the business is responsible to its stakeholders. Camara, Chamorro and Moreno (2009:697) argue that the stakeholder theory expounds how businesses respond to the ever-changing demands of different stakeholders.

However, according to Sternberg (1997:9), the stakeholder theory has two main weaknesses. Firstly, it is impractical for a business to be accountable to an unending number of stakeholders. Secondly, management has an unattainable role of balancing the conflicting interests of different stakeholders. Notwithstanding the weaknesses, the theory has some application in corporate reporting and disclosure, which focuses on the disclosure of a business' CSR activities. According to Van der Laan (2009:15), businesses are increasingly embarking on CSR activities to the benefit of the host society. Their interactions with society are increasingly reported through social responsibility reporting, environmental reports, and corporate governance reports. Moreover, corporate disclosure may be used by management as a way of manipulating powerful stakeholders (e.g. shareholders or investors) in order to gain their support for the business' survival. The stakeholder theory is very useful in explaining and understanding CSR and its disclosure.

This theory perceives a business as a functional entity in which several different participants work together to achieve multiple but not always corresponding purposes (Donaldson & Preston, 1995:65). It states that the business' activities affect others in the community. The affected members in the community form a stakeholder base, which includes shareholders, managers, employees, suppliers, customers, the government, and local communities. Matten and Crane (2005:166) state that supporters of the stakeholder theory argue that businesses are responsible and accountable to their host society. This argument emerged from the premise that the activities of businesses affect the host society. The affected number of people of the society determines the business' stakeholder base. The larger the number, the greater the stakeholder base.

There are two categories of stakeholders, namely primary and secondary stakeholders. Amao (2007:320) defines primary stakeholders as "those whose contribution directly influences the functioning of the business as a going concern". Included in this category are shareholders, customers, and employees. It also includes "public stakeholder groups", which is a very significant cluster. This cluster is made up of communities and governments that provide market, infrastructure, and the legal framework for businesses to operate in. Secondary stakeholders include those who affect or influence or are affected or are influenced by a business; however, they are not necessary for its operation or do not conduct transactions with the business

(Amao, 2007:320). Although secondary stakeholders affect or are affected by the actions of the business, they do not have direct business dealings or transactional connections with the business. This category may include the media, academic society, and business support groups. All this is dependent on the business' stakeholder base. It is noteworthy that the stakeholder theory is in line with the South African value system of *Ubuntu*, which states that "*umuntu umuntu ngabantu*" (a person is a person through their relations with others).

Against this scenery, Wan-Jan (2006:181) argues that "the business has a responsibility towards the society as much as it has responsibility to its shareholders". However, this does not mean that the shareholders are unimportant or irrelevant. Their fundamental role in the existence and operation of a business must be acknowledged, but their interest should not always be the prevailing factor. The stakeholder theory does not promote deserting shareholders. Instead, it notes that shareholders are one of the major significant stakeholder groups in a business that must be served, and failure to do so will culminate in functional challenges that will lead to "going concern" problems. The theory also acknowledges "non-shareholder groups" as crucial actors whose interests influence the ability of a business to achieve its objectives.

Given the presence of other stakeholders who influence or are influenced by the functioning of a business, both in social milieus and the public domain, corporate behaviour should recognise the existence of these stakeholders. In defining the relationship between stakeholders and a business, the stakeholder theory offers an understanding of how organisations behave; hence it is an expedient method for understanding CSR.

2.8.2 Contractarian theory

Amao (2007:313) states that "the sole purpose of the organisation is to maximise shareholders' wealth through profit maximization".

The contractarian theory argues that, as far as corporate governance is concerned, it is the role of the state to provide a supporting setting that shields the rights of the shareholders. According to contractarians, a business operates to the best interest of its shareholders. Directors owe fiduciary onuses wholly to the business' residual claimants (that is, the shareholders) (Macey & Miller, 1993:423). Contractarian theory

is also known as the “shareholder primacy model”. This is mainly because of its complete focus on shareholders. The theory discards the views that presumably challenge the priority of shareholders.

From the standpoint of this theory, secondary stakeholders or any other influencers external to a business (including social pressures) should not weaken the ultimate control of shareholders over the business. No other consideration should take precedence over the maximisation of shareholders’ value. Thus, the directors should run the business at the best interest of its shareholders at all times. Even though the business may be concerned about secondary stakeholders, regulatory and contractual processes should be in place to ensure that shareholders’ interest is not endangered by the concerns of the secondary stakeholders. Hansmann and Kraakman (2001:439) argue that although a business may engage in CSR activities or be socially responsible, directors should at all times remain strongly accountable for shareholders’ interests, and it is not the responsibility of the business to protect the interest of secondary stakeholders.

Amao (2007:313) is of the opinion that contractarian theory has guaranteed the elimination of secondary stakeholders’ concerns and interests from the business’ agenda. These concerns and interests have been given minimal attention in terms of their usefulness in maximising shareholders’ wealth. At worst, such interests and concerns have been disregarded. Consequently, no or little attention has been dedicated toward CSR activities by the business.

The modern behaviour of businesses continues to be influenced by the intellectual roots of the contractarian theory. Amao (2007:315) notes that “the contractarian theory emphasises the private function of the business while softening its CSR activities”. However, in reality, business activities in communities are not always completely shareholder focused or private. For instance, pressure from the government or host community frequently pressures businesses to embark on CSR activities or corporate social investment (CSI) programmes. In conflict regions like Nigeria, multi-national corporations’ (MNCs) activities are subject to public scrutiny (Whetho, 2014:133). The impact of MNCs in conflict regions is continuously assessed by civil society actors and observers. In a conflict situation and the public domain, the activities of a business are

observed as those of a community stakeholder, not as those of a private actor. Wetho (2014:133) notes that

even though the contractarian theory finds significance where operations of multinational corporations in a conflict zone seek to maximize shareholders' wealth, it does not lend itself readily to the analysis of corporate peace building which serves as being socially responsible.

Secondary stakeholders (specifically society and the government) frequently make claims against businesses, which in most cases undercut shareholders' wealth. An influential secondary stakeholder, such as the government, may amend social responsibility in ways a business did not foresee, which might undermine the ability of a business to maximise shareholders' wealth. This theory softens or eliminates the influences of influential secondary stakeholders.

According to Amao (2007:319), the contractarian theory detaches the business from society and encourages its non-engagement in CSR activities. Being detached from society means that the business exists in a vacuum. In reality, a business does not function in a vacuum, but rather operates in a social milieu, which means that it must be responsible toward its host society. This theory is against the African value system of *Ubuntu* (humanism), which encourages *ubudlelwane* (communalism). Therefore, the social milieu (that is, engaging in CSR activities) is relevant to this study in that it helps to understand the need for a business to be socially responsible towards its functioning zone. The contractarian theory is of limited usage to this study, simply because it discourages a business' engagement in CSR activities.

2.8.3 Legitimacy theory

The legitimacy theory seeks to expound a business' effort to combat observed legitimacy risks. According to Guthrie and Parker (1989:344), this theory is centred on the principle that there is a social contract between society and the organisation. The terms of this contract stipulate the expectations of society from the business and explain how an entity should operate to be a good corporate citizen. When the business fails to meet the expectations of society, a legitimacy breach arises. The failure to reduce or eliminate legitimacy breaches will result in a business losing its legitimacy. Trilling (2008:5) states that a loss of legitimacy may lead to the cancellation

of social contracts and endorsements, including access to certain resources, heavy fines, a poor reputation, and even reduced demand for the products of the business. In extreme situations, the existence of a business may even be threatened.

According to Khor (2003:6-7), three approaches may be employed to eliminate or reduce the legitimacy breach, namely the legitimacy establishing approach, the reactive approach, and the legitimacy maintaining approach. The approach employed by a business depends on its circumstances. On the one hand, new businesses employ a legitimacy establishing approach by simply conforming to the terms of the social contract and disclosing the legitimacy breach. On the other hand, businesses that operate in a stable environment tend to employ a legitimacy maintaining approach, while businesses that are threatened by closure or sanctions tend to employ a legitimacy reactive approach. According to Trilling (2008:83), two alternatives exist regarding the reactive approach: the business may either change society's perception of the organisation's behaviour or change its behaviour to conform to the new terms of a social contract.

The legitimacy theory expounds and forecasts corporate disclosure from a client perspective as a way for businesses to communicate their legitimising approaches. It suggests that a business' disclosure policies are influenced by its legitimising approach. Given a business' legitimising approach, one can assume the type of corporate disclosure that may achieve the approach. This means that the levels of CSR disclosure between businesses that face legitimacy breaches could be as a result of differences in their legitimising approaches.

The theory has been validated by several studies of businesses' survival approaches in times of threats. Ashford and Gibbs (1990:183) contend that whenever laws, regulations, or taste change, only businesses that adjust their behaviour to match the new situation will survive. Businesses that fail to eliminate or reduce legitimacy breaches fail to survive. According to Trilling (2008:1), the legitimacy theory is one of the supreme cited theories in financial reporting and disclosure. The theory is applicable in areas such as sustainability reporting, accounting frameworks, contingencies reporting, and environmental accounting. The theory authenticates accounting frameworks by showing that financial disclosure is influenced by stakeholders. Legitimate objectives may be protected by altering the CSR

environmental disclosure (De Villiers & Van Staden, 2006:763). Moreover, the issue of the *Staff Accounting Bulletin (SAB) 92* in the United States of America (USA) resulted in an upsurge in CSR environmental disclosures in the chemical and petroleum industry. This is a legitimacy approach in terms of the legitimacy theory.

It was evident from literature that most of the businesses that provide patronage and social support for citizens also expect a benefit of some sort, either from the government or the citizens. This serves as a good and practical example of a social contract. The legitimacy theory provides a sound theoretical framework for understanding how and why business management would employ CSR activities disclosure policies. According to Gray (in Khor, 2003:14), legitimacy theory is underdeveloped due to several legitimate breaches in the existing body of knowledge, which embraces prominent legitimacy themes.

2.8.4 Agency theory

According to Clarke (2004:78), the agency theory is grounded on two parties, namely the agent and the principal. When the principal gives the agent powers to make decisions, a principal-agent relationship is formed. The principal-agent relationship is an agreement between the principal and the agent, where the agent performs services on behalf of the principal. The principal offers the agent decision-making authority. The primary intention of the agency relationship is to achieve the interest of the principal. However, management (agent) tends to pursue their own interest over the principal's (shareholder) interest. Inevitably, this conflict of interest, which often leads to lack of goal congruence between shareholders and management, is defined as the agency problem (Clarke, 2004:65). Shareholders (principal) entrust management (agent) with the administration of a business by delegating all the entity's administration to the management. The expectation is that the management will use the business' resources to maximise shareholders' wealth. However, management tends to use a business' resources to pursue personal interests and invest in activities that do not directly maximise shareholders' wealth; for example, CSR activities or CSI programmes.

The agency problem may take different forms in the shareholder-management relationship (Gitman, Chad & Lawrence, 2009:19). Management may invest in risky

investments, reward themselves with high remuneration packages, and even pursue personal objectives at the expense of the business. Asymmetric information and creeds may also cause management to not act in the best interest of the company, which is to maximise shareholders' wealth. On the other hand, lenders entrust shareholders with their money, with the expectation that shareholders, through management, will adhere to the debt agreement agreed upon. However, the shareholders may pay themselves high dividends through the management or increase debentures, which is contrary to existing lending agreements (Gitman *et al.* 2009:570).

In endeavouring to rectify the agency problem, the agency theory is subdivided into two dissimilar but corresponding versions of the theory, namely the principal-agent version and the positivist version (Clarke, 2004:80; Eisenhardt, 1989:490). According to Eisenhardt (1989:491-492), the principal-agent version deals with the best strategies for solving the agency problem, as well as a general theory of agent-principal relationship. The general theory can be applied in several dissimilar methods of principal-agent relationships; for example, bank-to-customer, customer-to-supplier, and owner-to-management relationships. The general theory identifies the optimal contract between the principal and agent depending on the agent's observable behaviour (Clarke, 2004:89).

On the contrary, the positivist version attempts to solve the agency problem by recommending suitable governance instruments to limit the behaviour of an opportunistic agent. Clarke (2004:80) states that the proponents of the positivist version are concerned about explaining the mechanisms that solve the agency problem and not to apply the optimal governance or any forms that the agency relationship may take. Two approaches can be employed by positivists to solve the agency problem. The employability of these approaches is based on the ability of the principal to observe the agent's behaviour. When the agent's behaviour cannot be observed, an outcome-type contract is recommended. In the outcome-type contract, the agent is remunerated on the basis of outcome. Eisenhardt (1989:491-492) is of the opinion that an outcome-type contract automatically realigns the goals of the agent to those of the principal. However, the principal can invest in corporate disclosure or CSR activities in order to inspire the agent to align their goals with the principal's goals.

When the agent's behaviour cannot be observed by the principal, the principal-agent version of the agency theory recommends that an outcome-based contract should be utilised, or investment in activities such as CSR activities that enable the principal to know what the agent is doing should be made. Both of the agency theory versions recommend that an investment be made as a solution to an agency problem.

In accounting and financial reporting environments, the agency theory is used to predict and explain accounting practices by mentioning the use of accounting practices to promote transparency, combat agency problems, and eliminate information irregularity. Directors' remunerations, auditors, and related party transactions and disclosure form part of accounting rules and regulations that explain how agency theory influences mandatory business disclosures. The weakness of this theory is the fact that it centres only on opportunistic and self-interested human behaviour, it ignores a broader range of human motives, and it also makes unnecessary pessimistic and negative moral assessments about people (Kivistö, 2008:346).

The stakeholder and legitimacy theories are the most appropriate theories in this study as they encourage an organisation to be socially responsible while in pursuit of shareholders' profit maximisation. The relevance of the legitimacy theory is based on the fact that it is centred on the principle that there is a social contract between society and an organisation, which means that an organisation consents to be socially responsible in exchange for customers' responses through the purchase of products and services. On the contrary, the contractarian and agency theories are of limited use to this study as they prioritise shareholders over other stakeholders and discourage an organisation's engagement in CSR activities.

2.9 CONCLUSION

This chapter reviewed the exhaustive literature and discussed the study's variables in depth. It began by a substantive explication of the key concepts, namely CSR and customer buying behaviour. It also examined the level of customers' awareness of CSR and the necessity for CSR awareness. It was noted that customers tend to reward CSR-engaging organisations, but that CSR awareness plays a significant role. The benefits of focusing on CSR, the drawbacks of CSR, CSR in corporate governance, and sustainability reporting were also addressed. Finally, this chapter interrogated the

theoretical framework of the study and investigated how dissimilar theories (proposing and opposing) relate to, support, and/or undermine the study's hypothesis. The next chapter examines international, African, and South African perspectives of CSR.

CHAPTER 3

INTERNATIONAL, AFRICAN, AND SOUTH AFRICAN PERSPECTIVES OF CSR

3.1 INTRODUCTION

This chapter focuses on the different perspectives of CSR, namely international, African, and South African perspectives. It looks at how the concept of CSR is applied, the policies in place to support CSR, and the perceptions of customers on the international, African, and national level. The chapter begins with international perspectives, followed by African perspectives, and lastly South African perspectives.

3.2 THE INTERNATIONAL PERSPECTIVE OF CSR

CSR reporting has increased rapidly in the Americas in the past years from 58% in 2015 to 90% in 2017, making the Americas the leader in CSR reporting worldwide (KPMG, 2017:11). Such an increase in the Americas is driven by changes in regulations. This increase has resulted in the Asia-Pacific region being overtaken by the Americas region. The high rate of CSR reporting in Brazil and the 5% growth in the USA and Colombia have positively contributed to the overall increase of CSR reporting in the Americas. According to KPMG (2017:11), CSR reporting in the Asia-Pacific region was stabilised by the surge of 8%, which prevailed from the year 2013 to 2015. The Asia-Pacific region has the highest number of companies with CSR reporting globally.

According to Boutellis-Taft (in KPMG, 2017:12),

the European Union Non-Financial Reporting Directive (EUNFRD) is a wide European Union (EU) legislative initiative to promote CSR reporting. It requires large firms in the EU region to disclose their environmental, social and diversity information. However, assurances still lack as to how it has impacted CSR reporting due to the bumpy ongoing process of transposing EUNFRD into the national laws of all countries within the EU. While the directive provides high level of guidance, member states have substantial flexibility regarding the application of EUNFRD to their national laws. This indicates that states like

Sweden, United Kingdom (UK), and Germany with an already surviving CSR reporting legislation are already conforming to the demands of EUNFRD which ensure business continuity. However, the other states with no existing CSR reporting have to wait and see how EUNFRD will be applied in national laws without negatively impacting business continuity.

The Chief Executive Accountant of KPMG, Boutellis-Taft, in Europe, is of the opinion that the real effect of the EUNFRD would be evident from 2019 or 2020, taking into account any delays in the transposition period where firms are adjusting to the new legislation and the introduction of new systems of reporting (KPMG, 2017:12). Despite the delay caused by the transposition, the legislation is one of the fundamental initiatives of promoting the prominence of CSR activities, especially to the EU member states who are not socially responsible. Boutellis-Taft (in KPMG, 2017:12) further believes that the true benefits of CSR reporting are achieved when CSR reporting is appropriately integrated with financial reporting. Once the CSR reporting is fully embedded into a company, the company will receive benefits.

Although the EU member states welcomed the flexibility of the EUNFRD in the implementation of CSR reporting, this directive should move towards being an international framework that will ensure consistency in CSR reporting (Boutellis-Taft in KPMG, 2017:12). Moreover, top-level management should consider CSR issues that are of importance to businesses and their stakeholders. This encompasses key risks identification, controls, and the maximisation of opportunities, which in turn result in increased returns for shareholders. Companies that are currently embarking on CSR activities and conforming to the EU directive and reporting have experienced strong increased returns for shareholders. A further increase in CSR reporting is expected as soon as investors realise the benefits of CSR reporting for businesses (KPMG, 2017:12).

3.2.1 CSR view in Eastern and Western Europe

Diaconu, the director of sustainability services of KPMG in Romania, states that

[m]any enterprises in Europe focus on the financial bottom line rather than the triple bottom line. It is fair to say that sustainability culture is yet to properly take hold across the European region. Specifically, in Romania, the increase of 6%

CSR reporting in 2015 is as a result of transparency commitment of companies operating in the region. The EUNFRD was fully transposed into Romanian law in the year 2016. However, in many companies in Romania and across Eastern Europe, the Directive is still new and they are beginning to build a capacity to respond. Nonetheless, a steady growth is expected in CSR reporting in Eastern Europe over the next few years and improving quality as regulatory requirements, increasing awareness and market pressure take effect (KPMG, 2017:14).

In the EU, CSR has been a significant instrument in terms of encouraging and supporting innovation, sustainable development, and competitiveness in the social market economy (Yildiz & Ozerim, 2014:44). According to the EC (2008:106), through CSR, the EC strongly promotes responsible and sustainable European enterprises. Furthermore, CSR is seen as an instrument that empowers the expansion of new markets and opportunities for development and innovation. This is mainly because CSR requires businesses to follow ever-changing social needs and ensure that customers' trust is maintained through the implementation of new business models (EC, 2011:3).

CSR has been part of the EU since the 1990s as part of the EU's sustainable development strategy and as a tool to develop businesses' accountability to the social environment (Yildiz & Ozerim, 2014:1). Moreover, in the European context, CSR is a significant tool that contributes to the EU's 2020 strategy, which aims at sustainable development through smart sustainability and innovation. According to the EC (2008:106), CSR refers to "the businesses' concept of integrating social and environmental concerns in their operations and in their voluntary interaction with their stakeholders". Türker and Altuntaş (2012:461) remark that CSR in Europe is voluntary rather than mandatory for businesses.

According to Yildiz and Ozerim (2014:44), the significance of CSR in Europe has long been promoted by the EC as a way of achieving sustainable development that should be integrated with EU policy. CSR in Europe can boost sustainable development and can also enhance competitiveness and innovation, which will positively contribute to job creation and employment (EC, 2008:107). In 2002, the promotion of CSR to be part of European policies resulted in the development of the European

Multistakeholder Forum on CSR, which is facilitated by the EC. The aim of the forum is to enable a platform for communication between European stakeholders about CSR developments and CSR integration with European policy.

The forum brings together European representative businesses of business networks, employers, and trade unions to support innovation and to encourage good practices and transparency in existing CSR practices. According to the EC (2001:24), the forum succeeded in achieving agreement among the contributors. Moreover, through the forum, the common European CSR understanding, its scope, and boundaries have been confirmed. However, there is still no common European framework or CSR definition because of diversified developments and implementations in the member states based on the differences in cultural, historical, socio-economic, and political factors that play a significant role in CSR conceptualisation (Argandona & Hoivik, 2009:2).

Furthermore, the individual countries' approaches to CSR in Europe are significantly shaped by the differences in the institutionalisation of CSR by member states within Europe. According to Argandona and Hoivik (2009:9), there are several European social models with major contextual dissimilarities, namely the Western and Eastern European, Anglo-Saxon, Mediterranean, and Scandinavian models. The models for CSR promotion and development for each member state are therefore developed based on the different backgrounds and communication structures between social actors and businesses (Yildiz & Ozerim, 2014:8).

According to De Geer, Borglund and Frostenson (2009:269-270), the Swedish traditional CSR model is based on welfare services provision by the government, and businesses regard their major responsibility as financing these services through taxation. Social and environmental issues that do not exist in Sweden, such as environmental degradation, human rights, and deregulation, are therefore not a priority on the state's and businesses' CSR agenda (Argandona & Hoivik, 2009:10-11). The Swedish CSR agenda therefore mainly focuses on responding to the interests and needs of its welfare state's traditional actors. Comparatively, in Germany, CSR is dependent on negotiations between relevant actors of power rather than the direct exercise of power (Yildiz & Ozerim, 2014:9). In short, CSR in Germany is a voluntary

practice by willing businesses. There is, however, a notion of established historical cultural agreement that common good promotion is the result of private interest.

A study on CSR practices in different countries in Europe conducted in 2011 by lamandi (2011:31-32) found that there are different perceptions of CSR between the European governments and businesses. In fact, the EU is characterised by different CSR models based on citizenship strategy, shareholder strategy, reciprocal strategy, and altruistic strategy. According to Yildiz and Ozerim (2014:9), the EU has two major sub-models, namely the CSR integrated sub-model and the CSR voluntary sub-model. The CSR integrated sub-model is the one whereby CSR is integrated into the national public policies and this model is used in countries like Germany, Sweden, Denmark, Portugal, Bulgaria, France, and Finland. In the CSR voluntary sub-model, European businesses supported by public authorities freely engage in CSR activities. This model is mainly observed in countries like Greece, the Netherlands, Ireland, Estonia, and Slovenia.

According to Mullerat (2013:7), the UK is the leader in CSR among the EU countries because it is home to several big MNCs, has robust awareness of environmental engagement with businesses, and has experience in industrial revolution and privatisation processes. Moreover, the government also enforces companies in the UK to improve disclosure by producing social and environmental reports. Lastly, the UK has a minister for CSR and has also enacted numerous laws and regulations to encourage CSR initiatives.

France is also considered an active CSR player in Europe since it has strong government regulations that govern labour relations (Yildiz & Ozerim, 2014:9). Several significant developments are taking place together with the discretionary initiatives of French corporations in managing the CSR legal aspect. Additionally, numerous actions have been launched to assist SMEs' CSR initiatives. In Italy, SMEs are significant CSR actors because, together with the banking and financial sectors, they are driving the CSR movement (Yildiz & Ozerim, 2014:9).

Argandona and Hoivik (2009:13) argue that there is no single set of universal best practices of CSR. Rather, there are commonalities and unique dissimilarities among different approaches in addressing CSR issues. In Europe, CSR is developed and implemented in a robust and structured manner (Yildiz & Ozerim, 2014:10).

This highlights that the EU is seeking a standardised approach of corporate social implication in a more legislative and regulated way. European businesses consider CSR more, as it is also enacted in several government policies and laws (Argandona & Hoivik, 2009:10). Nevertheless, it is worth noting that CSR has traditionally been framed in discretionary terms within the European policies, as well as being a significant part of competitiveness and business strategy. According to Hurst (2004:2), 50% of businesses in Europe have embedded CSR in their corporate strategy.

The culture of Europe is more community focused and recognises human rights as freedom to participate in decisions and social goods (Argandona & Hoivik, 2009:9). Hurst (2004:36) remarks that “European companies and government systems seem to be quicker to adopt CSR policies and take the necessary steps to accept them into their culture”. According to Echo Research Inc. (in Yildiz & Ozerim, 2014:11), 68% of investment firms in Europe believe that CSR can improve the risk management of a company. Moreover, businesses in Europe are more inclined to introduce CSR as a response to stakeholders’ inspection through a stakeholder-orientated perspective. According to Maignan and Ralston (2002:507), performance and stakeholder-orientated approaches are more dominant in Europe than any other continent.

The reporting of social programmes and environmental issues as part of CSR initiatives remains discretionary in Europe (Toschoop, 2005:57). Relative to the USA’s gross domestic product, which exceeds that of the EU countries combined, individual countries in Europe engage more in CSR activities (specifically social and environment reporting) than the USA. Hurst (2004:41-42) also notes that European businesses are more aggressive in reporting their CSR activities. It is further observed that businesses in Europe are more committed to increasing funding for social and environmental issues than American businesses. Lastly, European businesses implement the internationally accepted standards faster and at quicker rates than businesses in the USA. This supports the idea that CSR is taken more seriously in European countries. The level of CSR is therefore higher in European businesses than in any other country (Sotorrio & Sanchez, 2008:383).

3.2.2 CSR view in Taiwan and New Zealand

Huang (in KPMG, 2017:18), a general manager of sustainability services of KPMG in Taiwan, remarks that

CSR reporting in Taiwan has increased over the last two years because of new mandatory reporting regulations and investor norm from the Taiwan Stock Exchange (TSE). In 2014, the stock exchange required companies in sectors such as finance and insurance, chemical, food and all companies with a capital of at least R480 million to report on their CSR. Companies with a capital of at least R2.4 million were also included by the end of 2015. In the year 2016, the TSE further introduced new stewardship principles for institutional investors which explained how investors can fulfil their ownership responsibilities while encouraging the disclosure of how principles are applied.

In New Zealand, the growth of CSR reporting over the years 2015 and 2016 is attributed to increased investor pressure, customer awareness, as well as a wider appreciation by organisations that non-financial information and risk management are key to a firm's value creation and protection (KPMG, 2017:17). However, CSR reporting is lacking in objectivity, transparency, and balance. The Corporate Governance Code introduced by the New Zealand Stock Exchange acts as a catalyst for better business reporting by stating what is expected. Miles (in KPMG, 2017:17) is of the opinion that the implementation of this holistic approach in New Zealand will optimistically improve companies' compliance-entrusted frameworks such as integrated reporting and GRI being utilised as fundamental business tools to define and improve business value.

3.2.3 CSR view in North and South America

According to Blue (in KPMG, 2017:23), CSR reporting in the USA is primarily driven by three key factors; the most crucial factor being shareholder and investor interest in sustainability, which is pushing socially irresponsible businesses to start embarking on CSR activities and make disclosures. Secondly, inclusive of Securities and Exchange Commission (SEC) filings, businesses are required to also disclose climate change-related activities. Lastly, the industry-specific sustainability accounting standards issued by the influential Sustainability Accounting Standards Board advise companies

on the CSR disclosure that should be included in their Financial SEC filings. These three factors have driven higher reporting rates and largely increased companies' participation in CSR activities and disclosure in their annual reports.

In the American milieu, CSR has served as the core for several social concerns such as healthcare, education, and community investment (Camilleri, 2016:1). Moreover, due to low levels of welfare state provision, the markets for capital and labour in the USA are fairly unregulated. CSR activities within the arenas of volunteerism, environmental affairs, philanthropy, and stewardship are not mandatory legal requirements. As a result, CSR in the USA is pigeonholed by voluntary business engagements with society. Fifka (2013:341) argues that such businesses' engagements with society are also referred to as corporate citizenship. CSR and corporate citizenship include voluntary responsible behaviours that rise above financial reporting requirements. Porter and Kramer (2002:65) note that these behaviours are predominantly evidenced in philanthropic engagements, stewardship initiatives, and cause-related marketing.

Responsible behaviours are progressively being entrenched in businesses' strategic decisions and core business functions in the USA. The USA has developed major institutional frameworks and ethics to regulate CSR; mainly social and environmental engagement (Camilleri, 2016:2-3). Regulations and voluntary instruments encompass formal accreditation systems and laws that encourage all businesses to embark on and report on their CSR activities and initiatives. Additionally, several American government agencies have employed CSR programmes that mainly focus on providing guidance on social welfare, corporate citizenship, human rights, anti-corruption, labour, supply chain, and environmental issues.

Brammer and Pavelin (2005:17) argue that businesses in the USA engage in CSR activities more than their British counterparts. Policymakers regulate global warming issues, and the use of "genetically modified organisms" in food production is different from similar businesses in Britain. In other parts of the globe, issues related to global warming, climate change, as well as the provision of healthcare services and basic education, have traditionally been regarded as the government's responsibilities. However, in some jurisdictions, corporate responsibilities for environmental and social concerns are mandatory regulatory requirements (Camilleri, 2015:218).

Larger businesses are therefore the leading drivers and actors of sustainable behaviours and CSR engagement.

According to Zibas (director of sustainability services of KPMG in Brazil), CSR reporting is driven by several factors in South America (KPMG, 2017:13). Firstly, the region is rich in terms of natural resources and companies need a social licence to have access to these natural resources. As a result, several companies construct infrastructure like schools, hospitals, and sports fields for communities in order to improve their relationship with these communities. In turn, this has led to a culture of CSR reporting as companies demonstrate their contributions to the community. Secondly, the region's companies face high non-tariff trade barriers on exports such as demands from foreign consumers and governments for human or environmental rights certificates and fair trade certificates. CSR reporting helps companies to overcome these barriers.

Thirdly, companies in South America are attempting to regain and maintain public trust through CSR reporting after several corporate scandals such as the collapse of Samarco dam in 2015, which became the worst environmental disaster in the history of Brazil. The level of reporting is thus driven by these trends that are integrated with new government regulation developments, stakeholder pressure, and stock exchange requirements. Zibas (in KPMG, 2017:13) argues that in order for CSR levels to grow even higher in South America, more properly enforced and mandatory government regulations should be implemented.

According to Haslam (2004:5), CSR in South America can be categorised into two major dynamics. Firstly, there is a large gap between CSR practices in the USA and Canada on the one hand, and South America at large on the other hand; notwithstanding the fact that South America is faced with major inequalities and social problems within the Americas. Secondly, there is a comparable gap within South America whereby most of the developing nations (e.g. Brazil, Argentina, Mexico, and Chile) are much further ahead with CSR-engagement activities than the rest of the countries (i.e. Cuba, Peru, Dominican Republic, Colombia, and Bolivia). For example, Haslam's (2004:10) study indicated that most Brazilian companies have a level of CSR-engagement activities that is quite close to the levels of CSR activities of Canadian companies. In short, there is a dominance of CSR engagement codes and

reports among Brazilian companies, which plays a significant role in assisting with ways of solving the country's most significant social problems, such as poverty.

A study conducted by Araya (2006:32) revealed that 43% of Brazilian companies were most likely to report social and environmental actions in their annual reports, relative to 33% in Mexico and 22% in Chile. Remarkably, Brazilian companies outperformed even those companies in South America that are headquartered in North America (7%) and Europe (26%). The supremacy of Brazil in the South American CSR engagement rating is also driven by the positive responses of Brazilian customers to CSR. According to the 2007 study steered by three Brazilian organisations (Market Analysis Brasil, Instituto Akatu, and Instituto Ethos de Responsabilid), 77% of the participants were interested in knowing more about the Brazilian companies' CSR efforts.

Correspondingly, 63% of the study's participants expected Brazilian companies to be good corporate citizens by embarking on CSR activities (specifically socially responsible activities). More interestingly, 24% of the participants had actually prioritised CSR-engaging companies when buying products and services. Others (13%) even went to the point of engaging in "mouth-to-mouth" with these companies (specifically CSR-engaging businesses). Twenty-seven percent had actually disciplined none-CSR-engaging businesses by not buying their products and services and also not engaging in "mouth-to-mouth" with them. In short, businesses' CSR seems to be significant to Brazilian customers when buying products and services.

In Mexico, the CSR reporting rate has been improved by investor pressure, enforceable regulations, and stock exchange innovation (KPMG, 2017:17). In 2013, the government of Mexico passed the General Law on Climate Change, which requires firms to disclose their carbon emissions. Bolsa Mexicana de Valores (Mexico's stock exchange) also introduced sustainability indices that several listed firms have joined in order to obtain new investors. For a firm to join, sustainability or CSR reporting is a requirement. The increasing level of foreign investment in Mexico has also resulted in an increase in CSR reporting. Companies seek foreign investors, and foreign investors are increasingly looking for sustainability reporting before they invest. According to Gonzalez (in KPMG, 2017:17), large companies in Mexico are adopting sustainability as a long-term corporate strategy. However, it is still a

challenge for Mexico's SMEs to be convinced that sustainability is a must for future risk management and profit generation.

According to Cajiga (2004:231), businesses in Mexico, as elsewhere, embark on CSR through strategic philanthropy, social investments, positive engagement in social and political speeches, and acting responsibly in dealings with community members and any other concerned parties. A study conducted by Velasquez *et al.* (in De San Miguel, 2017:3), which reviewed 46 companies, found that only 13 companies had structured CSR frameworks and that these frameworks were accessible on each company's website.

The Mexican constitution, which came into being in 1917, explicitly mandated businesses to formulate a paternalistic approach to employees (McGuinness, 1998:370). This approach lately became part of the legislation. Under this legislation, businesses are obligated to provide employee benefits such as healthcare, meals on site, and housing. In recent years, businesses have become actors that embark on CSR without mandatory legislation (Viesca-Sada, 2004:24-25). However, most of the Mexican businesses that provide patronage and social support for citizens also expect a benefit of some sort, either from the government or the citizens. This can be referred to as a social contract that business build with the community. If one party fails to perform, it will lead to a breach of contract.

A study that focused on 111 Mexican MNCs found that CSR nurtures honest value creation when accompanied with voluntarism, visibility, and centrality (Husted & Allen, 2009:796). De San Miguel (2017:4) argues that CSR in Mexico is at an early stage of development and is mainly driven by charity, welfare, and philanthropic notions. However, charity and philanthropy are well established in the Mexican culture. It can be said that Mexican businesses that embark on CSR activities as their way of doing things (i.e. culture) are voluntarily engaging in CSR activities. This is simply because there are no government fines for a business with no CSR involvement.

According to Paul *et al.* (2006:69), a number of businesses in Mexico publicise their CSR activities as a means of philanthropy, and to emphasise their gratitude for the contributions of several stakeholders. Institutional pressures guide the decision making of organisations, and the same may be said for CSR. The more the organisation values the needs of the public, the more its decisions will not jeopardise

the living standards of the host community. Although caring for the community matters, generating money still remains a major concern for businesses. The same may be said for businesses in Mexico and elsewhere.

De San Miguel (2017:4) argues that CSR growth in Mexico is slightly more shaped by civil society than by the private business sector agendas and that CSR in the country is mainly demonstrated by the robust social investment component. Mexican businesses with robust market orientation seem to also have robust CSR activities (Felix, 2015:174-175). This indicates that successful Mexican businesses that effectively meet customers' needs are strategically prone toward CSR engagement. For Mexican businesses that want to carve a long-lasting niche in the market, CSR engagement appears to be the "way and truth".

Cortez-Alejandro, Rodríguez García and Méndez Sáenz (2013:42-43) argue that there is a positive relation between CSR (specifically ethical behaviour) and reduced business risk and long-term sustainability. Moreover, a general understanding exists that CSR can be utilised to change social welfare through the use of business resources. According to Salazar, Husted and Biehl (2012:175), CSR activities should be measured and managed just like any other project. The actual outcomes attained should be quantified and the pre-testing and post-testing control group designs should be utilised to gauge the effectiveness of CSR activities. The project led by CEMEX (the Patrimonio Hoy project) is an example of a CSR project that fell short of its critical objectives mainly because of a lack of planning and measurements (Salazar *et al.*, 2012:180). Nevertheless, a failed CSR project is better than doing nothing, as O'Brien (2003) remarks that "it is better to try and fail than not try at all".

Thus far, the literature shows that CSR is present in the Mexican context. However, it seems to centre around self-interested control. Businesses in Mexico show less philanthropic participation than other South American companies do (Muller & Kolk, 2009:331-332). Despite some of the large Mexican businesses that engage in CSR as noted above, CSR in Mexico is observed as being less established compared to the USA (Becker-Olsen, Taylor, Hill & Yalcinkaya, 2011:32). Furthermore, the Mexican ethical frameworks are not as well defined as in the USA; thus resulting in issues of problematic internal cultures, conflict of interest, and transparency.

A Mexican study conducted by De San Miguel (2017:8) found that the best approach to develop CSR in Mexico is through training a new generation of business leaders to know that CSR includes empowering business employees and customers so that they can achieve their needs, as described by Maslow's hierarchy of needs. Moreover, the country should also embrace the formulation of a civil society that is capable of applying normative values that can push businesses towards CSR initiatives. Mexico could also review other countries' CSR frameworks and see how those practices can reshape its CSR.

3.3 THE AFRICAN PERSPECTIVE OF CSR

Africa is a continent of conflicts, poverty, and environmental degradation (Kolk & Lenfant, 2010:243). Most of the businesses that operate in Africa are MNCs that mainly focus on mining, as the continent is known for its riches in minerals. These MNCs are expected to prioritise their social responsibilities in line with local needs (De Jongh & Prinsloo, 2005:114, 120). According to Visser (2006:4-6), MNCs in Africa should prioritise CSR and economic responsibilities, followed by philanthropic, ethical, and legal responsibilities. There has been criticism about CSR activities provided by MNCs in Africa failing to improve relationships with host communities, and also not addressing the main causes of underdevelopment (Idemudia, 2008:110-111).

Most African countries are faced with similar dilemmas, such as poverty, unemployment, lack of educational and health infrastructure, outbreaks of diseases (e.g. cholera and HIV/Aids), and conflicts over natural resources such as oil, diamonds, uranium, copper, iron ore, and phosphates (Kolk & Lenfant, 2010:245; Idemudia, 2008:91). Kolk and Lenfant (2010:244) posit that MNCs that operate in African countries are expected to pay taxes and give back to the community. Due to similar economic and social conditions in African countries, these companies tend to embark on similar CSR activities. These CSR activities include the provision of educational and health infrastructure, water and electricity, scholarships, and sports fields (KPMG Angola, 2013:8).

Ijaiya (2014: 66) argues that in Nigeria, CSR was firstly taken into consideration by the government and MNCs in the late 1990s after the Ogoni crisis. Major oil companies in Nigeria, such as Shell and Stotoil, are significant contributors to CSR activities, which include the provision of scholarships, water and electricity, and infrastructure

development (i.e. schools, clinics, and hospitals). As a member of the WBCSD, Shell recognises all three aspects of sustainable development, namely CSR, corporate financial responsibility, and corporate environmental responsibility (Ijaiya, 2014:66). Moreover, Shell is also involved in CSR scientific research and donated R217.3 million for community development in the year 2011.

In Angola, CSR by multi-national oil-mining companies such as Stotoil includes being environmentally and socially responsible, being committed to community development, and conducting operations transparently and ethically (KPMG Angola, 2013:44). The water supply project by Stotoil in Angola has resulted in constant water availability, an increase in activities such as livestock and construction, and improved hygienic conditions, which led to the reduction of diseases like cholera (KPMG Angola, 2013:102). As a result of education and the learning support initiatives undertaken by Total (oil and gas company) in Angola, approximately 98.8% of learners finish Grade 12 and around 29% enrol in higher education (KPMG Angola, 2013:97).

3.4 THE SOUTH AFRICAN PERSPECTIVE OF CSR

In South Africa, businesses are required by law to conform to Broad-Based Black Economic Empowerment (B-BBEE), which the government regards as a substantial CSR aspect (Arya & Bassi, 2011:677-678). B-BBEE is a South African programme instituted by the post-apartheid government as an initiative aimed at addressing historical imbalances by facilitating the participation of previously disadvantaged black people into the mainstream economy. It was initially established as Black Economic Empowerment (BEE), which was later expanded to B-BBEE. During the expansion, several changes were made, which, among others, included penalties in certain situations, codes of good practice, legal requirements, and a scorecard including disciplinary measures like heavy fines or even imprisonment for partial or non-compliance (Kruger, 2014:95). B-BBEE is governed by the B-BBEE Codes of Good Practice institutionalised in February 2007 (and amended in 2013) and the B-BBEE Act No. 53 of 2003. In sectors like mining, businesses are required to be B-BBEE compliant to successfully tender for public entity and government tenders, as well as to obtain operating licences. In the private sector, suppliers are required by their main clients to be B-BBEE compliant so as to boost their own B-BBEE ratings (Skinner & Mersham, 2008:245).

According to Trialogue (2017:198), companies are required to spend 6% of their profits on the skills development of their staff members in order to earn 20 points on the B-BBEE scorecard. Skills development also includes education and training of unemployed black people, which most companies do through CSR activities. While large companies are most active in CSR activities, SMEs from a range of sectors are also adopting socially responsible policies. According to Solomon and Marou (2012:29), the influence of sustainability reporting remains a powerful driver where B-BBEE is a prominent characteristic of South African CSR.

Skinner and Mersham (2008:113) describe the internationally recognised King reports as a codex of CSR in South Africa. The King reports are widely adopted by South African businesses as their guidelines pertain to good corporate governance. King I came into being in 1994. Subsequently, the King II, III, and IV reports unequivocally address the relevancy and the need for businesses to acknowledge all their stakeholders and to adopt the triple bottom line approach in corporate governance, which focuses on environmental, economic, and social concerns. The King clauses are not compulsory for any organisation; however, they mandate organisations to participate in CSR activities or to explain the rationale behind non-compliance (Skinner & Mersham, 2008:113).

Notwithstanding these developments, there are many arguments regarding the value of B-BBEE and its effectiveness. Kruger (2014:80-81) states that South African managers claim that B-BBEE reduces operational capabilities and firms' ability to compete effectively and efficiently in global and national markets. Furthermore, critics reject B-BBEE, claiming that it is an unfairly applied initiative that enriches individuals through corrupted black political elite, undermines qualities, and is a reverse system of apartheid. It also draws criticism by failing to address key challenges such as proper corporate obligations towards employees.

Fig (2005:601) argues that most South African businesses have abandoned the term "CSR" in support of the term "CSI" in order to divert attention from calls on firms to redress the historical imbalances of the apartheid legacy. Fig (2005:601) further suggests that organisations have responded weakly to CSR activities due to CSR pressures. Voluntary sustainability initiatives have not prospered, and compliance with BEE charters and environmental standards should be mandated and controlled.

Fig (2005:601) opposes that CSR activities in South Africa are regarded as self-serving and cosmetic.

Ndhlovu (2011:81) argues that CSI accountability and performance-based measures have been adopted in South Africa. Beginning with the first democratic elections in 1994 and succeeding the B-BBEE Act of 2003, organisations have been experiencing rising pressure to play a more active role towards societal developmental goals such as the reduction of inequality and poverty alleviation. Government contracts can only be secured by those organisations that conform to B-BBEE codes of good practice and the balanced scorecard. Furthermore, compliance with industry charters also became significant. These developmental goals have had an influence on financial and social standing, even for those organisations that do not trade directly with the government (Ndhlovu, 2011:81). For instance, Strate Ltd (a company that offers settlement, clearing, and depository services for securities) “has adopted the Financial Sector Charter voluntarily, although it does not apply to Strate directly. The commitment to perform in accordance with the Charter remains strong as Strate view’s empowerment as an opportunity” (Strate, 2016:52).

According to Trialogue (2006:6), CSI, which in South Africa has basically been a voluntary practice, steadily became a more performance-driven pursuit focusing on accomplishing developmental impact. In fact,

CSI summarises the essence of this shift towards more strategic programming, as opposed to corporate philanthropy. An investment implies that a return is expected: a return in terms of social uplifting for the broad transformation agenda and, increasingly, a return for the business or industry itself (Hamann, 2009:438).

CSI activities in South Africa have over time become more focused on governance, partnerships, and sustainable development (Hamann, 2009:436). CSI can also benefit participating organisations by improving their reputation, and thus maintaining their legitimacy and credibility (which better positions them with government officials and other businesses). According to Van Rooyen (2007:126-127) and Trialogue (2006:8), businesses in South Africa are involved in skills training, thereby creating a conducive environment for employees and positively contributing to the social transformation agenda of the government.

Hamann (2009:440) argues that while CSI is part of CSR or corporate citizenship, it also includes aspects such as labour relations, environmental standards, good governance, business ethics, as well as safety and health issues in the work environment. Ndhlovu (2011:82) notes that

[e]ven though the budget of R2.88 billion apportioned to CSI in 2005/2006 became a drop in the ocean compared to the government total spending, the speed and flexibility at which corporate businesses disburse their funds relative to government bureaucracies, ensure that they are effective in accomplishing the maximum desired impact.

A number of examples can be cited where resources have been dedicated to CSI and sustainability management. For example, GreaterGood (a company in South Africa) has reinforced NPOs and offered specialist services in educating and training CSI managers and keeping them well informed of other developments. Old Mutual has been engaging in CSR activities since 1965 and was also an active member in the drafting of the Financial Services Charter (Ndhlovu, 2011:83). Old Mutual continues to invest in semi-urban and rural areas, specifically in health and education. In 2005, Nedbank received the South African Mail & Guardian Greening the Future Award and also won the Banker Emerging Markets CSR Award in the same year. A significantly large portion of total CSI spending comes from a small group of large businesses. Most of these businesses specialise in finance and food. Table 3.1 illustrates the top 10 CSR contributors in South African for the year 2016.

Table 3.1: Scores of the top 10 CSR-contributing companies in South Africa

No.	Company	Score
1	Clover	78.1
2	Coca-Cola	76.2
3	Woolworths	75.4
4	Spar Group	74.9
5	Massmart (Makro/Game/Dion)	73.3
6	Pick n Pay	72.6
7	First National Bank	72.1
8	Nestlé	71.6
9	Sanlam	70.2
10	Old Mutual	69.9

Source: Compiled by the researcher

Table 3.1 shows the scores (that is, scores on their balanced scorecards out of 100 points) for the CSR participation of different businesses in South Africa. The higher the score, the more CSR/CSI programmes the company engaged in. Clover has the highest score (78.1 points), which means that it was the overall biggest CSR/CSI contributor in South Africa for the year 2016. Coca-Cola and Woolworths followed.

In the South African mining sector, Anglo American is also a prominent receiver of CSI recognition and awards (Ndhlovu, 2011:83).

Hamann (2009:442) points out that

[w]ith the political changes in the 1990s, the restrictions (trade restrictions and sanctions during apartheid) diminished and South African companies became part of and exposed to the global economy, including the concept of CSR as it was emerging in the UK, in particular.

As a result, the companies that have featured most prominently in the South African CSR discourse are the “depatriated” companies, i.e. former South African companies that have moved their registration and primary listing to overseas countries, for example the UK. The first companies to do this included Anglo American, SABMiller, and Old Mutual (Hamann, 2009:445). The move to one of the primary stock exchanges is widely seen to have created a strong motivation to establish CSR policies and to enhance public reporting because of the more comprehensive corporate governance and risk management requirements of the stock exchange, greater stakeholder expectations, and shareholder activism in northern countries.

Besides a long history in the expansion of CSI for businesses’ survival during the apartheid era, Babarinde (2009:360) argues that the business community was reluctant to embark on CSR activities for the benefit of the disadvantaged sectors of the population. According to Ndhlovu (2011:84), there is a general impression that South African businesses have engaged in CSI or CSR activities for survival because of legislative requirements. However, their CSR activities have not yet reached the entire public. In other words, businesses’ engagement in CSR activities has been largely determined and influenced by the regulations enforced by the government through B-BBEE and the historical conditions of South Africa. For example, South

African mines are required by law to conform to environmental protection and health and safety policies.

According to Valente (2010:49-50), collaboration between private organisations and the government is crucial for achieving CSR developmental goals. This includes assessing and measuring identified projects' impacts to guarantee delivery of projected social returns. For successful CSR engagements, businesses and the intended community (i.e. CSR beneficiaries) should be engaged in a meaningful way. Hohnen and Potts (2007:77) note that a more responsive social capital market must underpin the activities of social investors (i.e. businesses engaging in CSR activities), and the outcomes should be measured by the extent to which they have actually made a difference in people's lives.

CSIs in South Africa's scenery make a substantial contribution, with a projected R6 billion apportioned to CSI budgets in the financial year 2005/2006 (Triologue, 2006). This CSI funding increases annually by a certain percentage. While CSI funding is significant and grows annually, these funds are like a drop in the ocean compared to overall government spending, particularly in the education and health sectors. It is therefore crucial that businesses' resources are utilised strategically to accomplish accurately targeted and sustainable impacts. There are several possible CSI approaches and these can be defined in terms of their location on a spectrum, where one end denotes CSI activities that pursue business benefits, and the other describes those that aim for developmental impact (i.e. society). Figure 3.1 illustrates these approaches on the social benefits versus business benefit spectrum.

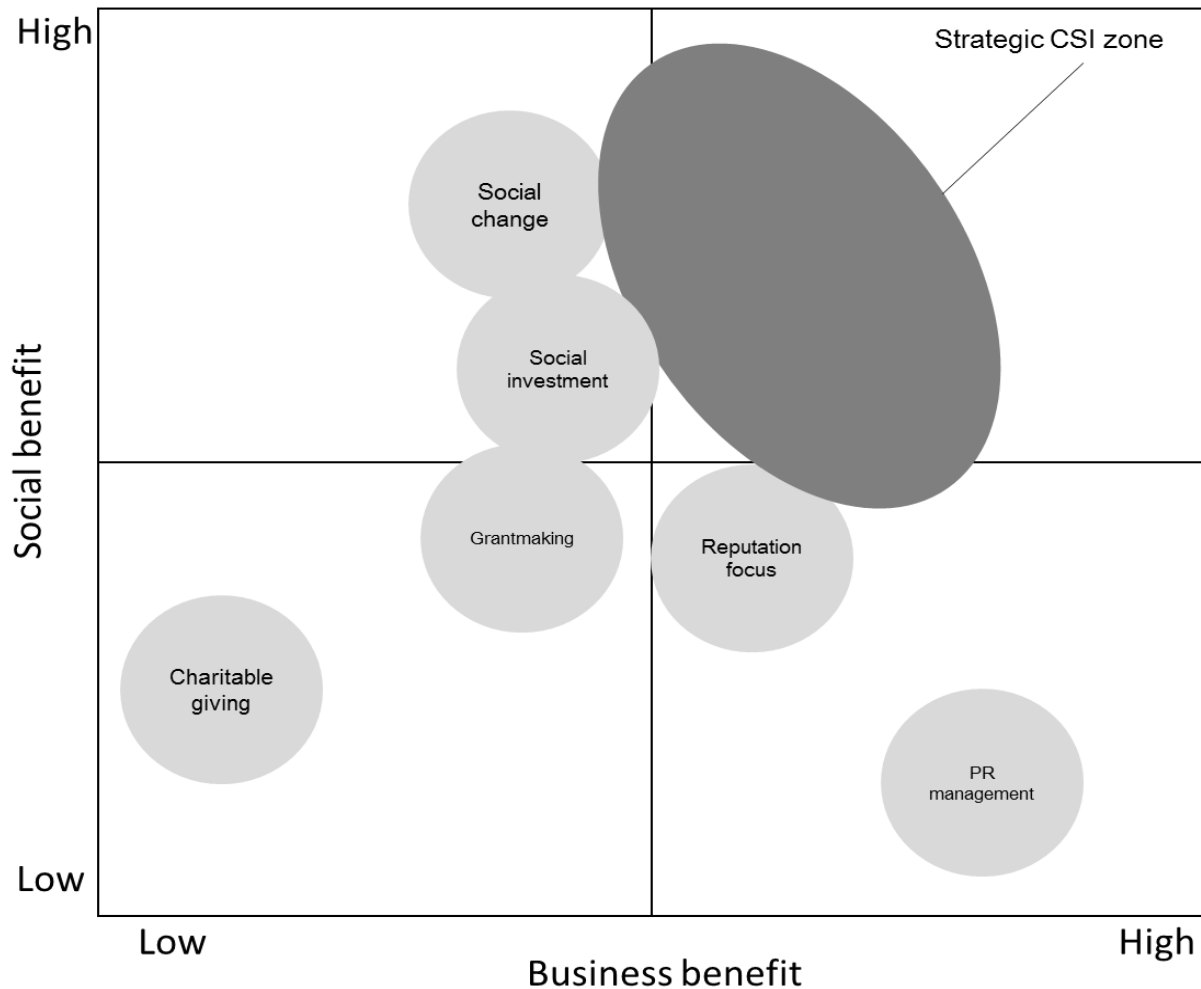


Figure 3.1: The corporate giving spectrum

Source: Trialogue (2006:9)

At one end of the spectrum, businesses that focus on social investment or influencing social change are more concentrated on increasing the social benefit (Triologue, 2006:9). On the other end, those businesses whose CSI programmes concentrate on reputation or publicity are more focused on maximising business benefit. Strategic CSI is a point of equilibrium where both social and business benefits are maximised. For strategic CSI, involvements should be directed toward social change or investment and reputation or publicity, as illustrated by the dark-shaded area in Figure 3.1. Businesses that focus on charitable giving and grant making create low social benefits, which are associated with low business benefits in return. The concepts utilised in Figure 3.1 are explained as follows:

- **Social change:** Businesses focus on system-wide community challenges rather than on individual or isolated challenges. They are determined to change

the structural causes of social challenges. A social change approach necessitates expertise in development and the ability to influence practices of development at national government or polity level. Striving for social conditions' improvement is likely to create long-term business benefits in the form of a better work environment and highly motivated employees. However, the social change approach does not prioritise business benefits.

- **Social investment:** CSI programmes in this practice involve long-term assurance in a project with a primary focus on returns. Social returns are well defined at the onset of a social project. As imperative components of the project, the project's outputs are measured and its impact is evaluated. Interim indicators are used to show whether the project is doing well to deliver the expected social return. Once the project continuity and its success are guaranteed, there is generally an exit plan for the business.
- **Grant making:** Businesses award financial resources according to predefined conditions. This encompasses keeping record of a project's inputs and outputs such as bursaries or scholarships provided for community members and the quantity of students who graduate in record time. The project impact is evaluated over time.
- **Charitable giving:** Here, businesses make donations to an unplanned range of cases. This method is not easy for businesses to track, simply because the use of funds is completely in the hands of the beneficiaries. This may include donations made by large companies to the World Health Organization and other NPOs.
- **Reputation focus:** Businesses engage in short-term projects that make them appear socially responsible or to be seen to be "doing good". Moreover, businesses may also embark on these projects in order to obtain a licence to operate or for short-term goodwill benefits.
- **Public relations management:** This approach speaks to publicity rather than social benefits as an organisation's motive of undertaking CSI is opportunistic. These initiatives should be funded from the marketing budget and not regarded as CSI initiatives because they are primarily marketing exercises (Triologue, 2006:9).

3.5 CONCLUSION

This chapter focused on a substantive review of CSR perspectives at the international, African, and national level. At the international level, the focus was placed on Europe (Eastern, Central, and Western), North and South America, and the Asia-Pacific region (Taiwan and New Zealand). At the African level, the focus was concentrated on the African continent as a whole, with specific examples of CSR activities in countries such as Angola and Nigeria. At the national level, the focus was on South Africa, where the study was conducted. In conclusion, it came to light that although the practice of CSR is not a universal standard, businesses all over the world voluntarily embark on CSR activities. It can be said that such businesses' practice is driven by the fact that businesses want to be perceived as being ethical. The following chapter addresses the study's research design and methodology.

CHAPTER 4

RESEARCH DESIGN AND METHODOLOGY

4.1 INTRODUCTION

This chapter focuses on the research design and the methods that were employed in attempting to answer the primary research question, namely “What effects do CSR activities have on the buying behaviour of customers in White City, Saldanha?” The chapter begins by discussing the study’s research design. It then proceeds to discuss the research setting, the study’s population and sampling, the data-collection tools, and the method used to analyse the collected data. Lastly, the chapter concludes with a description of the reliability and validity of the research instruments and ethical considerations.

4.2 RESEARCH DESIGN

This study employed a quantitative approach to illuminate the research data. According to Polit and Hungler (1999), quantitative research is a traditional scientific approach to research that is informed by positivism in the philosophical paradigm. It allows for a broader study that involves a larger number of participants, thereby improving the generalisation of the results. It also allows for accuracy and objectivity of results. Personal bias is avoided by using computational techniques instead of participating subjects. The strengths of the quantitative method are that it provides numerical, verifiable, and straightforward data, which are relatively simple to analyse, and the data provided are also comparable among communities in different places (ACAPS, 2012:7). However, there are also some weaknesses. The quantitative method leads to limited outcomes as respondents have limited choices of responses based on the selection made by a researcher, a researcher might use irrelevant theories with no reflection on the local population, and it may also be expensive and time consuming to perform the analysis (ACAPS, 2012:7).

The nature of this study is descriptive since it aimed to describe the relationship between CSR and customer buying behaviour. In order to achieve the aim of the study, the following objectives were set: (1) to explore customers’ perceptions of CSR activities in White City, (2) to determine the effects of awareness of CSR activities

conducted by businesses on customers' buying behaviour; and (3) to devise strategies that could be used to enable organisations and customers to benefit from CSR activities in the future. Quantitative research was deemed suitable for this study because it allows researchers to measure and analyse data, and the relationship between the variables can be studied in detail (Almeida, Faria & Queiros, 2017:382). The researcher therefore aimed to achieve objective results regarding the effects of CSR on the buying behaviour of customers. However, the quantitative approach requires a large sample of the population to be studied, as the larger the sample, the more statically accurate the results will be. The researcher therefore sampled a large group from the population.

The study also utilised the historical approach to illuminate the extant knowledge gap in existing studies, which, to some extent, are analogous. Furthermore, the historical approach enhanced the understanding of the current and historical customer perceptions and responses towards a business' CSR activities. According to Busha and Harter (1980:90), the historical approach involves the

systematic collection of data which is preceded by the objective evaluation of information related to past events, so as to test hypotheses in regards to their causes and effects in order to be able to explain the present trends and have focus on the future.

Understanding the phenomena (customers' response to a business' CSR) by current trends and historical analysis enables analytical projections or prognostication of a phenomenon (Whetho, 2014:12).

4.3 RESEARCH SETTING

Research setting denotes a site, an environment, or place where data are collected for research. The data for this study were collected from White City, Saldanha. White City is a small suburb within the Saldanha Bay Local Municipality, which is located on the West Coast in the Western Cape province of South Africa. The suburb is home to different income groupings (low-, medium-, and high-income earners); however, most of the permanent residents of this suburb fall in the low- to medium-income brackets (i.e. R1 to R404 901 income per annum). Two military units are located in this suburb, namely the South African Military Academy and SAS Saldanha, a naval training unit.

According to the White City census (Frith, 2011), White City has a total population of 6 204 people, of which 2 078 (33.5%) are employed. Of the total employed residents of 2 078, 1 849 (89%) fall within the low- to medium-income bracket. Moreover, approximately 1 551 (25.2%) of the entire population have completed Grade 12 and/or post-Grade 12 certificates or degrees. The majority of the residents speak isiXhosa and/or Afrikaans as their home language(s). Figure 4.1 illustrates the Google Maps location of White City.

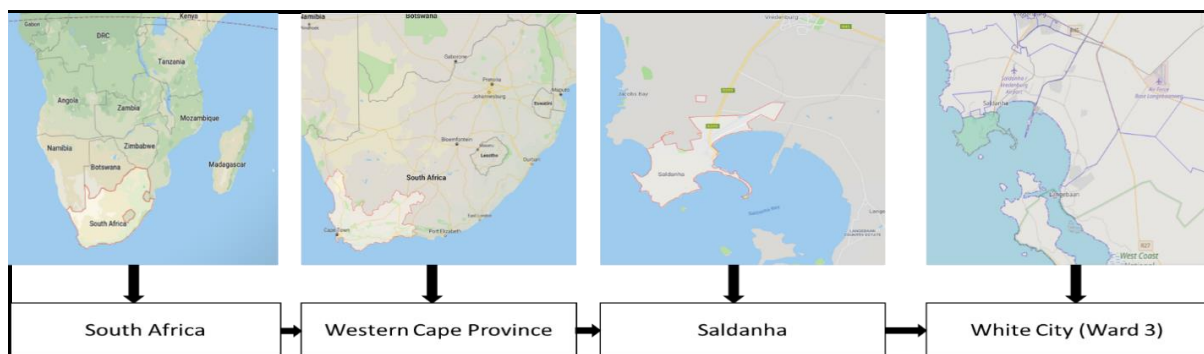


Figure 4.1: Google Maps location of White City (Ward 3) in Saldanha

Source: Compiled by the researcher utilising Google Maps

Figure 4.1 illustrates the geographical location of White City in Saldanha. The illustration starts by showing the country (South Africa), then the province (Western Cape), then the town (Saldanha), and finally White City, which includes two military bases, all of which form Ward 3 of the Saldanha Bay Local Municipality. In Figure 4.1, the area of reference (i.e. White City in Ward 3) is shaded with the colour green.

4.4 RESEARCH POPULATION AND SAMPLING

Polit and Hungler (1999:37) define a population as a totality or an aggregate of members, subjects, or objects that a study is conducted on and which will be directly affected by the research project. Bless, Higson-Smith and Sithole (2013:161-162) define sampling as a method or a criterion that is used to select a sample from the population of a study.

4.4.1 Population and sample

The study's population comprised 2 078 residents who reside in White City, Saldanha. This number represents White City residents who are employed, receive a monthly

income, and are within the low- to medium-income bracket. Households whose income is mainly derived from any government pension or grant were not part of the total population. Unemployed individuals are constrained by their buying power, which force them to prioritise product's price over a business's corporate citizenship. The same applies to government pension or grant recipients. The little income they receive force them to prioritise prices over businesses' corporate citizenship in order to satisfy at least the most human basic needs (i.e. food and shelter). The reason for choosing this population is because the researcher sought to examine the effects that CSR has on the buying behaviour of customers who reside in White City. This was achieved by examining whether the residents of White City consider a business' CSR activities or CSI programmes when buying the products and services of their choice.

This study made use of a simple random sampling method. According to Taherdoost (2016b:21), simple random sampling means that every member or item of the population has an equal chance of inclusion in the sample. However, the standard errors of estimators can be high, and a complete list of all units in the whole population is needed. Also, in some studies with geographically widely scattered units, the costs of obtaining the sample can be very high. The sample for this study consisted of employed White City residents who were 18 years and older. The researcher believed that their inputs are crucial, given the fact that they receive a monthly income, have awareness or an idea of what CSR activities or CSI programmes are, have a choice of whom to support when they buy products and services, and whom to work for (especially for expert employees who are in demand by employers).

Using simple random sampling, 335 questionnaires were distributed and administered in White City, of which 311 were returned. Participants were distributed into three (3) locations namely, SAS Saldanha, St. Andrew's Primary School and house- to house. The questionnaires were cautiously examined and checked for validity and reliability. All 311 questionnaires were later captured using SPSS. Ten participants were utilised to pilot the questionnaire and these participants were not included in the sample of 335. The reason for the high response rate is that most of the participants were happy to be part of the study at a master's level, whose output will be published. The majority of the participants were friendly towards the researcher. These factors made it easy for the researcher to collect data.

Polit and Hungler (1999:278) define eligibility as the characteristics that the prospective study participants must possess in order to be included in a study. In this study, the participants had to be employed residents of White City, whose income was within the low-to medium-income bracket. These participants also had to be present at the area where data were collected. All 311 respondents met the required characteristics.

4.4.2 Sample depiction

This section depicts the study's sample distribution. It also illustrates the respondents' bibliographical information, which includes age, gender, income, educational qualification or level, as well as the sector from which their income is primarily derived. Table 4.1 presents the sample distribution of the study's respondents based on the variables mentioned.

Table 4.1: Sample distribution

Variable	Frequency		Percentage (%)	Cumulative %
Gender	Male	191	61.4	61.4
	Female	120	38.6	100
Total		311		
Race	African	198	63.7	63.7
	Coloured	79	25.4	89.1
	Indian	6	1.9	91
	White	28	9	100
Age	19-29 years	135	43.4	43.4
	30-39 years	98	31.5	74.9
	40-49 years	42	13.5	88.4
	50-55 years	36	11.6	100
Educational qualification	Less than Grade 12	23	7.4	7.4
	Grade 12 or National Higher Certificate	248	79.7	87.1
	Degree or honours degree	38	12.2	99.4
	Master's or PhD	2	6	100
Annual income	Less than R100 000	24	7.7	7.7
	R100 000-R200 000	121	38.9	46.6
	R200 001-R300 000	125	40.2	86.8
	R300 001-R404 901	33	10.6	97.4
	R404 901 and above	8	2.6	100
Current occupation	Public sector	306	98.4	98.4
	Private sector	2	.6	99
	Self-employed	3	1	100

According to the sample distribution in Table 4.1, the sample of this study consisted of a total of 311 respondents, of which 191 (61.4%) were males and 120 (38.6%) were females. In terms of the racial composition of the study's sample, the majority (198; 63.7%) of the respondents were African people, followed by coloured people (79; 25.4%), then white people (28; 9%), and, lastly, Indian people were the least represented in the sample (6; 1.9%). Presumably, the rationale behind the majority of respondents being African and coloured could be substantiated by the fact that White City is home to low- to medium-income earners, and this group happens to be Africans and coloureds. Coloureds are the majority in White City; however, their unemployment rate is high relative to that of Africans (Frith, 2011).

According to the age groupings, 135 (43.4%) of the respondents were in the 19-29 years age group, followed by 98 (31.5%) in the 30-39 group, and 42 (13.5%) in the 40-49 group. The age group of 50 years and above was represented by 36 (11.6%) of the participants, and it was the age group with the lowest representation in the sample.

In terms of the educational qualifications of the respondents, the majority (248; 79.7%) of the respondents had Grade 12 and/or a National Higher Certificate, followed by 38 (12.2%) with a degree or honours degree, 23 (7.4%) with less than Grade 12, and lastly, 2 (6%) with a master's and/or PhD degree, which was the least represented in the sample.

The majority of the respondents were within the income bracket of R200 001 to R300 000 (125; 40.2%), followed by 121 (38.9%) within the R100 000 to R200 000 bracket, and 33 (10.6%) within the R300 001 to R404 901 bracket. Two (2.6%) respondents earned an annual income above R404 901.

In terms of the primary source of income, as shown in Table 4.1, the majority (306; 98.4%) of the respondents worked for the government (public sector). Only two (0.6%) of the respondents worked in the private sector and three (1%) were self-employed.

4.5 DATA-COLLECTION TOOL

A data-collection tool refers to a tool used to collect data, such as a questionnaire, structured interview schedule, test, or checklist (Abawi, 2013:1-2). Primary and secondary sources were utilised to gather data for this study. The primary source of

data refers to the data collected directly from the source, or participants, through the use of tools such as interviews and questionnaires, whereas secondary data are data collected from sources such as books, journal articles, and the Internet.

4.5.1 Primary sources

According to Polit and Hungler (1999:466), a questionnaire is a method of collecting data or information from participants regarding their knowledge, perceptions, beliefs, attitudes, and feelings. Roopa and Rani (2012:273) describe a questionnaire as “a series of questions asked to individuals to obtain statistically useful information about a given topic”. Generally speaking, there are two types of questionnaires, namely structured and unstructured questionnaires. A structured questionnaire is one in which all questions and answers are specified (Roopa & Rani, 2012:274), whereas an unstructured questionnaire is one in which there are no specified questions and answers. Brink and Wood (1998:293-299) posit that the following facets characterise a questionnaire:

- Respondents feel that they maintain anonymity and they can express themselves freely without any fear of identification.
- Data from a broad range of topics may be gathered within a limited time period.
- It is less expensive and time efficient compared to conducting personal interviews.
- The format is the same for all subjects and is independent of the interviewer’s mood.

According to Bird (2009:1313), structured closed-ended questionnaires are clear, with no ambiguity, are easy to use, scalable, practical in nature, quick and easy to collect data, and allow participants anonymity. There is also flexibility to the participants as they answer questions on a hard or soft copy, not to a person as in an interview. However, dishonesty can be an issue because there is no control over respondents’ environment, they are less reliable, not suitable for illiterates, and sometimes the answers obtained can be wrong (Ahmad, 2012:4). It also becomes difficult to convey feelings and emotions, some questions may be difficult to answer, and participants may have hidden agendas.

This study employed a structured closed-ended questionnaire to collect data relevant to the study's questions and objectives. The questions in the questionnaire sought to elicit answers to the research questions based on the respondents' perceptions of a business' CSR activities. The questionnaire was prepared in two languages, namely English (see Appendix A) and Afrikaans (see Appendix B), in order to cater for the linguistic profile of the participants, which included both Afrikaans- and English-speaking people (the majority of whom were Afrikaans speaking). The researcher enlisted the assistance of a certified translator to translate the questionnaire from English to Afrikaans.

The questionnaire comprised three sections. The first section consisted of biographical information such as current occupation, highest qualification, race, gender, and monthly income range. The personal data collected enabled the researcher to understand the CSR perceptions of different respondents in terms of education, occupation, gender, income, and race. Understanding participants' inputs based on race enabled the researcher to examine different participants' inputs based on racial and income distribution. For example, previously disadvantaged people may not consider CSR when buying products and services because of income inequality, while previously advantaged people may consider CSR. Moreover, people's perceptions may also be influenced by how a person has been raised and the teachings of the surrounding people. Hence, a certain ethnic group may perceive certain things differently from another ethnic group.

The second section consisted of an instrument used to measure the CSR variable. It comprised 10 closed-ended questions. The participants completed this set of 10 questions, whereby a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), was utilised to rank the data.

The third section comprised an instrument used to measure the variable "Customer buying behaviour", which also consisted of 10 closed-ended questions. The reason for using an ordinal scale (Likert type) is because the researcher required the responses to be in an orderly manner with low rank representing low level in relation to high rank. The distance between ranks had no meaning and there was no absolute zero.

4.5.2 Secondary sources

The secondary sources for this study included journal articles, books, municipality reports, company reports (KPMG reports and CSR reports), and the Internet. All of these secondary sources provided broad background information, which was complementary to the data generated from the primary source (i.e. the questionnaire).

4.6 DATA ANALYSIS

Content analysis was utilised to evaluate the data collected from secondary sources. The data collected from primary sources were analysed using SPSS. According to Parveen and Showkat (2017:1), content analysis is about analysing what has been written, said, or recorded. According to Neuman (2014:49), content analysis involves “gathering and analysing the content of the text”. Its strengths include the facts that it is a safe process, biasness is easily eliminated, and errors are fixed more easily without affecting the entire study or project (Maier, 2017:4). However, content analysis also has shortcomings, which include the fact that it can be time consuming, complex, and labour intensive, especially when dealing with detailed data. The researcher carefully analysed the questions on the questionnaire in order to ensure that the questions were aligned to the research questions. The study’s research questions were utilised as “operational sign-posts” for determining the alignment of the questionnaire’s questions to the research questions and the hypothesis. The questions on the questionnaire were coded into specific instruments (i.e. customer behaviour and CSR), which were appropriate to the objectives of the study.

The researcher used SPSS to analyse the primary data (IBM Corporation, 2017). SPSS is a software package for analysing and presenting data, and it is an effective and flexible tool widely used in the social sciences (Landau & Everitt, 2003:11-12). However, SPSS only provides statistical information, requires training, and it is expensive. Descriptive statistics such as mean, standard deviation, maximum, minimum, response frequency, and percentage were used to describe the features of a specific dataset by giving short summaries about the sample and measures of the data. One item measuring CSR that was negatively worded was reversed and the composite variables for CSR were computed. Factor analysis was performed using EFA in SPSS, which resulted in four dimensions, whereby each study variable is

explained by two dimensions. Pearson's correlation coefficient was employed to measure the strength of the linear association between the two variables, namely CSR and customer behaviour. Finally, to model the effect of CSR on customer behaviour, multiple regression was employed. Individual CSR items were treated as independent variables.

4.7 RELIABILITY AND VALIDITY

The researcher ensured the reliability and validity of the research instruments. Carmines and Zeller (1979:11-13) define reliability as a tendency towards consistency found in repeated measurements. Moreover, it also concerns the extent to which an instrument yields the same results on repeated trials. Due to changes in situations, experiences, or moods, unreliability is inevitable. However, there is always a consistency in the results of a quality instrument gathered at different times. The researcher ensured reliability by using Cronbach's alpha coefficient, which uses a scale to test reliability. The coefficient scale ranges from 0 to 1, which indicates that the number closer to 1 is more reliable (Pallant, 2011).

Table 4.2 presents the Cronbach's alpha coefficients of the two instruments used to measure the independent variable (CSR) and the dependent variable (customer behaviour). It was conducted to identify each instrument's reliability, so as to ensure that the data collected are reliable to the study.

Table 4.2: Cronbach's alpha of the instruments

Variable	Cronbach's alpha	Cronbach's alpha based on standardised items	N of items
CSR	.814	.824	10
Customer behaviour	.844	.846	10
Cronbach's alpha reliability is acceptable at .70			

According to Nunnally (1978:182), a research instrument should have a reliability of .70 or more. The Cronbach's alphas for CSR ($\alpha=.814$) and customer behaviour ($\alpha=.844$) are reliable because they exceed the cut-off value of .70. This indicates that each latent variable scale has acceptable internal consistency reliability.

Validity can be defined as the extent to which an instrument measures what it is supposed to measure (Bostwick & Kyte, 1981:104). If an instrument is not reliable over time, it cannot be valid, as results can vary depending on when it is administered

(Carmines & Zeller, 1979:17-20). Straub, Boudreau and Gefen (2004:407) define content validity as “the degree to which items in an instrument reflect the content universe to which the instrument will be generalised”. In other words, do the questions measure the construct in question, or how accurately does a measurement tool tap into the various aspects of the specific construct in question? Content validity is measured by relying on the knowledge of subject matter experts or people who are familiar with the construct being measured (Taherdoost, 2016a:30). The experts are given measurement tools and asked to give feedback on how well each question measures the construct in question. The researcher made use of content validity in order to measure whether the instruments really measured the study concept. For example, the researcher determined whether the questions on the questionnaire really described CSR and customer behaviour.

4.8 ETHICAL CONSIDERATIONS

Ethical clearance for this research was obtained from the Research Ethics Committee: Human Research (Humanities), as attached in Appendix E.

The principles of honour for human self-respect (ethical considerations) and philanthropy were observed during data collection.

4.8.1 Confidentiality

The data collected from the participants who voluntarily participated in this study were kept confidential. The researcher prevented all data gathered within the scope of this study from being divulged to others by keeping it safe in his office. Nobody had access to the researcher’s office except the researcher and the researcher’s supervisor.

4.8.2 Informed consent

During the data-collection briefing (i.e. fieldwork), all the participants were informed about the study’s topic, aim, problem statement, the significance of the study, and the reason why they were chosen as participants. Each individual signed the consent form for participating in this study (see Appendices C and D). The researcher undertook the obligation to implement and conduct the research project with integrity, trustworthiness, and without bias.

4.8.3 Voluntary participation

All the study's participants were informed that their participation was voluntary and that they could withdraw at any time if they so wished. During the field phase, only one participant withdrew before he even started completing the questionnaire. The researcher took back the uncompleted questionnaire and excused the participant.

4.8.4 Harm

No harm was inflicted upon any participant. This also includes the participant who withdrew from the study. Furthermore, no harmful situation occurred that would have resulted in the researcher being ethically obliged to either change the study or cancel it, rather than subjecting any participants to harm or harmful influences. Based on the nature of the questions asked on the questionnaire, this study is classified as low risk.

4.8.5 Privacy

During data collection, the privacy of each participant was protected and respected. The questionnaires were distributed to the participants at various points where the participants were gathered. Two days were given to the participants to complete the questionnaires.

4.8.6 Anonymity

The participants were not compelled to write their personal particulars on the questionnaires, as the questionnaire only required their signature (no names, surnames, or cell phone numbers). The identity and location of the participants were kept confidential. For reference purposes, the researcher made use of numbers as pseudonyms. These numbers were in sequence, starting from number "1" representing the first questionnaire to number "311" representing the last questionnaire.

4.8.7 Termination

This study did not lack any adherence to the standards formulated during the planning phase. No participants were negatively affected by the study. Only one participant terminated his participation for reasons not known to the researcher, as the researcher

did not ask the reason for withdrawal. The study was approved by the Stellenbosch University Research Ethics Committee, with the reference number 10674.

4.9 CONCLUSION

This chapter discussed the study's design and methodology. The study adopted a descriptive quantitative approach aimed at describing the relationship between the independent variable (CSR) and the dependent variable (customer buying behaviour). The chapter also explained the research setting, population, eligibility criteria, sample, sampling method, and the distribution of the study's sample. Primary data were collected using a closed-ended questionnaire. Secondary data were gathered from diverse sources such as journal articles, books, business reports, and Internet sources. The primary data collected were captured and analysed using SPSS. Reliability was measured using Cronbach's alpha. Finally, the researcher also observed the values of honour for self-respect (ethical considerations). The following chapter undertakes a statistical presentation of the findings, data analysis, and draws conclusions from the collected data.

CHAPTER 5

DATA PRESENTATION AND ANALYSIS

5.1 INTRODUCTION

Drawing from the analysis in the preceding chapters, this chapter focuses on the presentation and analysis of the research data. The chapter begins with a presentation and discussion of the EFA and the item analysis. Two dimensions for each study's variables are established using EFA. Lastly, the chapter discusses the composite variables' and factors' correlation and multiple regression.

5.2 FACTOR ANALYSIS

This section presents the factor analysis results, which encompass the analysis of the dimensions of the different scales utilised in this study. These dimensional variables were computed using SPSS version 25. According to Pallant (2011:186), the main aim of factor analysis is to identify a possible number of factors or dimensions a scale comprises of. Factor analysis is used as a method of identifying or establishing whether a variable contains one dimension (unidimensional) or more than one dimension (multidimensional). It also ensures that observations and analyses are not misrepresented. Pallant (2011:184) posits that Kaiser's criterion determines that only components with an eigenvalue of 1 or more should be used to determine the number of factors to extract from a measure. According to Suhr and Shay (2009:5), a scree plot indicates the number of factors from a solution and is interpreted on the basis of the change in the elbow of the plot; only components above the elbow are retained in the final solution. The significance or acceptability of factor loadings should be on the basis of the $>.30$ criterion for acceptable values (Suhr & Shay, 2009:5; Pallant, 2011:198). Moreover, when multidimensionality exists, the factor loading is based on each item's higher value observed.

5.2.1 Factor analysis results of customer behaviour scale

This section presents the factor analysis results of the customer behaviour scale. Shown below are the EFA, the factor number of the eigenvalues, and the factor matrix for the customer behaviour scale.

Table 5.1: Exploratory factor analysis (EFA) of the customer behaviour scale

Total variance explained									
Factor	Initial eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	4.234	42.342	42.342	3.686	36.865	36.865	2.450	24.502	24.502
2	1.150	11.505	53.846	.656	6.556	43.421	1.829	18.919	43.421
3	.945	9.454	63.300						
4	.764	7.638	70.938						
5	.637	6.373	77.311						
6	.575	5.750	83.061						
7	.501	5.012	88.074						
8	.450	4.502	92.576						
9	.394	3.938	96.514						
10	.349	3.486	100.000						

Extraction method: Principal axis factoring¹.

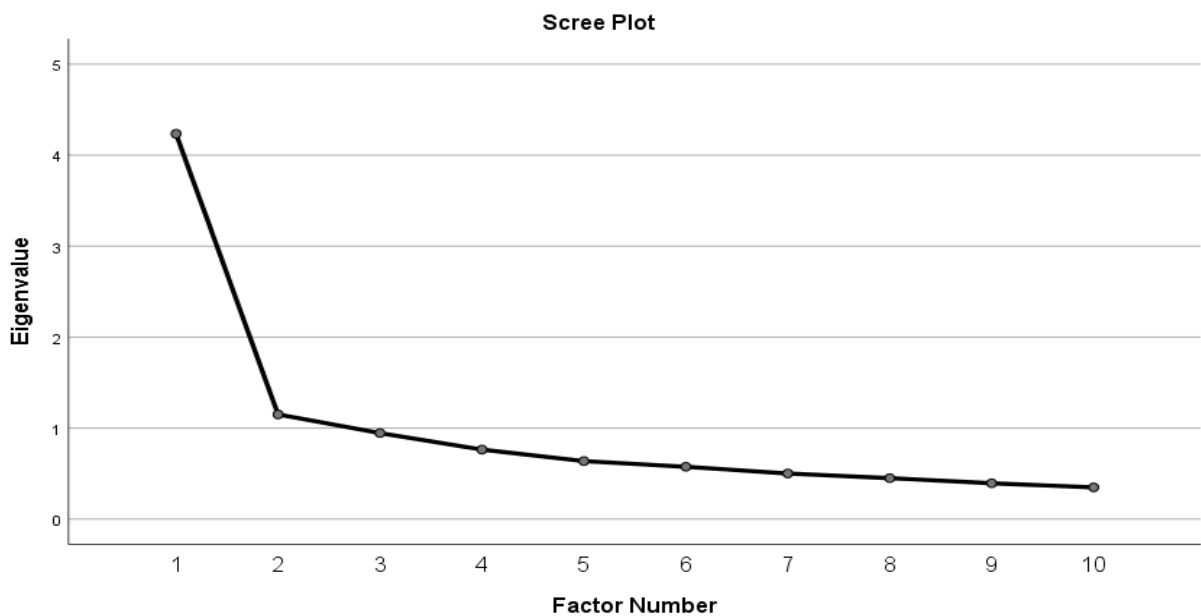


Figure 5.1: Factor number of eigenvalues of the customer behaviour scale

¹ The text at the bottom of tables and figures comes as a package with the specific table or figure.

Table 5.2: Factor matrix for the customer behavior scale

Rotated factor matrix ^a		
	Factor	
	1	2
CB1	.126	.802
CB2	.288	.578
CB3	.250	.463
CB4	.418	.472
CB5	.455	.216
CB6	.527	.315
CB7	.601	.388
CB8	.537	.226
CB9	.744	.082
CB10	.653	.350

Extraction method: Principal axis factoring.

Rotation method: Varimax with Kaiser normalisation.

a. Rotation converged in three iterations.

The EFA of the customer behaviour scale did not support the unidimensional structure. The EFA indicates the existence of two dimensions. As indicated in Table 5.1, two factors each with an eigenvalue greater than 1 were obtained (factor 1 = 4.234 and factor 2 = 1.150). The first factor explains 42.342% of the variance, and the second factor explains 11.504% of the variance. When combined, the two factors explain 53.846% of the variance. This is also supported by the scree plot in Figure 5.1, which suggests that two factors should be extracted. This is visible on the scree plot by a sharp curve at 2, which indicates the number of factors to be extracted. The rotated factor matrix depicted in Table 5.2 indicates the loadings of the items on the two factors underlying the customer behaviour scale. Items CB5, CB6, CB7, CB8, CB9, and CB10 loaded satisfactorily on Factor 1. Items CB1, CB2, CB3, and CB4 loaded satisfactorily on Factor 2. The factor loading is based on each item's higher value observed. The characters of these two factors were consequently determined based on the common themes emerging from the items loading on each of the two factors. The first factor is associated with one's willingness to pay a higher price for CSR-engaging businesses' products and services. This factor was termed "HigherPrice". The second factor relates to one's willingness to support CSR-engaging businesses over socially irresponsible ones, and it was termed "social_Irresponsible". These two factors are used to point out customer buying behaviour.

5.2.2 Factor analysis results of the CSR scale

This section discusses the EFA, the factor number of the eigenvalues, and the factor matrix for the CSR scale.

Table 5.3: EFA of the CSR scale

Total variance explained									
Factor	Initial eigenvalues			Extraction sums of squared loadings			Rotation sums of squared loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	4.642	46.425	46.425	4.183	41.826	41.826	2.744	27.442	27.442
2	1.248	12.479	58.904	.647	6.474	48.300	2.086	20.859	48.300
3	.769	7.687	66.591						
4	.746	7.463	74.054						
5	.677	6.766	80.819						
6	.567	5.672	86.492						
7	.456	4.555	91.047						
8	.365	3.651	94.698						
9	.304	3.042	97.740						
10	.226	2.260	100.000						

Extraction method: Principal axis factoring.

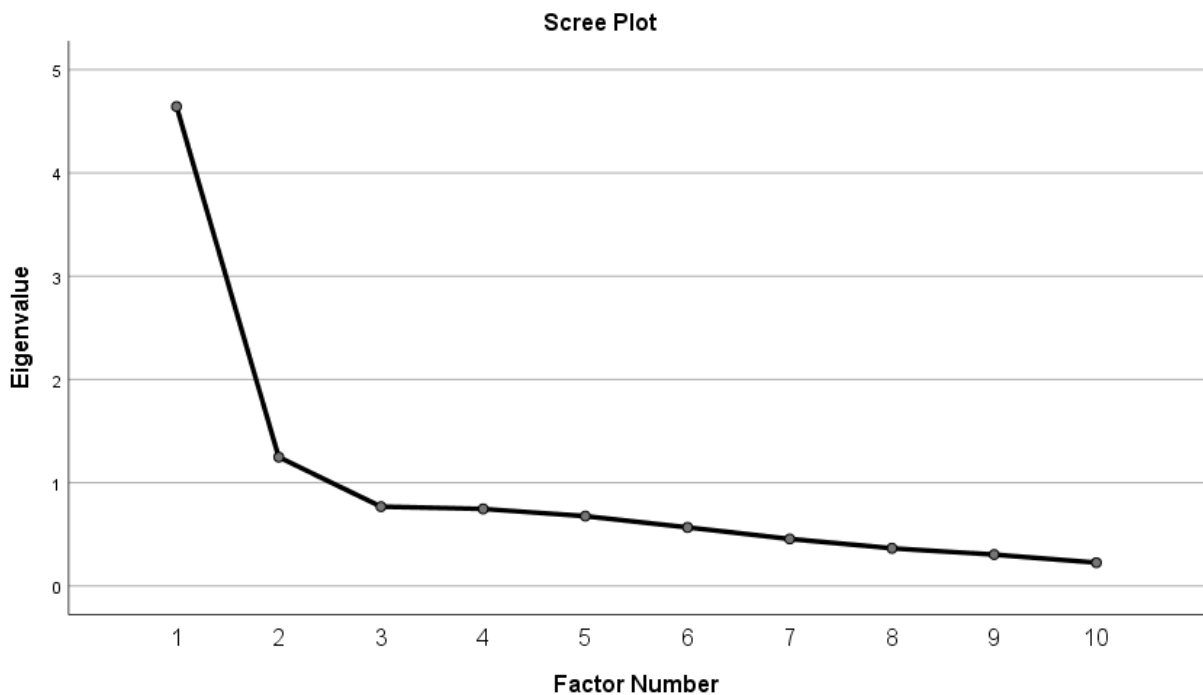


Figure 5.2: Factor number of the eigenvalues of the CSR scale

Table 5.4: Factor matrix for the CSR scale

Rotated factor matrix ^a		
	Factor	
	1	2
CSR1	.574	.230
CSR2	.536	.115
CSR3	.603	.249
CSR4	.449	.689
CSR5	.501	.556
CSR6	.500	.707
CSR7	.685	.142
CSR8	.046	-.498
CSR9	.626	.164
CSR10	.446	.615

Extraction method: Principal axis factoring.

Rotation method: Varimax with Kaiser normalisation.

a. Rotation converged in three iterations.

The unidimensional structure of the CSR scale could not be validated. The EFA indicated the existence of two dimensions. As indicated in Table 5.3, only two dimensions each with an eigenvalue greater than 1 were obtained (factor 1 = 4.642 and factor 2 = 1.248). The first factor explains 46.426% of the variance, and the second factor explains 12.479% of the variance. When combined, the two factors explain 58.904% of the variance. This is also supported by the scree plot in Figure 5.2, which suggests that two factors should be extracted. This is also visible on the scree plot by a sharp curve at 2, which indicates the number of factors to be extracted. The rotated factor matrix depicted in Table 5.4 indicates the loadings of the items on the two factors underlying the CSR scale. Items CSR1, CSR2, CSR3, CSR7, and CSR9 loaded satisfactorily on Factor 1. Items CSR4, CSR5, CSR6, CSR8, and CSR10 loaded satisfactorily on Factor 2. The factor loading is based on each item's higher value observed. The identities of these two factors were consequently determined based on the common themes emerging from the items loading on each of the two factors. The first factor relates to perceptions regarding CSR as a buying factor when making a purchase decision and it was termed "BuyingFactor". The second factor relates to the perceptions of customers regarding businesses' CSR activities. This factor was termed "CSR_Mood". These two factors are used to point out customers' CSR perceptions.

5.3 ITEM ANALYSIS OF FACTORS

Using SPSS for reliability analysis, item analysis was performed on the scales' items used to measure the latent variables of the study. The reason for performing item analysis was to determine and eliminate items that do not contribute to the internal consistency of the latent variables measured by the scales.

5.3.1 Item analysis of customer behaviour subscales

5.3.1.1 Item analysis of customer behaviour subscale HigherPrice

Table 5.5 illustrates the output of the reliability analysis of the subscale HigherPrice. It includes reliability analysis, inter-item correlation matrix, and item-total statistics.

Table 5.5: The reliability analysis output of the HigherPrice subscale

Reliability statistics				
Cronbach's alpha	Cronbach's alpha based on standardised items	N of items		
.730	.730	4		

Inter-item correlation matrix				
	CB1	CB2	CB3	CB4
CB1	1.000	.		
CB2	.510	1.000		.
CB3	.369	.384	1.000	
CB4	.434	.342	.378	1.000

Item-total statistics					
	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
CB1	10.0418	6.253	.578	.349	.633
CB2	10.0868	6.525	.541	.311	.657
CB3	9.8199	7.258	.477	.231	.693
CB4	9.3891	7.587	.491	.251	.687

As depicted in Table 5.5, an internal consistency reliability Cronbach's alpha coefficient of $\alpha=.730$ was obtained for the BuyingFactor subscale, which is considered acceptable according to Pallant (2011:100). Briggs and Cheek (in Pallant, 2011:6) posit that an optimal range for the item correlation should be .2 to .4. All inter-item correlation values are greater than .3. The item-total statistics indicated that the Cronbach's alpha would decrease if any of the four items (CB1, CB2, CB3, and CB4) were deleted, to $\alpha=.633$, $\alpha=.657$, $\alpha=.693$ and $\alpha=.687$ respectively. Therefore, none of

the items were deleted considering the negative impact that such a deletion would have on the Cronbach's alpha. According to Pallant (2011:100), a rule of thumb is that corrected item-total correlation values should be at least .30. Values below .30 are regarded as low, indicating that the item could be measuring a different construct and the item may warrant deletion. As shown in Table 5.5, all the corrected item-total correlation values were greater than .30, which indicates that they are measured the same construct. None of the items would result in an increase in Cronbach's alpha if deleted.

5.3.1.2 Item analysis of the customer behaviour subscale *Social_Irresponsible*

Table 5.6 shows the output of the reliability analysis of the subscale *Social_Irresponsible*. Included are reliability statistics, inter-item correlation matrix, and item-total statistics.

Table 5.6: The reliability analysis output of the *Social_Irresponsible* subscale

Reliability statistics						
Cronbach's alpha	Cronbach's alpha based on standardised items			N of items		
.805	.807			6		

Inter-item correlation matrix						
	CB5	CB6	CB7	CB8	CB9	CB10
CB5	1.000					
CB6	.418	1.000				
CB7	.363	.421	1.000			
CB8	.316	.427	.414	1.000		
CB9	.353	.371	.457	.413	1.000	
CB10	.268	.434	.559	.391	.562	1.000

Item-total statistics					
	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
CB5	16.8907	16.472	.465	.249	.796
CB6	16.8810	15.466	.571	.341	.772
CB7	16.6238	15.261	.611	.404	.763
CB8	17.1318	15.437	.536	.294	.781
CB9	16.4566	15.759	.591	.396	.768
CB10	16.4341	16.266	.614	.458	.765

As shown in Table 5.6, an internal consistency reliability Cronbach's alpha coefficient of $\alpha = .805$ was obtained for the *Social_Irresponsible* subscale, which is considered

acceptable by Pallant (2011:100). All inter-item correlation values were larger than .30, which is acceptable according to Briggs and Cheek (in Pallant, 2011:6). The item-total statistics showed that the Cronbach's alpha would decrease marginally to $\alpha=.796$, $\alpha=.772$, $\alpha=.763$, $\alpha=.781$, $\alpha=.768$, and $\alpha=.765$ if items CB5, CB6, CB7, CB8, CB9, and CB10 are deleted. No item was deleted due to the negative effect a deletion would have on the Cronbach's alpha. All the corrected item-total correlation values were greater than .30, which indicates that they all measure the same construct. None of the items would result in an increase in Cronbach's alpha if deleted.

5.3.2 Item analysis of CSR subscales

5.3.2.1 Item analysis of CSR subscale BuyingFactor

This section presents the output of the reliability analysis of the subscale BuyingFactor. It includes reliability statistics, inter-item correlation matrix, and item-total statistics.

Table 5.7: The reliability analysis output of the BuyingFactor subscale

Reliability statistics					
Cronbach's alpha	Cronbach's alpha based on standardised items			N of items	
.767	.766			5	

Inter-item correlation matrix					
	CSR1	CSR2	CSR3	CSR7	CSR9
CSR1	1.000				
CSR2	.364	1.000			
CSR3	.412	.357	1.000		
CSR7	.363	.364	.452	1.000	
CSR9	.457	.307	.371	.517	1.000

Item-total statistics					
	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
CSR1	13.8682	8.883	.541	.307	.722
CSR2	14.1125	9.326	.459	.218	.750
CSR3	13.9646	8.931	.537	.299	.724
CSR7	14.1061	8.669	.582	.368	.708
CSR9	14.1479	8.514	.562	.357	.715

Table 5.7 shows that the internal consistency reliability Cronbach's alpha coefficient is $\alpha=.767$ for the BuyingFactor subscale, which is considered acceptable (Pallant,

2011:100). All inter-item correlation values are greater than .30, which is acceptable according to Briggs and Cheek (in Pallant, 2011:6). The item-total statistics indicated that the Cronbach's alpha would marginally decrease to $\alpha=.722$, $\alpha=.750$, $\alpha=.724$, $\alpha=.708$, and $\alpha=.715$ if items CSR1, CSR2, CSR3, CSR7, and CSR9 were deleted. Therefore, no item was deleted considering the negative impact that such a deletion would have on the Cronbach's alpha. As shown in Table 5.7, all the corrected item-total correlation values were greater than .30, which indicates that they all measure the same construct. None of the items would result in an increase in Cronbach's alpha if deleted.

5.3.2.2 Item analysis of CSR subscale CSR_Mood

Table 5.8 illustrates the output of the reliability analysis of the subscale CSR_Mood. It encompasses reliability statistics, inter-item correlation matrix, and item-total statistics.

Table 5.8: The reliability analysis output for the CSR_Mood subscale

Reliability statistics					
Cronbach's alpha	Cronbach's alpha based on standardised items			N of items	
.872	.874			4	

Inter-item correlation matrix				
	CSR4	CSR5	CSR6	CSR10
CSR4	1.000			
CSR5	.614	1.000		
CSR6	.696	.673	1.000	
CSR10	.644	.481	.694	1.000

Item-total statistics					
	Scale mean if item deleted	Scale variance if item deleted	Corrected item-total correlation	Squared multiple correlation	Cronbach's alpha if item deleted
CSR4	11.9550	5.275	.755	.571	.825
CSR5	11.9936	5.303	.663	.497	.863
CSR6	11.8071	5.195	.811	.659	.804
CSR10	11.8682	5.373	.685	.534	.852

As illustrated in Table 5.8, the internal consistency reliability Cronbach's alpha coefficient of $\alpha=.872$ was obtained for the CSR_Mood subscale, which is acceptable according to Pallant (2011:100). All inter-item correlation values were larger than .30, which is also considered acceptable by Briggs and Cheek (in Pallant, 2011:6). The item-total statistics show that the Cronbach's alpha ($\alpha=.872$) would decrease to

$\alpha=.825$, $\alpha=.863$, $\alpha=.804$, and $\alpha=.852$ if items CSR4, CSR5, CSR6, and CSR10 are deleted. As a result, no item was deleted. All the corrected item-total correlation values are greater than .30, which indicates that they all measure the same construct. None of the items would result in an increase in Cronbach's alpha if deleted.

5.4 DESCRIPTIVE STATISTICS OF THE DEPENDENT AND INDEPENDENT VARIABLE ITEMS

This section presents the combined descriptive statistics of the study's variables. Each variable has two factors and these factors' descriptive statistics are also discussed. The section begins with the statistics data presentation, followed by its discussion.

Table 5.9: Descriptive statistics of composite variables and factors

Descriptive statistics					
	N	Minimum	Maximum	Mean	Std. deviation
CustomerBehaviour	311	1.00	5.00	3.3196	.71516
CSR	311	1.00	5.00	3.5698	.58870
HigherPrice	311	1.00	5.00	3.3781	.81171
Social_Irresponsible	311	1.00	5.00	3.2781	.83895
BuyingFactor	311	1.00	5.00	3.5100	.72352
CSR_Mood	311	1.00	5.00	3.9686	.75055
Valid N (listwise)	311				

Table 5.9 shows the descriptive statistics of the composite variables and factors. According to the results in Table 5.9, the composite variable CSR has the highest mean of 3.5698. This could be interpreted to mean that, in general, the respondents agreed that CSR has an effect on their buying behaviour. A minimum value of 1 indicates that at least one respondent strongly disagreed with this perception, while a maximum value of 5 indicates that at least one respondent strongly agreed with this perception. This is reflected by a high standard deviation of .58870, which indicates higher agreement among the respondents on this item.

The composite variable CSR has two factors, namely "CSR_Mood" and "BuyingFactor". As illustrated in Table 5.9, the factor CSR_Mood has the highest mean of 3.9686, which could be interpreted to mean that, in general, the respondents agreed that CSR was a good practice undertaken by businesses. A minimum value of 1 indicates that at least one respondent strongly disagreed with this perception, while a maximum value of 5 shows that at least one respondent strongly agreed with this

perception. This is mirrored by a relatively high standard deviation of .75055, which shows higher agreement among the respondents on this item.

The second factor of the composite variable CSR, “BuyingFactor”, has a high mean of 3.5100. This could be interpreted to mean that, in general, the respondents agreed that CSR was a factor they considered when making a buying decision. A minimum value of 1 shows that at least one respondent strongly disagreed with this perception, whereas a maximum value of 5 shows that at least one respondent strongly agreed with this perception. This is also highlighted by a relatively high standard deviation of .72352, which indicates higher agreement among the respondents on this item.

The composite variable “customer behaviour” has a mediocre mean of 3.3196. This could be interpreted to mean that, in general, the respondents neither agreed nor disagreed that their buying behaviour was dependent on a business’ CSR activities. A minimum value of 1 shows that at least one respondent strongly disagreed with this perception, whereas a maximum value of 5 indicates that at least one respondent strongly agreed with this perception. This is also reflected by a relatively high standard deviation of .71516, which indicates neutrality among the respondents on this item.

The composite variable “customer behaviour” has two factors, namely “HigherPrice” and “Social_Irresponsible”. According to Table 5.9, HigherPrice has a mean of 3.3781, which could be interpreted to mean that, in general, the respondents were neutral about their willingness to pay a higher price for a CSR-engaging business’ products or services when cheaper alternatives were available. A minimum value of 1 indicates that at least one respondent strongly disagreed with this perception, while a maximum value of 5 indicates that at least one respondent strongly agreed with this perception. This is also indicated by a relatively high standard deviation of .81171, which indicates neutrality among the respondents on this item.

Lastly, Social_Irresponsible has a mean of 3.2781. This could be interpreted to mean that, in general, the respondents neither agreed nor disagreed that they would support CSR-engaging businesses when cheaper options were available from socially irresponsible businesses. A minimum value of 1 indicates that at least one respondent strongly disagreed with this perception, while a maximum value of 5 indicates that at least one respondent strongly agreed with this perception. This is shown by a relatively

high standard deviation of .83895, which indicates neutrality among the respondents on this item.

5.5 CORRELATIONS

Table 5.10 illustrates the correlation between customer behaviour (as measured by the HigherPrice and Social_Irresponsible factors) and CSR (as measured by the BuyingFactor and CSR_Mood factors), which was investigated using Pearson's product-moment correlation coefficient.

Table 5.10: Factors and composite variables' correlations

Factor correlations					
		HigherPrice	Social_Irresponsible	BuyingFactor	CSR_Mood
HigherPrice	Pearson's correlation	1			
	Sig. (2-tailed)		.		
	N	311			
Social_Irresponsible	Pearson's correlation	.573**	1		
	Sig. (2-tailed)	.000			
	N	311	311		
BuyingFactor	Pearson's correlation	.516**	.382**	1	
	Sig. (2-tailed)	.000	.000		.
	N	311	311	311	
CSR_Mood	Pearson's correlation	.472**	.411**	.658**	1
	Sig. (2-tailed)	.000	.000	.000	
	N	311	311	311	311

** . Correlation is significant at the 0.01 level (2-tailed).

Composite variables' correlation			
Variables		CSR	CustomerBehaviour
CSR		1	
Customer behaviour	Pearson's correlation	.532**	
	Sig (2-tailed)	.000	
	N	311	1

** . Correlation is significant at the 0.01 level (2-tailed)

According to Pallant (2011:128), the following guidelines indicate the strength of a relationship between observed variables: weak: $r=.10$ to $.29$, moderate: $r=.30$ to $.49$, and strong: $r=.50$ to 1 . Table 5.10 indicates that there is a positive, strong, and significant correlation between BuyingFactor and HigherPrice ($r=.516$, $n=311$, $p<0.005$). Moreover, the correlation between BuyingFactor and Social_Irresponsible is positive, moderate, and significant ($r=.382$, $n=311$, $p<0.005$). Table 5.10 further indicates that there is a positive, moderate, and significant correlation between

CSR_Mood and HigherPrice ($r=.472$, $n=311$, $p<0.005$), as well as a positive, moderate, and significant correlation between CSR_Mood and Social_Irresponsible ($r=.411$, $n=311$, $p<0.005$). Further inspection of the study's composite variables (i.e. customer behaviour and CSR) indicates that there is a positive, strong, and significant correlation between customer behaviour and CSR ($r=.532$, $n=311$, $p<0.005$). These observed results could be interpreted to mean that an intensification in customer buying behaviour is associated with a strong increase in CSR activities by businesses. In simple terms, this means that when businesses increase their CSR involvement, i.e. engaging in more different CSR activities, there is an associated significant increase in the buying behaviour of customers.

5.6 MULTIPLE REGRESSIONS

Table 5.11 presents the model summary results of the multiple regression analysis of HigherPrice using 10 items measuring the independent variable (CSR).

Table 5.11: Multiple regression results of HigherPrice

Model summary				
Model	R	R square	Adjusted R square	Std. error of the estimate
1	.545 ^a	.297	.292	.68279

a. Predictors: (Constant), CSR_Mood, BuyingFactor

The R^2 (.297) in Table 5.11 indicates that the model, including the independent variable factors BuyingFactor and CSR_Mood, explains 29.7% of the variance in customer behaviour as measured by the HigherPrice factor. According to Pallant (2011:160), this is an acceptable result.

Table 5.12: HigherPrice and CSR coefficients

Coefficients ^a						
Model		Unstandardised coefficients		Standardised coefficients	t	Sig.
		B	Std. error	Beta		
1	(Constant)	.950	.220		4.312	.000
	BuyingFactor	.406	.071	.362	5.703	.000
	CSR_Mood	.253	.069	.234	3.682	.000

a. Dependent variable: HigherPrice

According to the multiple regression results presented in Table 5.12, the factor HigherPrice makes a statistically significant, positive, and unique contribution to variance in BuyingFactor ($t=5.703$; $p<.05$). This could be interpreted to mean that an

increase of a product's and/or service's price of a CSR-engaging business has a positive significant effect on CSR as a buying factor in the buying decision of a customer. The beta value of .362 associated with this factor is joint largest, implying that the unique contribution of the willingness to pay a high price for products and services of a CSR-engaging business makes the strongest unique contribution to exemplifying CSR as a buying factor in the buying decision of a customer.

The factor HigherPrice makes a statistically significant, positive, and unique contribution to variance in customers' perceptions of CSR ($t=3.682$; $p<.05$). This could be interpreted to mean that an increase in price of a product and/or service of a CSR-engaging business has a positive, significant, and unique contribution to variance in customers' perceptions of CSR activities conducted by a business. The beta value of .234 associated with this factor is joint second largest, implying that the unique contribution of the willingness to pay a high price for products and services of a CSR-engaging business makes the second most unique contribution to explaining customers' perceptions of CSR activities conducted by a business.

Table 5.13: Multiple regression results of Social_Irresponsible

Model summary				
Model	R	R square	Adjusted R square	Std. error of the estimate
1	.437 ^a	.191	.185	.75716

a. Predictors: (Constant), CSR_Mood, BuyingFactor

The R^2 (.1917) in Table 5.13 indicates that the model, including the independent variable factors BuyingFactor and CSR_Mood, explains 19.1% of the variance in customer behaviour as measured by the Social_Irresponsible factor. According to Pallant (2011:160), this result is acceptable.

Table 5.14: Social_Irresponsible and CSR coefficients

Coefficients ^a						
Model		Unstandardised coefficients		Standardised coefficients		
		B	Std. error	Beta	t	Sig.
1	(Constant)	1.229	.244		5.033	.000
	BuyingFactor	.229	.079	.198	2.903	.004
	CSR_Mood	.314	.076	.280	4.119	.000

a. Dependent variable: Social_Irresponsible

According to the multiple regression results shown in Table 5.14, the factor Social_Irresponsible makes a statistically significant, positive, and unique contribution

to variance in CSR_Mood ($t=4.119$; $p<.05$). This could be interpreted to mean that an increase in customers' willingness to support CSR-engaging businesses over socially irresponsible businesses has a positive significant effect on customers' perceptions of CSR activities. The beta value of .280 associated with this factor is joint largest, implying that the unique contribution of an increase in customers' willingness to support CSR-engaging businesses over socially irresponsible businesses makes the strongest unique contribution to explaining customers' perceptions of CSR.

The factor Social_Irresponsible makes a statistically significant, positive, and unique contribution to variance in BuyingFactor ($t=.2.903$; $p<.05$). This could be interpreted to mean that an increase in customers' willingness to support CSR-engaging businesses over socially irresponsible businesses has a positive, significant, and unique contribution to variance in CSR as a buying factor in a customer's buying decision process. The beta value of .198 associated with this factor is joint second largest, implying that the unique contribution of an increase in customers' willingness to support CSR-engaging businesses over socially irresponsible businesses makes the second most unique contribution to explaining CSR as a buying factor in a customer's buying decision process.

Table 5.15: Multiple regression results of customer behaviour

Model summary				
Model	R	R square	Adjusted R square	Std. error of the estimate
1	.545 ^a	.297	.292	.60174

a. Predictors: (Constant), CSR_Mood, BuyingFactor

The R^2 (.297) in Table 5.15 indicates that the model, including the independent variable factors BuyingFactor and CSR_Mood, explains 29.7% of the variance in customer behaviour. According to Pallant (2011:160), this is an acceptable result.

Table 5.16: Customer behaviour and CSR coefficients

Coefficients ^a						
Model		Unstandardised coefficients		Standardised coefficients		
		B	Std. error	Beta	t	Sig.
1	(Constant)	1.165	.194		6.002	.000
	BuyingFactor	.330	.063	.334	5.254	.000
	CSR_Mood	.251	.060	.264	4.154	.000

a. Dependent variable: CustomerBehaviour

According to the multiple regression results shown in Table 5.16, the variable CustomerBehaviour makes a statistically significant, positive, and unique contribution

to variance in BuyingFactor ($t=5.254$; $p<.05$). This could be interpreted to mean that a strong consideration of CSR as a buying factor in a customer's buying decision process has a positive significant effect on a customer's buying behaviour. The beta value of .334 associated with this variable is joint largest, implying that the unique contribution of a strong consideration of CSR as a buying factor in a customer's buying decision process makes the strongest unique contribution to exemplifying a customer's buying behaviour.

The variable CustomerBehaviour makes a statistically significant, positive, and unique contribution to variance in customers' perceptions of CSR activities ($t=4.154$; $p<.05$). This could be interpreted to mean that a customer's positive perception of CSR makes a positive, significant, and unique contribution to variance in customer buying behaviour. The beta value of .264 associated with this variable is joint second largest, implying that the unique contribution of customers' perceptions of CSR activities makes the second most unique contribution to explaining customer buying behaviour.

5.7 CONCLUSION

This chapter started with a presentation and explication of the study's EFA of both dependent and independent variables. The chapter then examined the item analysis of factors. It also examined the descriptive statistics derived using SPSS. The minimum, maximum, mean, and standard deviation were utilised for the descriptive statistics for each variable. The chapter further presented and discussed the factors' correlation (HigherPrice, Social_Irresponsibility, BuyingFactor, and CSR_Mood) and multiple regression analysis. It was evident that there is a correlation between customer behaviour and a business' CSR activities. The research results from SPSS were presented and analysed in order to arrive at the research findings. The next chapter is the concluding chapter, which discusses the study's research findings, summary, conclusion, and recommendations.

CHAPTER 6

SUMMARY OF FINDINGS, CONCLUSION, AND RECOMMENDATIONS

6.1 INTRODUCTION

Drawing inferences from the preceding chapters, this chapter provides a discussion of the study's findings, conclusion, recommendations, and its contribution to science. The chapter begins by presenting the findings from the fieldwork with reference to customer behaviour and CSR consideration and awareness. The idea is to explicate the data from the fieldwork and situate the data in the context of this study. This is done by analysing the data from the fieldwork and associating it with data from the literature and pointing out similarities and dissimilarities from the findings of similar and related studies explored during the literature review (see Chapter 2). Deductions are made from the data to explicate customer buying behaviour in relation to CSR activities. In addition, the data offer insights of customers' perceptions of businesses' CSR activities. The findings relate to the research questions that guided the study.

The chapter further looks into the thematic nature of each chapter of the study (summary of the study). Conclusions are drawn based on the data gathered from primary and secondary sources. To enable businesses and customers to benefit from CSR activities, a nine-phase CSR model, which was developed by the researcher, is presented in this chapter. The nine-phase CSR model comprises nine phases, with the last two phases being mainly dependent on a business' reporting on its CSR activities for customers' positive responses. The nine-phase CSR model is a contribution to science. Finally, the chapter concludes by describing the limitations of the study and areas for future research.

6.2 DISCUSSION OF FINDINGS

This section presents a discussion of the study's findings in relation to the extant literature reviewed.

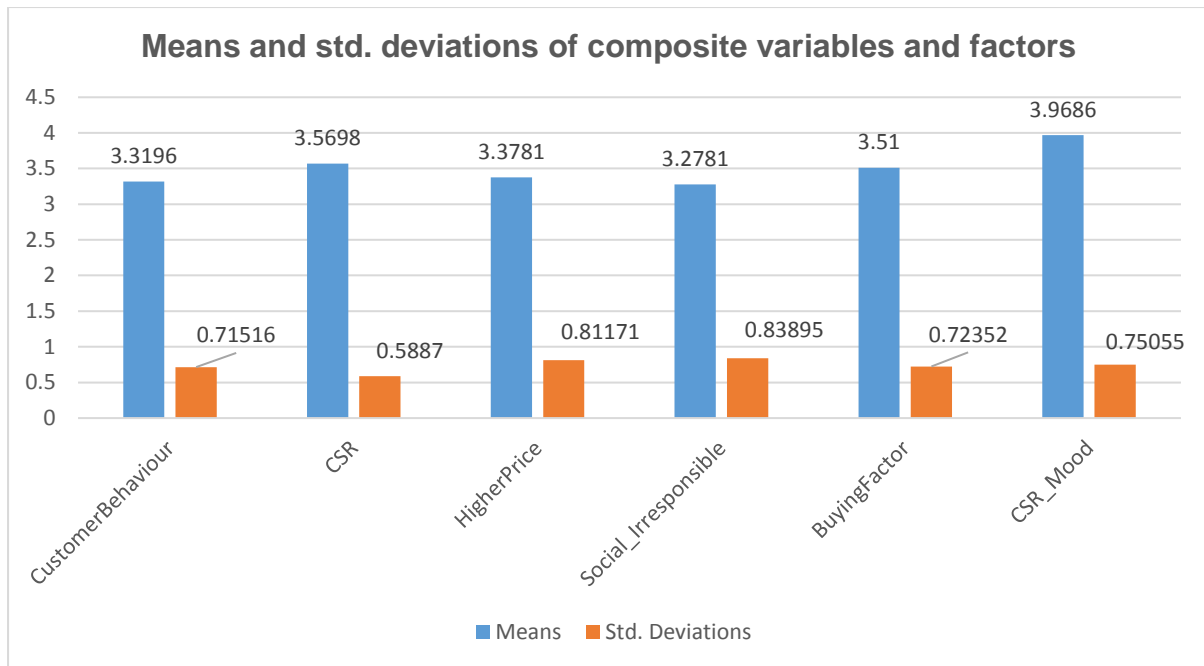


Figure 6.1: Means and standard deviations of composite variables and factors

The HigherPrice factor, which describes customers' willingness to pay a higher price for products or services of CSR-engaging businesses, comprised four items, namely:

- CB1: I am willing to pay a higher price for a product or service from a business that is socially responsible.
- CB2: I will choose to buy a product of a socially responsible business even when there are cheaper alternatives available from socially irresponsible businesses.
- CB3: If given a choice to stop buying from a socially responsible business, I will choose not to stop.
- CB4: I will recommend friends and family to buy a product or service from a socially responsible business.

HigherPrice makes a statistically significant, positive, and unique contribution to variance in BuyingFactor ($t=5.703$; $p<.05$; $\beta=.362$), which means that an increase in price of a product or service of a CSR-engaging business has a positive significant effect on CSR as a buying factor in a customer's buying decision. HigherPrice also makes a statistically significant, positive, and unique contribution to variance in CSR_Mood ($t=.3.682$; $p<.05$; $\beta=.234$), which means that an increase in price of a product or service of a CSR-engaging business has a positive, significant, and unique

contribution to variance in customers' perceptions of CSR activities conducted by a business (CSR_Mood). The higher the price of a product or service, the more CSR activities customers expect from a business. However, this factor has a mediocre mean of 3.3781 and standard deviation of .81171, which could be interpreted to mean that, in general, the respondents neither agreed nor disagreed that they were willing to pay a higher price for a product or service of a socially responsible business. On one hand, this result corroborates a similar study conducted by Butt (2016:217), which found that customers in Pakistan did not think much about CSR when buying products and services. However, this is due to low awareness rather than low social responsiveness.

On the other hand, this result disaffirms the findings of studies conducted by Baron (2001:9) and Bhattacharya and Sen (2004:10), which found that customers are willing to pay higher prices for the products or services of CSR-engaging businesses. Those who are not willing to pay more are most likely to buy products from businesses with CSR involvement. This increases the demand for products and services. However, these studies were conducted in developed Western countries; the results of this study are therefore contrary. Presumably, the reason for the mediocre results of this study could be the income bracket of White City customers, which has the prospective probability of driving customers to prioritise value-for-less or opt for cheaper products and services in order to satisfy basic human needs with the little income they receive. Furthermore, Mohr and Webb (2005:142-143) found that customers perceive higher price as insignificant if it is motivated by a positive justification (i.e. CSR activities). However, the results of this study show that customers neither agreed nor disagreed (mean = 3.3781, standard deviation = .81171) that they were willing to pay higher prices for socially responsible businesses' products and services.

The Social_Irresponsible factor, which describes the respondents' willingness to support socially responsible businesses over socially irresponsible businesses, comprised six items, namely:

- CB5: I will not buy a product or service recommended by friends and family if a business offering it is not socially responsible.
- CB6: When buying products or services, I do consider if a business is socially responsible or not.

- CB7: If possible, I would only buy products or services of businesses that are socially responsible.
- CB8: If asked to sign a contract to only buy products or services from a socially responsible business, I will choose to sign the contract.
- CB9: I would openly state my displeasure towards socially irresponsible businesses.
- CB10: I would buy a product or service recommended by friends and family if a business offering it is socially responsible.

Social_Irresponsible makes a statistically significant, positive, and unique contribution to variance in BuyingFactor ($t=.2.903$; $p<.05$; $\beta=.198$), which means that an increase in customers' willingness to support CSR-engaging businesses over socially irresponsible businesses has a positive, significant, and unique contribution to variance in CSR as a buying factor in a customer's buying decision process. Moreover, Social_Irresponsible also makes a statistically significant, positive, and unique contribution to variance in CSR_Mood ($t=4.119$; $p<.05$; $\beta=.280$), which means that an increase in customers' willingness to support CSR-engaging businesses over socially irresponsible businesses has a positive significant effect on customers' perceptions of CSR activities. The more customers want to support CSR-engaging businesses, the more CSR activities they expect from businesses. However, this factor has a moderate mean of 3.2781 and standard deviation of .83895, which could be interpreted to mean that, in general, the respondents neither agreed nor disagreed that they would support socially responsible businesses with higher prices for products and services over socially irresponsible ones. This result is not consistent with the results of the studies conducted by Crawford and Mathews (2001:2, 5) and Bolton and Alba (2006:260-261), which found that customers' willingness to pay a higher price for a product or service is primarily dependent on their perceptions of price justice or fairness (i.e. CSR activities), which means that if a price increase is justified by positive reasons such as CSR activities, customers regard the increase as insignificant.

The composite variable CustomerBehaviour included both the HigherPrice and Social_Irresponsible factors. CustomerBehaviour makes a statistically significant, positive, and unique contribution to variance in BuyingFactor ($t=5.254$; $p<.05$; $\beta=.334$), which means that a higher consideration of CSR as a buying factor in a

customer's buying decision process has a higher positive significant effect on a customer's buying behaviour. CustomerBehaviour also makes a statistically significant, positive, and unique contribution to variance in CSR_Mood ($t=4.154$; $p<.05$; $\beta=.264$), which means that a customer's positive perception of CSR makes a positive, significant, and unique contribution to variance in customer buying behaviour. The more customers' buying decision depends on CSR activities, the more CSR activities customers expect from businesses. However, the variable has an overall mediocre mean of 3.3196 and standard deviation of .71516, which could be interpreted to mean that, in general, the respondents were neutral about their buying behaviour being dependent on CSR activities conducted by businesses. Presumably, this is mainly because of the customers' low buying power due to the low to medium income they receive, which drives them to prioritise value-for-less, while also being willing to compensate CSR-engaging businesses, as Wakefield and Inman (2003:206) note that the acquisition of cheaper, lower-quality products is not driven by the deficiency of choice, but by the lack of purchasing power, which leads to expensive higher-quality products being unaffordable to low- to medium-income earners.

BuyingFactor, which describes CSR as a buying factor for customers when making a buying decision, comprised the following five items:

- CSR1: I am aware of what CSR activities are.
- CSR2: The CSR activities of a business are a buying factor when deciding whether to buy products or services from it.
- CSR3: Businesses engage in CSR activities because they care about the wellbeing of the society.
- CSR7: Most people in my community have benefited from CSR activities.
- CSR9: I am aware of businesses in my community that engage in CSR activities.

This factor has a mean of 3.5100 and standard deviation of .72352, which could be interpreted to mean that, in general, the respondents agreed that the CSR activities of a business are a buying factor when making a buying decision. This means that even though White City customers were neutral about their buying behaviour being dependent on businesses' CSR activities, they did take into consideration the CSR activities of a business when making a buying decision. This result corroborates the

findings of Bhattacharya and Sen (2004:10), Xie and Zhou (2009:1182), and Deng and Xu (2017:524) that a business' CSR engagement is taken into account by customers when making a buying decision.

The CSR_Mood factor, which describes respondents' perceptions of CSR activities as a good practice undertaken by businesses for the community, comprised the following five items:

- CSR4: If I were to have my own business, I would definitely engage in CSR activities.
- CSR5: The CSR activities conducted by businesses do benefit the community.
- CSR6: I would encourage those businesses that engage in CSR activities to continue to do so.
- CSR8: Businesses waste money by engaging in CSR activities.
- CSR10: It would be good if all businesses were to engage in CSR activities.

This factor has the highest mean of 3.9686 and standard deviation of .75055, which could be interpreted to mean that, in general, the respondents agreed that CSR activities conducted by businesses are a good practice. This result corroborates Bhattacharya and Sen's (2004:16) view that a business' CSR affects customers' sense of wellbeing. The most obvious CSR activities in the Saldanha area is Saldanha stadium, which is a joint venture between Transnet and the Saldanha Bay Local Municipality, and the Reconstruction and Development Programme houses / government houses in which most White City residents reside. Ostensibly, the provision of a sports field (as a CSR activity by Transnet and the Saldanha Bay Local Municipality) is a way of empowering human health, and is perceived by the respondents as Transnet and local government caring about their wellbeing, as a Latin phrase notes, "*Mens sana in corpore sano*", meaning "A healthy mind in a healthy body", which defines humans' wellbeing.

The composite variable CSR, which includes the BuyingFactor and CSR_Mood factors, has an overall mean of 3.5698 and standard deviation of .58870, which could be interpreted to mean that, in general, the respondents agreed that CSR activities do have an effect on customers' buying behaviour. Hence, White City customers do take into consideration CSR activities when making a buying decision and regard

businesses' CSR activities as a good practice. It is worth nothing that although the respondents were neutral about their buying behaviour being dependent on a business' CSR activities, they agreed that the CSR activities of a business have an effect on their buying behaviour.

6.3 SUMMARY OF THE STUDY

The aim of this study was to examine the effects that CSR activities have on customers' buying behaviour in White City, Saldanha. The objectives of the study were (1) to explore customers' perceptions of CSR activities in White City, (2) to determine the effects of awareness of CSR activities conducted by businesses on customers' buying behaviour, and (3) to devise strategies that could be used to enable organisations and customers to benefit from CSR activities in the future. The study emerged from the hypothesis that there is a functional dependence between customer buying behaviour as a dependent variable and CSR as an independent variable. The study explored customers' perceptions of businesses' CSR activities and whether these CSR activities affect customers' buying behaviour. The study's primary unit of analysis was drawn from the customers' perspectives in order to address the existing knowledge gap and to gain insight into the effects of CSR on the buying behaviour of customers in areas with low- to medium-income earners in a developing country. The study's central point of analysis in the domain of strategic management was customer behaviour and CSR activities as an influencing factor.

The introduction of the study was addressed in Chapter 1. The presentation of the study's background foregrounded the research problem. The study's aim and hypothesis were also identified and outlined. The chapter presented the research questions and the corresponding research objectives. Moreover, Chapter 1 outlined the study's significance and how it aimed to contribute to the existing body of knowledge. The scope and a brief explication of the study's key concepts were also provided.

Chapter 2 tackled the substantive literature review. The chapter started by discussing the key study concepts in detail, namely CSR and customer buying behaviour. It further addressed customers' responses to CSR and customer awareness of CSR, as Bhattacharya and Sen (2004:23) note that lack of awareness of a business' CSR

engagement by customers limits the customers' ability to respond to a business' CSR engagement. The chapter examined the benefits of focusing on CSR. Ceil (2012:8) notes that CSR engagement is not mandatory; however, good corporate governance encourages businesses to be socially responsible by engaging in CSR activities. It was also evident that businesses should also have sustainability reporting. Sustainability reporting speaks to a business' reporting on its CSR activities. Chapter 2 concluded by discussing the theoretical framework of the study, which included the stakeholder theory, contractarian theory, legitimacy theory, and agency theory. The stakeholder and legitimacy theories were the most appropriate theories to the study as they speak to an organisation's sustainable relationship with its external stakeholders (i.e. society) and care for the environment, whereas the contractarian and agency theories were of limited use to the study, mainly because they discourage business engagement in CSR activities.

Chapter 3 addressed CSR perspectives at the international, African, and South African level. At the international level, the study focused on North and South America, Eastern and Western Europe, Taiwan, and New Zealand. It came to light that in South America, CSR reporting is driven by access to natural resources, trade barriers (i.e. CSR helps companies to overcome trade barriers), attempts to (re)gain and maintain public trust, investor trust, enforceable regulations, as well as stock exchange innovation. In the USA, CSR reporting is driven by shareholder and investor interest in sustainability. In Eastern and Western Europe, CSR has been part of the EU's sustainable development strategy since the 1990s and used as a tool to develop businesses' accountability to the social environment. In Taiwan, CSR reporting is driven by new mandatory reporting regulations and investor norms from the TSE. Increased investor pressure and customer awareness were identified as major contributors to CSR reporting in New Zealand. In Africa, MNCs are expected to prioritise social responsibilities in accordance with local needs. These CSR activities, among others, include the provision of water and electricity, educational and health infrastructure, human rights, sports, and scholarships. The chapter also highlighted that in South Africa, CSR reporting has been boosted by the B-BBEE Act. Businesses are required to spend 6% of their profits on the skills development of their employees (Triologue, 2017:198). Furthermore, businesses in South Africa are also required by the King IV Report to report on their sustainability. However, CSR engagement still

remains voluntary in South Africa. Businesses that engage in CSR activities are considered socially responsible and as per the balanced scorecard, they receive certain points, which positively affect a business' image and put a business in a good position of winning government tenders and receiving subsidies and tax benefits. South African businesses have opted for the term CSI over CSR.

Chapter 4 focused on the study's research design and methodology. In pursuit of the study's aim, historical and descriptive quantitative approaches were employed. Data were collected from both primary and secondary sources. Primary data were collected using a closed-ended questionnaire. The data were later captured and analysed using SPSS. Secondary data were gathered from journal articles, books, publications, and the Internet. Content analysis was utilised to analyse secondary data. The study was based on White City, Saldanha. The study's population comprised 1 849 residents who resided in White City, Saldanha. However, for this study only 311 respondents were randomly sampled. Cronbach's alpha was utilised to measure the reliability of the study's instruments, and the content analysis measured the research instruments' validity. According to the Cronbach's alpha obtained, the instruments were reliable and the questionnaire addressed the primary research question. The chapter concluded by observing the doctrines of honour for human self-respect (ethical considerations) and philanthropy during data collection through the principles of confidentiality, informed consent, voluntary participation declaration, privacy, and a termination option in case of participants who wish to withdraw.

Chapter 5 presented the data as processed and analysed using SPSS. The chapter began with the presentation and discussion of EFA and item analysis. Two factors for each of the study's composite variables were established using EFA. The last section of the chapter focused on the presentation and discussion of the correlation of the study's composite variables and their factors and the multiple regression results. The multiple regression results revealed the functional dependence between customer buying behaviour and CSR activities, which confirmed the study's hypothesis.

6.4 CONCLUDING REMARKS

This study explored the perceptions of CSR and their influence on customer buying behaviour in White City, Saldanha. Using a historical and descriptive quantitative approach, the study described the relationship between customer behaviour and CSR. Based on the study's outline with regard to the perceptions of CSR and their influence on customer behaviour in White City, Saldanha, this study makes the following specific conclusions with reference to the significant aspects of this research:

- Pertaining to the research hypothesis that there is a functional dependence between a business' CSR activities and customer buying behaviour, overall, the research findings ($t=5.254$, $p<.05$, $\beta=.334$; and $t=4.154$, $p<.05$, $\beta=.264$) indicated that there is a statistically positive and significant relationship between customer behaviour and CSR activities through BuyingFactor and CSR_Mood respectively. The more businesses engage in CSR activities, the more customers will support these CSR-engaging businesses. This confirms the study's hypothesis. However, the mean of 3.3196 and standard deviation of .71516 in general mean that White City customers are neutral about their buying behaviour being dependent on CSR activities. This could be attributed to price fairness, which surfaced as a significant factor in the buying decision process of customers in White City, Saldanha.
- The first research sub-question pertained to customers' perceptions of CSR in White City, namely "What are customers' perceptions of CSR in White City?" The findings of the study (mean = 3.9686 and standard deviation = .75055) show that customers in White City perceived CSR activities as a good practice conducted by businesses for the community. As a result, they were willing to support those businesses that engage in CSR activities. It is worth noting that these customers have low buying power, which tends to be a challenge for them when they want to fully support CSR-engaging businesses and penalise socially irresponsible businesses.
- With regard to the second research sub-question, namely "What is the effect of awareness of CSR activities conducted by businesses on customers' buying

behaviour?”, the study revealed that White City customers agreed that CSR activities had an effect on their buying behaviour (mean = 3.5698 and standard deviation = .58870). Customers do take a business’ CSR activities into account when making a buying decision. A mean of 3.5100 and standard deviation of .72352 for BuyingFactor indicated that White City customers did consider CSR activities as a factor when making a buying decision.

- Pertaining to the third research sub-question, namely “What strategies could be used to enable organisations and customers to benefit from CSR activities in the future?”, the study developed a nine-phase CSR model that could be utilised by businesses in their CSR initiatives in order to benefit both businesses and customers. The model is designed in such a way that any business can use it to engage in CSR initiatives. Moreover, the model will enable a business to undertake affordable CSR activities.
- With regard to the study’s theoretical framework, in general, the findings of this study (mean = 3.3196 and standard deviation = .71516) revealed that the respondents neither agreed nor disagreed that their buying behaviour was dependent on a business’ CSR activities. However, CSR activities did have an effect on their buying behaviour (mean = 3.5698 and standard deviation = .58870). The fact that the respondents were neutral about paying higher prices for CSR-engaging businesses’ products and services over cheap products and services from socially irresponsible businesses could encourage businesses operating in areas with low- to medium-income earners in developing areas (i.e. Saldanha) to adopt the contractarian theory, simply because price fairness tends to be a priority over CSR engagement when making a buying decision. However, businesses that take both factors into account, namely price fairness and CSR activities, are most likely to be handsomely rewarded by customers. This is simply because White City customers are willing to reward CSR-engaging businesses, but are also neutral about their willingness to pay higher prices for products or services of CSR-engaging businesses because of their lower buying power.

6.5 RECOMMENDATIONS

Drawing from the research findings, this study makes the following recommendations:

- Businesses that operate in areas with low- to medium-income earners in developing areas or countries should engage in CSR activities in order to ensure sustainable future growth. This is supported by the fact that customers do take businesses' CSR activities into account (mean = 3.5698 and standard deviation = .58870) when making a buying decision. Socially irresponsible businesses are likely to lose customers as soon as CSR-engaging businesses factor in price fairness by charging reasonable or competitive prices for their products and services.
- For CSR-engaging businesses to benefit from their CSR initiatives, a structured CSR model is required that will benefit both businesses and customers. This study therefore developed a nine-phase CSR model that could be utilised by businesses (as presented and discussed in Section 6.6).
- CSR-engaging businesses should also report on their CSR engagement in order to boost customers' awareness of businesses' CSR activities. It should be noted that for customers to reward CSR-engaging businesses, they need to be aware of these businesses and their CSR activities.
- Finally, for maximum returns on CSR activities, businesses in areas with low- to medium-income households in developing areas or countries should maintain a good long-term relationship with the local community, as well as the global society at large.

6.6 CONTRIBUTION TO SCIENCE

This study contributes the following to the existing body of knowledge:

- It bridged the existing knowledge gap in the literature regarding customers' responses to a business' CSR activities in areas with low- to medium-income households in developing areas or countries. In doing so, the study focused on White City in Saldanha in South Africa and the results revealed that customers

do consider the CSR activities of a business as a buying factor when making a buying decision; however, price fairness remains a priority.

- The study developed a CSR model that could be utilised to benefit both CSR-engaging businesses and customers, as Carvalho *et al.* (2010:291) note that if done right, there are lucrative returns from CSR for different stakeholder groups, thereby refining the wellbeing of the world, society, and businesses. A systematic method of embarking on CSR activities therefore remains crucial for businesses. Figure 6.2 presents the nine-phase CSR model.

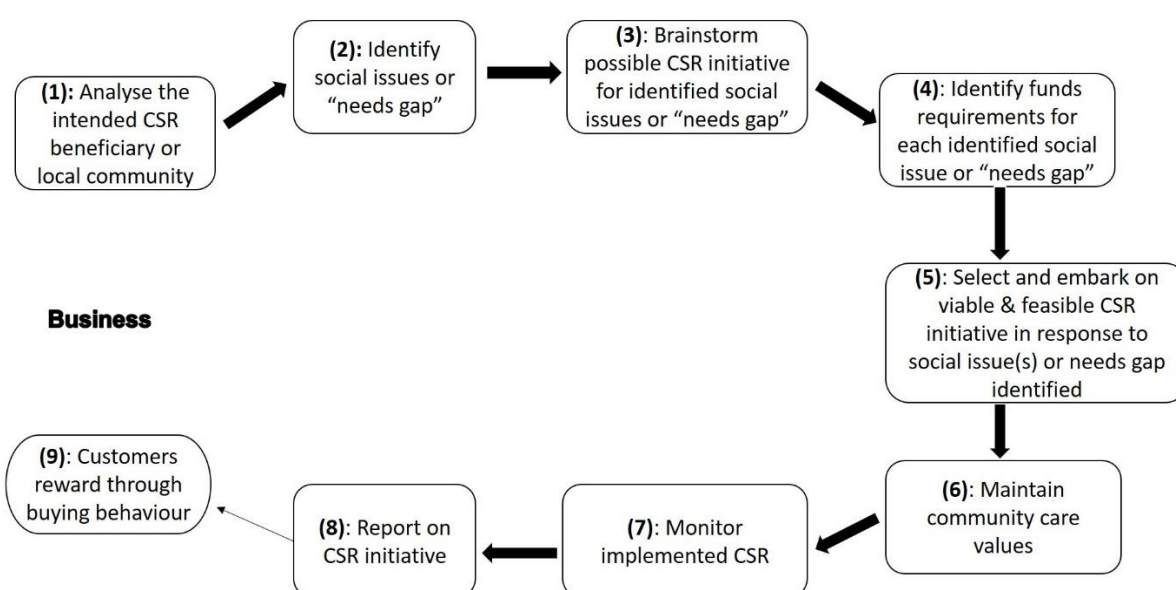


Figure 6.2: Nine-phase CSR model

Figure 6.2 presents the nine-phase CSR model that could be used to benefit both businesses and customers. This model could be utilised and be effective for all business sizes (i.e. small, medium, or large enterprises). Each phase of the model is explained below. Phase 9 is mainly dependent on customers (i.e. whether they reward or support the CSR-engaging business or not); the incoming and outgoing arrows are therefore not bolded.

Phase 1: Analyse the intended CSR beneficiary or local community

The first phase of this model involves a business' analysis of the intended CSR beneficiary or local community. The aim of the analysis is to enable a business to gain an understanding (that is, the culture, beliefs and attitudes, values, lifestyle, motivation, role and status, income, and education level) of the intended CSR

beneficiary or local community. This information will enable a business to have a clear understanding of its intended CSR beneficiary or local community.

Phase 2: Identify social issues or “needs gap”

Having acquired sufficient information regarding the intended CSR beneficiary or local community, a business will then be able to identify the prevailing social issues or “needs gap” that must be addressed for the social wellbeing of the intended CSR beneficiary. Social issues or the “needs gap” may include lack of housing infrastructure, clean running water, health facilities (e.g. clinics or hospitals), roads, schools, and the high rate of poverty, HIV/Aids, or unemployment.

Phase 3: Brainstorm possible CSR initiative(s) for identified social issues or “needs gap”

After having identified all or most of the prevailing social issues, a business must brainstorm or identify available possible CSR initiative(s) for each identified social issue. This includes investigating each social issue identified and then brainstorming approaches or strategies that could be employed to mitigate or overcome these issues. These approaches include projects aimed at addressing the identified social issues.

Phase 4: Identify funds requirements for each identified social issue or “needs gap”

Every project requires financial resources; this phase therefore requires a business to identify all possible costs associated with each identified possible approach for each identified social issue. This phase will enable a business to choose or take on CSR initiative(s) that will be affordable for the business. The proper execution of this phase will ensure that a business does not take on CSR initiative(s) that will be left incomplete along the way due to financial constraints.

Phase 5: Select and embark on viable and feasible CSR initiative(s) in response to social issue(s) or “needs gap” identified

After having identified the financial implications for each possible CSR initiative(s), a business must then choose viable and feasible CSR initiative(s). Depending on a business' size, for SMEs, one small CSR initiative might suffice, whereas for large enterprises, at least one large CSR initiatives will suffice. When choosing a CSR

initiative to embark on, a business must ensure that such initiative will be started and completed as planned.

Phase 6: Maintain community core values

This phase focuses on taking into consideration the core values of the community (i.e. the CSR beneficiary). Core values may include integrity and authenticity; legal dealings; maintaining good, healthy, and continuous improvements; and/or innovation. A business must know the values of the community in order to ensure that the intended CSR initiative does not compromise the core values of the community. For example, the provision of a stadium as a CSR initiative to a community that values sports and physical fitness will be in line with the community's core values, whereas the provision of social grants to a community that believes in working hard to improve the standard of living will compromise the community's core values. It is therefore fundamental for a business to undertake a CSR initiative that is in line with, or does not compromise, the community's core values.

Phase 7: Monitor the implemented CSR initiative(s)

After having chosen viable and feasible CSR initiative(s) without compromising the community's core values, the business must then monitor the project from the beginning to the end. This will ensure that the chosen CSR initiative achieves its intended objectives. Failure to properly execute this phase will lead to the project being unable to achieve its intended objective and this will eventually lead to wasted financial resources and a dissatisfied community (customers). Customer buying behaviour is strongly influenced by the customers' satisfaction with a business.

Phase 8: Report on CSR initiative(s) and consider the price fairness or justice of products or services

For customers to reward a business for its CSR involvement, customers must be aware of the business' CSR activities (McWilliams & Siegel, 2001:125). Moreover, Bhattacharya and Sen (2004:23) argue that a lack of awareness of a business' CSR engagement among customers limits the customers' ability to respond to a business' CSR engagement. Reporting of CSR initiatives is therefore a crucial phase of enabling benefits from a business' CSR engagement. This phase focuses on a business' need to report or advertise its CSR activities. Failure to report or advertise CSR activities will limit customers' ability to respond to the business' CSR engagement, thereby

leading to no CSR benefits for the business through customer buying behaviour. Furthermore, a business needs to consider price fairness. This means that a business should not overprice or charge unreasonable prices because of its CSR engagement. This is most crucial for those businesses that operate in areas where the customers are influenced by low purchasing power, such as in White City.

Phase 9: Customers reward through buying behaviour

This is the last phase of the model, which is mainly dependent on customers, yet mainly influenced by a business. Customer behaviour is not solely dependent on the CSR engagement factor in communities with low- to medium-income earners (specifically White City). Rather, price fairness also plays a fundamental role in the buying behaviour of customers. Businesses that operate in low- to medium-income communities must take both CSR engagement and price fairness factors into consideration. For businesses that operate in high-income communities, price fairness tends to be insignificant to customers if a business engages in CSR activities. The success of this phase is mainly dependent on proper execution of the preceding phase, as McWilliams and Siegel (2001:125-126) note that CSR-linked publicity, reporting, advertising, and media exposure may increase CSR awareness among customers. In turn, this increases demand for products, thereby increasing returns for a business.

6.7 LIMITATIONS OF THE STUDY

The study's questionnaire was presented in both English and Afrikaans due to the linguistic profile of the study's population. The researcher took into account the possibility that the translation of the questionnaire from English to Afrikaans might have affected the true meaning of the questions. In order to mitigate the effect of this challenge, the researcher enlisted a professional translator.

The researcher did not sample all the residents of White City, Saldanha. However, the targeted sample of 250 was exceeded as the actual, final sample comprised 311 participants. During data collection, one participant decided to withdraw from the study. The researcher was unable to force this participant to complete the process due to ethical principle of "voluntary participation". This participant might possibly have had converse perceptions to those gathered from the participants, which might have

influenced the study's hypothesis. Nevertheless, it can be safely anticipated that his non-participation was immaterial and did not significantly affect the findings of the study. Finally, due to the fact that the study was conducted in a specific setting (White City, Saldanha), the results cannot be generalised to other settings.

6.8 AREAS FOR FURTHER RESEARCH

As a developing country, South Africa has nine provinces and each of these provinces has a segment of residents who are classified in the low- to medium-income class. This study focused on one municipality (i.e. Saldanha Bay Local Municipality) within one province (i.e. the Western Cape); future research could therefore expand to include other provinces in South Africa or municipalities within the Western Cape that were not covered by this study.

This study primarily focused on customers' perceptions of CSR and its influence on their buying behaviour, with no focus on the business managers' perceptions. Possible future research could also focus on managers' perspectives of CSR activities within low- to medium-income areas in developing countries. The study could also investigate whether businesses receive rewards for being socially responsible in low- to medium-income areas in developing countries.

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APPENDICES

Appendix A: Questionnaire (English)

You are cordially invited to complete the questionnaire on the perceptions of corporate social responsibility and its influence on customer behaviour. It is anticipated that completing the questionnaire will take approximately 30-45 minutes.

SECTION A

Biographical information. Please **Tick** “√” the box that best describes you.

Gender:

Male		Female	
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Age:

19-29 years		30-39 years		40-49 years		50-55 years	
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Race:

African		Coloured		Indian		White	
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Educational Qualification

Less than Grade 12		Grade 12 or National Higher Certificate		Degree or honours degree		Master's or PhD	
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Annual Income:

Less than R100 000		R100 000 – R200 000		R200 000- R300 000		R300 000- R404 901		R404 901 and above	
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Current Occupation:

Public sector (i.e. government)		Private sector (i.e. private company)		Self-employed	
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SECTION B

This section is seeking for your perceptions regarding your **Buying Behaviour**. For each statement, please indicate to which extent you feel it is agreeable or disagreeable. Please **Tick** "✓" only one answer per question.

CUSTOMER BEHAVIOUR

Questions	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
1. I am willing to pay a higher price for a product/service from a business that is socially responsible.					
2. I will choose to buy a product of a socially responsible business even when there are cheaper alternatives available from socially irresponsible businesses.					
3. If given a choice to stop buying from a socially responsible business, I will choose not to stop.					
4. I will recommend friends and family to buy a product/service from a socially responsible business.					
5. I will not buy a product/service recommended by friends and family if the business offering it is not socially responsible.					
6. When buying a product/service, I do consider if a business is socially responsible or not.					
7. If possible, I would only buy products/services of businesses that are socially responsible.					
8. If asked to sign a contract to only buy products/services from a socially responsible business, I will choose to sign the contract.					
9. I would openly state my displeasure towards socially irresponsible businesses.					
10. I would buy a product/service recommended by friends and family if a business offering it is socially responsible.					

SECTION C

This section is seeking for your perceptions regarding **CSR Activities**. For each statement, please indicate to which extent you feel it is agreeable or disagreeable.

Please Tick “√” only one answer per question.

CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

Questions	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
	1	2	3	4	5
1. I am aware of what CSR activities are.					
2. The CSR activities of a business are a factor when deciding whether to buy products/services from it.					
3. Businesses engage in CSR activities because they care about the wellbeing of the society.					
4. If I were to have my own business, I would definitely engage in CSR activities.					
5. The CSR activities done by businesses benefit the community.					
6. I would encourage those businesses that engage in CSR activities to continue to do so.					
7. Most people in my community have benefited from CSR activities.					
8. Businesses waste money by engaging in CSR activities.					
9. I would reward businesses that engage in CSR activities.					
10. It would be good if all businesses were to engage in CSR activities.					

Appendix B: Questionnaire (Afrikaans)

Onderwerp: Vraelys oor die persepsies van korporatiewe sosiale verantwoordelikheid (KSV) en die invloed daarvan op kliëntegedrag.

Hierdie vraelys bestaan uit **drie** afdelings, naamlik Afdelings **A, B, en C**. Voltooi asseblief almal. Dit sal ongeveer 20 tot 30 minute neem om al drie afdelings te beantwoord.

AFDELING A

Biografiese inligting. **Merk** asseblief “√” in die blokkie wat jou die beste beskryf.

Opvoedkundige kwalifikasie (insluitende die een waarmee jy tans besig is):

Minder as Graad 12	Graad 12 of Nasionale Hoër Sertifikaat	Graad of honneursgraad	Meesters of PhD
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Ouderdom:

19-29 jaar	30-39 jaar	40-49 jaar	50-55 jaar
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Ras:

Swart	Kleurling	Indiër	Wit
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Geslag:

Manlik	Vroulik
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Jaarlikse Inkomste:

Minder as R100 000	R100 000 – R200 000	R200 000- R300 000	R300 000- R404 901	Meer as R404 901
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Huidige Beroep:

Openbare sektor (d.w.s. die regering)	Privaatsektor (d.w.s. privaatmaatskappy)	Eie besigheid
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AFDELING B

Hierdie afdeling soek u mening oor u **koopgedrag**. Vir elke stelling, dui aan in watter mate u voel dit is aanvaarbaar of onaanvaarbaar. **Merk** asseblief “√” op een antwoord per vraag.

KLANTGEDRAG

Vrae	Verskil heeltemal	Verskil	Neutral	Stem saam	Stem heeltemal saam
	1	2	3	4	5
1. Ek is bereid om 'n hoër prys vir 'n produk/diens te betaal van 'n besigheid wat sosiaal verantwoordelik is.					
2. Ek sal verkies om 'n produk van 'n sosiaal verantwoordelike besigheid te koop, selfs al is daar goedkoper alternatiewe beskikbaar by sosiale onverantwoordelike besighede.					
3. As ek 'n keuse gekry het om op te hou om by 'n sosiaal verantwoordelike besigheid te koop, sal ek kies om nie te stop nie.					
4. Ek sal vriende en familie aanbeveel om 'n produk/diens van 'n sosiaal verantwoordelike besigheid te koop.					
5. Ek sal nie 'n produk/diens aanbeveel wat deur vriende en familie aanbeveel word as die besighedsaanbieding nie sosiaal verantwoordelik is nie.					
6. Wanneer ek 'n produk/diens koop, oorweeg ek of 'n besigheid sosiaal verantwoordelik is of nie.					
7. As dit moontlik is, koop ek slegs produkte/dienste van sosiaal verantwoordelike besighede.					
8. As ek gevra word om 'n kontrak te onderteken om slegs produkte/dienste van 'n sosiaal verantwoordelike besigheid te koop, sal ek kies om die kontrak te teken.					
9. Ek sal besighede beloon wat betrokke is by KSV-aktiwiteite.					
10. Ek sal 'n produk/diens aanbeveel wat deur vriende en familie aanbeveel word as 'n besighedsaanbieding sosiaal verantwoordelik is.					

AFDELING C

Hierdie afdeling soek u mening oor **KSV-aktiwiteite**. Vir elke stelling, dui aan in watter mate u voel dit is aanvaarbaar of onaanvaarbaar. Merk asseblief “√” op een antwoord per vraag.

Korporatiewe sosiale verantwoordelikheid (KSV)

Vrae	Verskil heeltemal	Verskil	Neutral	Stem saam	Stem heeltemal saam
	1	2	3	4	5
1. Ek is bewus van wat KSV-aktiwiteite is.					
2. Die KSV-aktiwiteite van 'n besigheid is 'n faktor wanneer besluit word om produkte/dienste daar te koop.					
3. Besighede is betrokke by KSV-aktiwiteite omdat hulle omgee vir die welstand van die samelewing.					
4. As ek my besigheid sou hê, sou ek beslis betrokke raak by KSV-aktiwiteite.					
5. Die KSV-aktiwiteite wat deur besighede gedoen word, help die gemeenskap.					
6. Ek sal die besighede wat betrokke is by KSV-aktiwiteite aanmoedig om dit voort te sit.					
7. Die meeste mense in my gemeenskap het voordeel getrek uit KSV-aktiwiteite.					
8. Besighede mors geld deur betrokke te raak by KSV-aktiwiteite.					
9. Ek is bewus van besighede in my gemeenskap wat betrokke is by KSV-aktiwiteite.					
10. Dit sal goed wees as alle besighede betrokke is by KSV-aktiwiteite.					

Appendix C: Consent Form (English)



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jou kennisvennoot • your knowledge partner

STELLENBOSCH UNIVERSITY CONSENT TO PARTICIPATE IN RESEARCH

Dear Participant

My name is Mr N.A. Nkwanyana and I am a postgraduate student at Stellenbosch University, Faculty of Military Sciences, based at Saldanha. I would like to invite you to participate in a research project titled **Perceptions of Corporate Social Responsibility and Its Influence on Customer Behaviour in White City, Saldanha**. You have been chosen to participate in this study because you reside in Saldanha, White City, and the researcher believes that your input to this study will be crucial given the fact that you receive a monthly income, have awareness or a clue of what CSR activities or CSI programmes are, have a choice of whom to support when you buy products and services, and whom to work for (especially for expert employees who are in demand by employers).

Please take some time to read the information presented here, which will explain the details of this project, and contact me if you require further explanation or clarification of any aspect of the study. Also, your participation is **entirely voluntary** and you are free to decline to participate. If you say no, this will not affect you negatively in any way whatsoever. You are also free to withdraw from the study at any point, even if you initially agreed to take part.

1. PURPOSE OF THE STUDY

The study is aimed at investigating the perceptions of corporate social responsibility (CSR) activities and their influence on customer buying behaviour in White City, Saldanha. CSR activities refer to actions taken by a business that are not mandated by laws or regulations but may be seen as a positive action to the wider community, their employees, customers, and the environment, i.e. building sports fields, hospitals and clinics, offering sponsorships, bursaries, and scholarships for the community.

2. PROCEDURES

If you volunteer to participate in this study, the following is requested:

- To fully complete a questionnaire.
- To answer all questions honestly. This will ensure that conclusions drawn from the study are relevant and that the study is reliable.

3. CONFIDENTIALITY

Your information will be retained confidentially and will not be made available to anybody regardless of his or her status of authority. The research data will be locked in a safe space in my office whereby access will be available only to the researcher and the supervisor.

4. POTENTIAL RISKS

There are no extrapolated risks associated with your participation in this research.

5. PAYMENT FOR PARTICIPATION

There is no payment for your participation in this research.

6. PARTICIPATION AND WITHDRAWAL

Your participation in this study is completely voluntary.

If you have any questions or concerns about the research, please feel free to contact Mr N.A. Nkwanyana at 083 960 7168, or Mr M.C. Mkhize (study supervisor) at 022 702 3083, Office 36, Military Academy.

RIGHTS OF RESEARCH PARTICIPANTS: You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights, or remedies because of your participation in this research study. If you have questions regarding your rights as a research participant, contact Ms Maléne Fouché (mfouche@sun.ac.za; 021 808 4622) at the Division for Research Development.

You have the right to receive a copy of the information and consent form.

If you are willing to participate in this study, please sign the attached declaration of consent and hand it to the investigator.

DECLARATION BY PARTICIPANT

By signing below,

I agree to take part in the research study titled **Perceptions of Corporate Social Responsibility and Its Influence on Customer Behavior in White City, Saldanha** conducted by Mr N.A. Nkwanyana.

I declare that:

- I have read the attached information leaflet and that it is written in a language with which I am fluent and comfortable.
- I have had a chance to ask questions and all my questions have been adequately answered.
- I understand that taking part in this study is **voluntary** and I have not been pressured to take part.
- I may choose to leave the study at any time and will not be penalised or prejudiced in any way.
- I may be asked to leave the study before it has finished, if the researcher feels it is in my best interests, or if I do not follow the study plan, as agreed to.
- All issues related to privacy and the confidentiality and use of the information I provide have been explained to my satisfaction.

.....
Signature of participant

.....
Signed on

SIGNATURE OF INVESTIGATOR

I declare that I explained the information provided in this document to _____
[*name of the participant*]. [He/she] was encouraged and given ample time to ask me any
questions. This conversation was conducted in [*Afrikaans/*English/*Xhosa/*Other*] and [*no
translator was used / this conversation was translated into _____ by
_____*].

Signature of investigator

Date

Appendix D: Consent Form (Afrikaans)



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UNIVERSITEIT STELLENBOSCH TOESTEMMING OM AAN NAVORSING TE DEEL

Geagte deelnemer

My naam is mnr. N.A. Nkwanyana en ek is 'n nagraadse student aan die Universiteit Stellenbosch, Fakulteit Militêre Wetenskappe, gebaseer te Saldanha. Ek wil u graag uitnooi om deel te neem aan 'n navorsingsprojek genaamd **Persepsies van Korporatiewe Sosiale Verantwoordelikheid en die Invloed Daarvan op Kliëntegedrag in White City, Saldanha**. U is gekies om aan hierdie studie deel te neem omdat u in Saldanha, White City, woon en die navorser is van mening dat u insette tot hierdie studie noodsaaklik sal wees omdat u 'n maandelikse inkomste ontvang, bewustheid of 'n idee het van wat KSV-aktiwiteite is, 'n keuse het in wie om te ondersteun wanneer u produkte en dienste koop, en vir wie u werk (veral vir kundiges wat op aanvraag onder werkgewers is).

Neem asseblief die tyd om die inligting wat hier aangebied word te lees wat die besonderhede van hierdie projek sal verduidelik, en kontak my gerus indien u verdere verduideliking van enige aspek van die studie verlang. U deelname is ook heeltemal vrywillig en u kan weier om deel te neem. As u nee sê, sal dit u nie op enige manier negatief beïnvloed nie. U kan ook op enige stadium van die studie onttrek, selfs al het u aanvanklik ingestem om deel te neem.

1. DOEL VAN DIE STUDIE

Hierdie studie is daarop gemik om die persepsies van korporatiewe sosiale verantwoordelikheid (KSV)-aktiwiteite en die invloed daarvan op die koopgedrag van kliënte in White City, Saldanha, te ondersoek. KSV-aktiwiteite verwys na aksies wat geneem word deur 'n onderneming wat nie deur wetgewing of regulasies vereis word nie, maar gesien kan word as 'n positiewe aksie vir die breër gemeenskap, hul werknemers, kliënte, en die omgewing. Dit wil sê die bou van sportvelde, hospitale, en klinieke en die bied van borgskappe en beurse vir die gemeenskap.

2. PROSEDURES

As u vrywillig deelneem aan hierdie studie, word die volgende versoek:

- Om 'n vraelys volledig te voltooi.
- Om alle vrae eerlik te beantwoord. Dit sal verseker dat die gevolgtrekkings wat op die studie getrek is toepaslik is en dat die studie betroubaar is.

3. VERTROULIKHEID

U inligting sal vertroulik gehou word en sal nie aan enigiemand beskikbaar gestel word nie, ongeag sy of haar status van gesag. Die navorsingsdata sal in 'n veilige ruimte in my kantoor toegesluit word, waardeur toegang slegs beskikbaar sal wees vir die navorser en die studieleier.

4. POTENSIELE RISIKO'S

Daar is geen ekstrapolasie risiko's wat verband hou met jou deelname aan hierdie navorsing nie.

5. BETALING VIR DEELNAME

Daar is geen betaling vir u deelname aan hierdie navorsing nie.

6. DEELNAME EN ONTTREKING

U deelname aan hierdie studie is heeltemal vrywillig.

As u enige vrae of kommentaar oor die navorsing het, kontak gerus mnr. N.A. Nkwanyana by 083 960 7168, of mnr. M.C. Mkhize by 022 702 3083, Kantoor 36, Militêre Akademie.

REGTE VAN NAVORSINGSDEELNEMER: U mag u toestemming te enige tyd terugtrek en deelname sonder straf verbied. U verwerp nie enige regseise, regte, of regsmiddele as gevolg van u deelname aan hierdie navorsingstudie nie. As u vrae het aangaande u regte as navorsingsdeelnemer, kontak me. Maléne Fouché (mfouche@sun.ac.za; 021 808 4622) by die Afdeling Navorsingsontwikkeling. U het die reg om 'n afskrif van die inligting- en toestemmingsvorm te ontvang.

Indien u bereid is om aan hierdie studie deel te neem, teken asseblief die aangehegte verklaring van toestemming en gee dit aan die ondersoeker.

VERKLARING DEUR DEELNEMER

Deur hieronder te onderteken, onderneem ek,, om deel te neem aan 'n navorsingstudie genaamd **Persepsies van Korporatiewe Sosiale Verantwoordelikheid en die Invloed Daarvan op Kliëntegedrag in White City, Saldanha** onderneem deur mnr. N.A. Nkwanyana.

Ek verklaar dat:

- Ek het die aangehegte inligtingsblad geles en dat dit geskryf is in 'n taal waarmee ek vlot en gemaklik is.
- Ek het die geleentheid gehad om vrae te vra en al my vrae is voldoende beantwoord.
- Ek verstaan dat deelname aan hierdie studie **vrywillig** is en ek nie onder druk is om deel te neem nie.
- Ek kan kies om die studie enige tyd te verlaat en sal op geen manier gepenaliseer of benadeel word nie.
- Ek mag gevra word om die studie te verlaat voordat dit klaar is, indien die navorser voel of dit tot my beste belang is, of as ek nie die studieplan volg nie, soos ooreengekom.
- Alle kwessies wat verband hou met privaatheid en die vertroulikheid en gebruik van die inligting wat ek verskaf, is tot my voldoening verduidelik.

.....
Handtekening van deelnemer

.....
Geteken op

HANDTEKENING VAN ONDERSOEKER

Ek verklaar dat ek die inligting wat in hierdie dokument gegee is, aan _____ [*naam van die deelnemer*] verduidelik het. [*Hy/sy*] is aangemoedig en genoeg tyd gegee om my vrae te stel. Hierdie gesprek is uitgevoer in [*Afrikaans / * English / * Xhosa / * ander*] en [*geen vertaler is gebruik nie / hierdie gesprek is in _____ deur _____ vertaal.*]

Handtekening van die ondersoeker

Datum

Appendix E: Ethical clearance



NOTICE OF APPROVAL

REC: Social, Behavioural and Education Research (SBER) - Initial Application Form

1 October 2019

Project number: 10674

Project Title: PERCEPTIONS OF CORPORATE SOCIAL RESPONSIBILITY AND ITS INFLUENCE ON CUSTOMER BEHAVIOUR IN WHITE CITY, SALDANHA.

Dear Mr Nqobizizwe Nkwanyana

Your response to stipulations submitted on 2 August 2019 was reviewed and approved by the REC: Humanities.

Please note the following for your approved submission:

Ethics approval period:

Protocol approval date (Humanities)	Protocol expiration date (Humanities)
1 August 2019	31 July 2022

GENERAL COMMENTS:

Please take note of the General Investigator Responsibilities attached to this letter. You may commence with your research after complying fully with these guidelines.

If the researcher deviates in any way from the proposal approved by the REC: Humanities, the researcher must notify the REC of these changes.

Please use your SU project number (10674) on any documents or correspondence with the REC concerning your project.

Please note that the REC has the prerogative and authority to ask further questions, seek additional information, require further modifications, or monitor the conduct of your research and the consent process.

FOR CONTINUATION OF PROJECTS AFTER REC APPROVAL PERIOD

Please note that a progress report should be submitted to the Research Ethics Committee: Humanities before the approval period has expired if a continuation of ethics approval is required. The Committee will then consider the continuation of the project for a further year (if necessary)

Included Documents:

Document Type	File Name	Date	Version
Research Protocol/Proposal	Research Proposal Final Draft	17/07/2019	1
Informed Consent Form	Consent Form. Afrikaans version	17/07/2019	Afrikaans
Informed Consent Form	Consent Form. English version	17/07/2019	English
Data collection tool	Questionnaire. English version	17/07/2019	English
Data collection tool	Questionnaire. Afrikaans version	17/07/2019	Afrikaans
Request for permission	Municipality letter	17/07/2019	English
Request for permission	Primary School	17/07/2019	English
Default	Ethics Corrections	17/07/2019	English
Default	Response to REC stipulations	01/08/2019	English

If you have any questions or need further help, please contact the REC office at cgraham@sun.ac.za.

Sincerely,

Clarissa Graham

REC Coordinator: Research Ethics Committee: Human Research (Humanities)

*National Health Research Ethics Committee (NHREC) registration number: REC-050411-032.
The Research Ethics Committee: Humanities complies with the SA National Health Act No.61/2003 as it pertains to health research. In addition, this committee abides by the ethical norms and principles for research established by the Declaration of Helsinki (2013) and the Department of Health Guidelines for Ethical Research: Principles Structures and Processes (2nd Ed.) 2015. Annually a number of projects may be selected randomly for an external audit.*

Investigator Responsibilities

Protection of Human Research Participants

Some of the general responsibilities investigators have when conducting research involving human participants are listed below:

1. Conducting the Research. You are responsible for making sure that the research is conducted according to the REC approved research protocol. You are also responsible for the actions of all your co-investigators and research staff involved with this research. You must also ensure that the research is conducted within the standards of your field of research.

2. Participant Enrollment. You may not recruit or enroll participants prior to the REC approval date or after the expiration date of REC approval. All recruitment materials for any form of media must be approved by the REC prior to their use.

3. Informed Consent. You are responsible for obtaining and documenting effective informed consent using **only** the REC-approved consent documents/process, and for ensuring that no human participants are involved in research prior to obtaining their informed consent. Please give all participants copies of the signed informed consent documents. Keep the originals in your secured research files for at least five (5) years.

4. Continuing Review. The REC must review and approve all REC-approved research proposals at intervals appropriate to the degree of risk but not less than once per year. There is **no grace period**. Prior to the date on which the REC approval of the research expires, **it is your responsibility to submit the progress report in a timely fashion to ensure a lapse in REC approval does not occur**. If REC approval of your research lapses, you must stop new participant enrollment, and contact the REC office immediately.

5. Amendments and Changes. If you wish to amend or change any aspect of your research (such as research design, interventions or procedures, participant population, informed consent document, instruments, surveys or recruiting material), you must submit the amendment to the REC for review using the current Amendment Form. You **may not initiate** any amendments or changes to your research without first obtaining written REC review and approval. The **only exception** is when it is necessary to eliminate apparent immediate hazards to participants and the REC should be immediately informed of this necessity.

6. Adverse or Unanticipated Events. Any serious adverse events, participant complaints, and all unanticipated problems that involve risks to participants or others, as well as any research related injuries, occurring at this institution or at other performance sites must be reported to Malene Fouche within **five (5) days** of discovery of the incident. You must also report any instances of serious or continuing problems, or non-compliance with the REC's requirements for protecting human research participants. The only exception to this policy is that the death of a research participant must be reported in accordance with the Stellenbosch University Research Ethics Committee Standard Operating Procedures. All reportable events should be submitted to the REC using the Serious Adverse Event Report Form.

7. Research Record Keeping. You must keep the following research related records, at a minimum, in a secure location for a minimum of five years: the REC approved research proposal and all amendments; all informed consent documents; recruiting materials; continuing review reports; adverse or unanticipated events; and all correspondence from the REC

8. Provision of Counselling or emergency support. When a dedicated counsellor or psychologist provides support to a participant without prior REC review and approval, to the extent permitted by law, such activities will not be recognised as research nor the data used in support of research. Such cases should be indicated in the progress report or final report.

9. Final reports. When you have completed (no further participant enrollment, interactions or interventions) or stopped work on your research, you must submit a Final Report to the REC.

10. On-Site Evaluations, Inspections, or Audits. If you are notified that your research will be reviewed or audited by the sponsor or any other external agency or any internal group, you must inform the REC immediately of the impending audit/evaluation.