

**University of KwaZulu-Natal**

**An Exploration of Corporate Social Responsibility (CSR) Implementation in  
Companies within the Built Environment in Polokwane**

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College of Law and Management Studies**

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## College of Law and Management Studies

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## **DEDICATION**

This work is dedicated to my mother, Isabella Sdandane Dlamini-Hlophe who laid the foundation and taught me the value of education and life-long learning and serving. It was not in vain.

## **ABSTRACT**

Companies have traditionally reported and focused on the profit as the bottom line of their existence. Consideration of matters relating to the interests of other stakeholders of the companies other than the shareholders or investors was not prioritised. However, Corporate Social Responsibility management has emerged with the expectations for triple bottom line reporting where over and above profit, the companies account for their corporate citizenship initiatives towards the planet and its people. The application of Corporate Social Responsibility (CSR) Management is explored in Polokwane among professional companies that operate within the construction sector. The aim of the study was to understand the initiatives and activities undertaken by the companies causing them to be regarded as corporate responsible citizens in the construction sector. The study was conducted among twenty professional firms that are operating from Polokwane, which were selected by purposive sampling. The core areas that the study considered were the tools and activities that are regarded by the firms as their CSR management efforts; the rationale on the importance of the selected tools and activities and other initiatives that could be pursued, if resources permitted them; whether there are themes that can be derived from the CSR initiatives; and, what effects or outcomes are brought about by the CSR management. The study made use of qualitative exploratory research methodology and therefore data was collected through conducting interviews. Using a semi-structured questionnaire as a basis for the interviews, the participants were able to give their account of experiences and views regarding CSR management. The data analysis was deductive and the discussion was a narrative thematic process drawn from the data presentation of the interviews. The results of the study showed that all the interviewed company representatives understood the importance of CSR and were engaged in various forms of CSR through activities and interventions in the communities. The firms all had a strong socio-cultural intervention in their CSR approach followed by addressing planet and environmental issues. Philanthropic and legislative or ethical concerns were also found which were largely mandatory or coincidental. There seemed to be very little concern on the real value of CSR management from a global or international perspective and another study is recommended that would focus on the empirical and longitudinal studies comparing the built environment's performance to other sectors of the economy.

## **GLOSSARY OF ABBREVIATIONS AND ACRONYMS**

BBBEE	Broad-Based Black Economic Empowerment
BEE	Black Economic Empowerment
BEPs	Built Environment Professionals
CIDB	Construction Industry Development Board
CSI	Corporate Social Investment
CSR	Corporate Social Responsibility
DTI	Department of Trade and Industry
GAAP	Generally Accepted Accounting Practices
GRI	Global Initiative Reporting
ECSA	Engineering Council of South Africa
ECSR	Environmental Corporate Social Responsibility
EU	European Union
HDI	Historically Disadvantaged Individual
IDT	Independent Development Trust
ISO	International Organisation for Standardisation
JSE	Johannesburg Stock Exchange
MDGs	Millennium Development Goals
NDP	National Development Plan
NEMA	National Environmental Management Act
NGO	Non-Governmental Organisation
UN	United Nations
MDG	Millennium Development Goal
SAACPP	South African Association
SACAP	South African Council for the Architectural Profession
SACPCMP	South African Council for Project & Construction Management Professions
SACPLAN	South African Council for Planners
SACQSP	South African Council for the Quantity Surveying Profession
SANS	South African National Standards

SDGs	Sustainable Development Goals
SED	Socio-Economic Development
SETA	Skills Education Training Authority
SME	Small-Medium Enterprise
SRI	Socially Responsible Investment
StatsSA	Statistics South Africa



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# **CHAPTER ONE**

## **INTRODUCTION**

### **1.1 Introduction**

Companies play an important role in an economy's livelihood which is an important aspect of life. Corporate social responsibility (CSR) is one of the ways in which socio-economic and environmental problems in the community are addressed.

Besides the background information, this study provides the aim and objectives, the motivation, data and study methodology and the contribution to knowledge in the construction field. A qualitative investigation of CSR in the construction industry was conducted and the study was conducted in Polokwane.

### **1.2 Background to the Research**

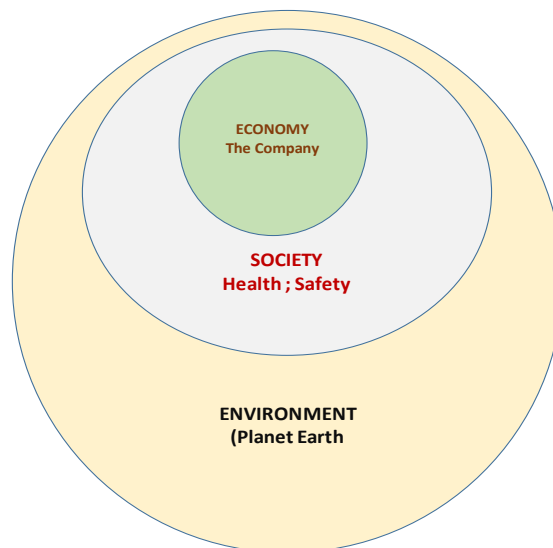
Large corporations and smaller business entities that are profit driven are owned by shareholders who employ directors and executives to create wealth and effective governance has become increasingly important as company performances have to satisfy both the shareholders as well as other stakeholders (Hendrikse & Hendrikse, 2004). Triple "P" bottom line reports are therefore drawn up that consider a company's performance in terms of the people, the planet as well as the profit, which cater for economic, social and environmental factors (Nwaneri, 2015). However, the role that companies play is sometimes detrimental and leaves irreversible social, economic and environmental impacts on the surrounding community and the world at large (Hendrikse & Hendrikse, 2004). Social corporate governance supports responsible wealth creation for shareholders by ensuring that people are treated properly and business pursuits are conducted responsibly with minimal damage to the environment.

The role of corporate social responsibility (CSR) according to Hendrikse and Hendrikse, (2004), is such that corporations cannot afford to ignore societal and environmental aspects or get away with misconduct as they stand to face loss of business and in some instances even pay heavy fines. Company directors are therefore required to exercise due diligence with respect to



the effects that their companies may have on the sustainability of the environment. Section 24 of the Constitution of the Republic of South Africa provides for a right to environmental protection. More and more regulations and restrictions that support sustainable development and responsible wealth creation have been passed such as the National Environmental Management Act (NEMA) which makes it the company's responsibility to identify activities that have a negative and detrimental effect to the environment such as pollution, soil erosion, river damage as failure to act responsibly by the company may lead to the directors being held personally liable for the harm caused by the company (Fisher & Grant, 2012; Michael, Min, Ling & Kai, 2015; Rundle-Thiele, 2009; Sagebien, Lindsay, Campbell, Cameron & Smith, 2008).

The figure below depicts the larger context of operations that any business entity exists within.



**Figure 1.1: The larger context of a company's operations**

Source: Hendrikse and Hendrikse, (2004)

According to Hendrikse and Hendrikse (2004), the following activities depict some of the irresponsible behaviours and malpractices that are typically conducted by companies that have no social responsibility conscience in their operations:

- Exploiting natural resources (e.g. timber, oil, fish stocks)
- Abuse of business with endangered species (e.g. whaling, poaching rhinos)
- Abuse of surplus labour (e.g. cheap items manufactured in the Third World Countries)
- Violating local rules

- Deliberate tweaking information, false advertising and misinterpretation
- Using child labour
- Poor working conditions (e.g. that do not meet the acceptable health and safety standards)
- Unsafe working conditions (e.g. mining shafts, construction heights, etc.)
- Excessively long working hours
- Production of drugs with adverse side effects or chemicals with hazardous effects to the environment
- Exploitation of animals for products and research

The benefits of practicing corporate social responsibility to businesses carry long term and lasting effects for the performance of the business. Authors such as Ahamed, Almsafir & Al-Smadi (2014), Cherapanukorn & Focken (2014), Giannarakis & Theotokas (2011), Nwaneri (2015), Sarvaiya & Wu (2014), Yip, van Staden & Cahan (2011), Young & Makhija (2014), Zali & Sheydayee (2013) agree some benefits include improved financial performance and that operating costs are reduced as a result of removing inefficiencies and waste. Thus promoting an environmentally orientated workplace where the productivity is optimally exercised (Ahamed, Almsafir & Al-Smadi, 2014; Hendrikse & Hendrikse, 2004; Cherapanukorn & Focken, 2014; Giannarakis & Theotokas, 2011; Nwaneri, 2015; Sarvaiya & Wu, 2014; Yip, van Staden & Cahan, 2011; Young & Makhija, 2014; Zali & Sheydayee, 2013). It is simpler for the business to attract and retain good staff (Abd-Elmotaleb, Saha1 & Hamoudah, 2015).

Enhanced company image is enjoyed as more and more people want to associate with the business that they link to having a good reputation in CSR. Businesses that are perceived to be socially responsible, therefore increase their sales and customer loyalty (Nwaneri, 2015; Sarvaiya & Wu, 2014). There is a general wariness of the effects that the activities carried out by companies on the overall sustainability of the environment (Cherapanukorn & Focken, 2014). Efforts to engage in practices that satisfy or even go beyond the minimum regulatory compliance requirements could result in less scrutiny from government bodies or reduced regulatory oversight on the company (Saha1 & Hamoudah, 2015). Therefore, funding institutions, such as banks, that have ethical, environmental and CSR screening criteria tend to

invest into CSR complaint entities thus making it easier to obtain funding for these businesses (Sarvaiya & Wu, 2014).

The question is how does one identify, measure and manage CSR if it is an ingrained part of a company's business deliverables that are reported annually being equally important to shareholders as the profits. Hendrikse and Hendrikse (2004) have identified three main areas of CSR reporting. These three areas are the employee issues, supplier issues and the health and safety issues.

Depending on the industry or sector of the economy, companies have a potential to degrade the natural environment or socio-cultural assets through their business operations. The construction sector involves building various infrastructure such as roads, bridges, pipelines, power gridlines, towers, institutions, housing developments and etcetera. Such activities are marred by the disturbance of the ecosystems, natural waterways, air circulation and wind directions (Nwaneri, 2015; Saha1 & Hamoudah, 2015). Green housing effects and climate changes due to the footprint of manmade built structures and technologies are becoming a serious concern to many governments (Nwaneri, 2015). Without much doubt, the companies that are engaged in changing the natural environment through infrastructure and construction are responsible for these outcomes and they are expected to be answerable together with their funders for the negative outcomes of their activities to the society (Saha1 & Hamoudah, 2015). Furthermore, these companies are legally viewed as citizens similar as that of natural individual persons, thus expectations for shared societal burdens. Therefore, generating profitability for the company shareholders without any regard or contribution to the larger stakeholders and the environment is becoming questionable (Yip, van Staden & Cahan, 2011).

This study seeks to understand the main drivers or causes that make companies in the construction sector to become corporate responsible citizens. The construction sector annually receives grants from the government in order to implement projects in underprivileged communities. The Independent Development Trust (IDT) is one of the implementing agents that are involved in rolling out projects that are paid from the government grant. In order for any of the projects to be performed to the correct methods and standards, these professional companies are appointed to perform the activities of the entire project management cycle from

the conception stage, to design, procurement, execution or construction and finally to the closeout and commissioning stage. The researcher investigated the role of CSR implementation that is fulfilled by these professional companies. The reason for focusing on CSR implementation by companies in the construction sector derives from the fact that this sector is an industry that brings development, employs general workers that are unskilled or semi-skilled and interacts with the lowly humble society, which is why these companies can be deemed as corporate citizens (Yip, van Staden & Cahan, 2011).

What are the efforts made by the companies operated by construction professionals in order to contribute towards addressing the myriad of challenges that emanate from poverty, unemployment and inequality that are stated in the National Development Plan (2011)? The results obtained here can equip decision makers and stakeholders who see development in terms of brick and mortar to include the soft

### **1.3 Focus of the Study**

Culminating from the efforts of companies towards assuming a role in society as corporate social citizens, from literature, the research proposed to explore how this phenomenon plays out among companies whose construction projects occur among poor communities. This study focuses on the activities and role played by the construction industry in implementing corporate social responsibility. The study was based on professional consultancy companies that are operating in Polokwane, a town located in the Limpopo Province in South Africa. Polokwane is a growing town since there are mining operations in the Limpopo Province. In a way this research contributes new knowledge and greater understanding by determining cause-and-effect relationships in the construction industry. Another study can be conducted to further consider CSR from the perspective of the construction companies and material suppliers who are also key players of this industry.

### **1.4 Problem Statement**

The poverty and inequality patterns in South Africa are the underlying CSR environment of the larger society. The StatsSA report of 2017 indicates that South Africa is facing a war against

poverty in which women and children (below the age of 17) are the most affected. People in rural areas, particularly in the Eastern Cape and Limpopo provinces are the hardest hit in the war against poverty in South Africa (StatsSA Report, 2017). Poverty and inequality are the major causes of the challenges that companies who contribute to CSI and CSR are seeking to address. With this kind of serious life threatening report, the CSR initiatives and activities that companies engage into cannot turn a blind eye to the woes of poverty in the society. As companies do not operate in a vacuum, they cannot afford to ignore the plight of the society in which they operate (Lipunga 2015). As such, companies exist as part of the social citizens with ethical and socially responsible moral behaviour in a similar fashion that a natural person is perceived. Whereas in the past, the only factor that management of companies considered was the wealth of the shareholders. Nowadays, the responsibility of the company has extended to consider stakeholders through a holistic triple bottom line consideration of social, financial success and environmental awareness (Giannarakis & Sariannidis, 2011; Lipunga 2015; Uwuigbe & Egbiide, 2012). Sustainable development takes into account the interests of the stakeholders as well as the shareholders through policies and actions that are mapped to achieve the so-called triple bottom line of social, environmental and financial success (Sandhu & Kapoor, 2010). The sustainability and development of communities cannot solely be the responsibility of the government, but a joint effort among the various stakeholders, in particular private sector (Lipunga 2015). As a solution, the role of companies in society has been elevated to be accountable and responsible in ensuring that they are contributing and embracing the communities in which they operate as key stakeholders (Sandhu & Kapoor, 2010). It is the interest of this research to investigate the involvement of construction professionals in CSR.

The South African National Environmental Act No. 107 of 1998 (NEMA), the Environmental Management and Co-ordination Act No.8 of 1999 (EMCA) and the Mineral and Petroleum Resources Development Act No. 28 of 2002 (MPFDA) are voluntary tools that legislate the role of companies to save the planet and restore the social fabric and moral degradation of society. The International Organisation for Standardisation ISO26000 offers solutions to environmental management which is not mandatory to companies. Currently, there are no stringent policies that enforce the restoration of the environment (Fakoya, 2014).

Recent studies that have been carried out in Polokwane vary widely in their focus and fields and they considered the following areas of interest:

- Food assistance, food banks (Hendricks, & McIntrye, 2014)
- Strategic business and management communication (Klerk & Oolofse, 2010)
- Environmental costs, particularly wastewater management by the municipality (Fakoya, 2014)
- School environment and extracurricular activities (Mahlo, 2015)

Local studies that have been conducted on the built environment in South Africa are largely relating to engineering practices and systems (Fakoya, 2014) and very little has been considered regarding corporate governance with no mention of CSR particularly in Polokwane. Studies on CSR seem to be lagging behind. No studies were found regarding CSR implemented by companies in Polokwane.

This study is well placed to fill the gap in corporate social responsibility research particularly in companies that operate within the built environment. The study was concerned with ascertaining whether or not there are CSR activities, tools and techniques that are implemented in Polokwane. It contributes to a better understanding of the motivations, nature, choices and outcomes of CSR activities and strategies by companies in the South African construction sector and sought to classify them on patterns and links between these activities. It is important in shedding light to the current strides linking corporate social responsibility to the built environment sector.

## **1.5 Research Questions**

The questions being answered in the research are as follows:

1. What are the corporate social responsibility initiatives implemented by companies within the built environment in Polokwane?
2. What motivates companies within the built environment in Polokwane to make use of the CSR tools and initiatives?
3. Are there any challenges faced by the companies which tend to hinder and frustrate CSR implementation in the built environment in Polokwane?

4. What are the outcomes realised through CSR interventions by companies within the built environment in Polokwane?

## **1.6 Aim and Objectives**

The study is an exploration regarding implementing corporate social responsibility as it is being implemented by companies within the construction sector in Polokwane. The study aimed to gain understanding on the implementation of CSR in the built environment. This was achieved through the following research objectives:

- To explore corporate social responsibility initiatives implemented by companies within the built environment in Polokwane.
- To investigate the motivation behind the implementation tools and initiatives employed by companies in the built environment in Polokwane.
- To investigate challenges faced by the companies within the built environment in implementing CSR in Polokwane.
- To determine the outcomes of CSR in the built environment in Polokwane.

## **1.7 Motivation of Study**

Companies are becoming more and more aware of the impact of their operations in society. They are further reporting annually on activities in which they voluntarily support the society which are not directly used to generate any profits (King III, 2009). This consciousness and awareness by companies of the society as key stakeholders and heeding their needs forms the ethos of both corporate social responsibility (CSR) and corporate social investment (CSI).

Furthermore due to global warming, governments are seriously concerned with the greenhouse effects, climate changes and degraded quality of life caused by negative outcomes of operations by companies that deplete the natural environment in pursuit to increasing their footprint of manmade built structures and technologies. Corporate social responsibility is viewed as a means to undertake responsible and sustainable forms of development and therefore this study

is establishing the links to activities that seek positive outcomes rather than destructive and negative outcomes. According to the study by Chiu & Hsu (2010), there are three constructs to the study of CSR levels; community, actual implementation, and managers' perception.

One of the governance principles that emerge from the King III Report (2009) is the principle of social corporate responsibility and its underlying concepts, activities, standards and practices. These have an influence on the built environment industry (construction sector), which is an important player in the economy of the country. This study is a relevant investigation because it explored social responsibility that is demonstrated by companies that carry out the implementation of social projects (such as schools, clinics, welfare centres, etcetera) in the communities. These projects are delivered on behalf of the government where construction economic activities and growth potential of the country lies, specifically in the Limpopo Province.

The reason that this study is limited to the construction industry is because this is one of the important sectors of the economy in South Africa. Moreover, it is a sector that will not only rely on heavy plant and equipment in supporting the country's economy through production, but that is coupled with a large labour and staffing compliment (Rundle-Thiele, 2009). Furthermore, the mining and extraction industry is also one such sector of the economy that is similar to the construction industry, in that it is heavy plant based, equipped with mechanisation and at the same time attracts hordes of labour to its operations (Fisher & Grant, 2012; Michael, et al., 2015; Rundle-Thiele, 2009; Sagebien, et al., 2008). However the mining sector has its own slightly different and unique offerings, such as a very strong influence of labour unions that affect the mining industry, due to the history of South Africa. The construction industry is also known to be cyclical in its economic activity, such that the health and livelihood of the industry is measured through indices, fiscus apportionments, advertising of new tenders, and so forth. The construction industry is a project based dynamic sector whose operations and productivity are not expected to be consistently the same, thus triple bottom reporting can reveal more for the overall state of this sector (Michael, et al., 2015). This qualitative study therefore has contributed to new knowledge regarding the health of the construction sector by focusing on the CSR aspect to triple bottom line reporting. Perhaps, this can lend itself to be a useful area of research such that the CSR angle could be adopted by the industry as one of the



important guides and indicators when analysing and placing the industry's performance on the business cycles.

## **1.8 Research Methodology**

The study is largely based on human behaviour and according to Creswell (2009) a researcher should understand how human beings experience and interpret the world through their experience. Therefore an interpretive research paradigm has been applied in seeking to make interpretations of data so as to make sense of differences and causal links or relationships Creswell (2009). There are different research philosophies that underpin the principles of research. The interpretive approach is useful in social research techniques and thus an exploratory research has been utilised Creswell (2009).

The research approach of the research was a qualitative approach. The reason being that an exploratory investigation was undertaken that sought to provide a broader understanding of CSR implementation. In-depth information on CSR-related practices and tools that are being implemented by companies that function as professionals for the built environment sector in Polokwane was explored.

### **1.8.1 Sampling design and target population**

The study was conducted using the purposive sampling design. The basis for using a purposive sampling procedure considered that in a qualitative study design, non-probability sampling is appropriate (Sekeran & Bougie, 2013). The selection of participants with purposeful sampling is more deliberate, contemplative and insightful (Welman, Kruger & Mitchell, 2010). The study required in-depth information from senior management of companies that operate in the built environment.

### **1.8.2 Target Population**

Professionals from firms that are in the following disciplines were targeted:

- Architecture;
- Quantity Surveying;
- Engineering; and
- Health and Safety Compliance.

The disciplines operate as professionals for the built environment. The population considered those who were registered in the database of the Independent Development Trust (IDT) in Polokwane. Since the database keeps records of appointed and interested companies, it changes on a daily basis. Therefore the population size was 96 companies as at 31 January 2017. It was from these companies that the 20 were drawn, through purposeful filtering the targeted disciplines from contractors and suppliers of goods and other services. The criteria used was to find only those companies within the database operated by professionals (architects, surveyors, engineers and health and safety specialists).

### **1.8.3 Data Collection**

The research data collection was done by means of interviews that were aided by open-ended semi-structured questions. By utilising a semi-structured questionnaire, the researcher wanted to ensure that all the participants provide answers to similar issues being explored by the study while also allowing for participants to freely expound of the data in the differences of responses received through having an open-ended and less structured questions.

### **1.8.4 Data Analysis and Interpretation**

Since this is a qualitative study, in analysing the qualitative data, the researcher began with a large body of information that had to go through inductive reasoning, be sorted, categorised in order to become small sets of abstracts and construct the underlying themes (Leedy & Ormrod, 2013). The data analysis technique was mainly based on Creswell, 2007's data analysis spiral

which includes the steps of organisation of data, perusal, classification and synthesis (Leedy & Ormrod, 2013).

Data analysis had to take cognisance of the four themes that surfaced through the interviews. These were qualitatively assessed as the sequencing of events, relationships and structure of ideas were explored. Diagrams and tables were incorporated to bring out the interrelatedness of ideas and to resolve the problems as well as other creative solutions. According to Orna and Stevens (2000), the power of the graphic in conveying information has a richness that eloquence may not describe because they can show sequence, simultaneity or linearity of prose or description. The authors assert that envisioning information is a bright and splendid work of the intersection of image, word, number, art and other instruments of typography that help us to put the right mark at the right place. Thus the information collected has been compared, inspected in a systematic arrangement that permitted the findings to be classified or categorised before conclusions could be drawn from them. At the end of the data analysis the researcher checked for accuracy, credibility of the results and reliability procedures to check for mistakes (Creswell, 2009).

## **1.9 Limitations of the Research**

The sampling in this study was limited to firms of professionals and did not extend to construction companies or suppliers for construction materials that operate in the built environment since all three are governed by one Construction Charter. The study was conducted in the town of Polokwane, which is located in the Limpopo Province.

## **1.10 Research Structure**

Chapter One is the introductory chapter giving an overview of the study, laying a foundation of the subject matter, stating the objectives and questions that the study is bringing. The research approach and limitations of the study are also outlined.

Chapter Two provides the literature review which has a funnel approach, which is, addressing CSR implementation starting from the international perspective, to the wider African continent's perspective lastly drilling to the local South African perspective of CSR. Relevant theories, strategies and models are also reviewed.

The research methodology employed is captured in Chapter Three. Chapter Three provides a discussion on the basis of the methods of research that were selected as well as their suitability towards the aim and objectives of the study. The limitations of the applied methodology for this research are also explained.

Research Findings are presented under Chapter Four.

Chapter Five presents an analysis and discussion surrounding the findings in the previous chapter. The discussion knits together the themes and links emanating from the findings as per the four objectives that the study investigated.

The final Chapter is a presentation of the conclusions of what surfaced from the study in solving the research problem and recommendations thereof.

### **1.11 Chapter Summary**

The first chapter presented an overview of the research and its focus. The problem statement and research questions which have triggered the objectives of the study were addressed. The research approach that the study followed were briefly explained. Limitations of the study and scope of the data sampling applied were also outlined in this chapter. The next chapter provides a review of the literature formulations concerning the study's focus and objectives.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 Introduction**

The chapter started by exploring the definitions of CSR from literature. The chapter proceeded to consider various aspects of CSR from international studies, studies based on Africa and those from the locally inclined perspective of South Africa, including in Polokwane. Furthermore, literature reviews of studies on the implementation of CSR were carried out according to how these studies relate to the four research objectives of the present study. According to Saunders et al., (2007) documented evidence from literature has to be broad enough to test the current research. Literature on the attribution theory as it relates to CSR was also reviewed, in order to bring out some key concepts that enhanced the researcher's understanding as similar studies had applied this theory.

#### **2.2 What is Corporate Social Responsibility?**

Corporate social responsibility has been defined by the United Nations Environmental Programme (2011) as a voluntary form of self-regulation by private enterprises, organisations and other entities. Corporate social responsibility is developing internationally extending to various African countries including South Africa. The International Organisation for Standardization (2010) brings out the seven core performance areas and aspects of CSR (Lipunga, 2015):

- Consumer issues;
- Labour practices;
- Human rights;
- The environment;
- Fair operating practices;
- Organisational governance; and
- Development of the community and society.

These seven core areas are a framework for social responsibility in which the overarching goal is holistic and continuous sustainable development (Lipunga, 2015).

In defining CSR, Sandhu and Kapoor (2010), cites Bowen's 1953 publication entitled "Social Responsibilities of the Businessman" as one of the earliest publications on the subject of corporate social responsibilities in which CSR was succinctly defined as follows:

*"An obligation to pursue those policies, to make those decisions, or to follow those lines of action that are desirable in terms of the objectives and values of our society."*

Corporate social responsibility is linked to those activities and actions that are geared to promote the alignment of the operations in the company with the values held by the community. Sandhu and Kapoor (2010) add that the social good that CSR provides is not just beyond the profitability interests of the company, however, it should go beyond the requirements of the law. Corporate social responsibility activities have a positive influence over the society in which the company operates (Sandhu & Kapoor, 2010). This brings about a view that CSR is thus not just an obligation but it becomes a strategic tool.

Another definition of CSR is ethical conduct that a company exhibits in order to be responsible for the general stakeholders and not just confined to its stockholders (Chiu & Hsu, 2010). Chiu and Hsu (2010) believe that CSR is a general ethical conduct of a corporation which takes responsibility for all the stakeholders rather than only the shareholders. Their study was conducted for the mobile telecommunications industry where the products were not physical but social corporate image was one of the determining factors to business success.

According to Pomering and Johnson (2009, p106) social corporate responsibility is a term used to describe *"how businesses act to implement the broad societal responsibility of going beyond economic criteria, such as creating products, employment and profits to meet broader social and environmental expectations"*. There is therefore a commitment from the business to make contributions on sustainable economic development in improving society and quality of life.

A simple definition of corporate social responsibility was given by Malm (2012) which refers to the contributions that the private sector make towards the development initiatives for no

profit taking place in their work environment and society as a whole which compliments the efforts made by the government and civil society itself.

Another definition supporting the voluntariness of CSR is provided by the European Union Commission in the Green Paper on CSR (2002, p2) is as follows: *“CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis”*. It is interesting that this definition departs completely from the premise that mandatory and legislated initiatives could still be perceived as CSR. Hence the in South Africa the legislated BEE Codes of Good Practice would be viewed as mandatory therefore not supporting CSR because there would be no voluntary consideration. Malm (2012) concurs to this thinking that corporations should perform over and above what is legally obligated in their CSR contributions to society.

Malm (2012, p9) citing Struwig’s 1994 definition of CSR strongly recognises that the benefit of the voluntary behaviour is for the beneficiary society’s upliftment and not the corporation:

*“CSR refers to the voluntary behaviour undertaken by organizations in the private sector which directly benefits the wider society of which these organizations are part. This behaviour should be undertaken as a voluntary obligation which extends at least partially beyond the legal boundaries laid down by the wider society and which does not necessarily have a direct economic (or other) benefit to the organizations”*.

Corporate social responsibility varies from continent to continent and even among countries in the same region and international organisation’s focus differ operate under varying conditions. Internationally accepted definitions were provided by the Commission of European Communities and the International Organisation for Standardization.

The Commission of the European Communities (2001) framed the following definition for CSR (Dahlsrud, 2008, p2):

*“CSR is a concept whereby companies integrate social and environmental concerns into their business operations and in their interactions with the stakeholders on a voluntary basis.”*

The definition by the European Union Commission is in support of ensuring that the actions and activities of the companies are mindful of social and environmental concerns as an on-going consciousness. The expectations raised by the EU definition is that the social and environmental issues are to be considered in the business operations and interactions of the companies as a necessary and voluntary benevolence (Schwartz & Carroll, 2003).

In the local South African context the definition of CSR that has been drawn up from the Codes of Good Practice on Broad-Based Black Economic Empowerment is for the term “social investment” and states that it is “contributions to society and community by the company that are extraneous to its regular business activities where the local communities are beneficiaries of the programmes” (Department of Trade and Industry, 2005, p30). The International Organisation for Standardization (ISO) during 2010, published a document called Guidance on social responsibility (26000:2010). The definition of CSR provided in the document provides that (ISO, 2010, p3):

*“the responsibility of an organisation for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:*

- *Contributes to sustainable development, including health and the welfare of society;*
- *Takes into account the expectations of stakeholders;*
- *Is in compliance with applicable law and consistent with international norms of behaviour; and it integrated throughout the company and practised in its relationships”.*

This is a relevant definition in the South African context as the acceptable CSR definition because the same definition has been accepted and later adopted by both the South African National Standard (SANS, 2010) as well as the King III report of 2009.

## **2.3 The Relevance of CSR to the Construction Sector**

Depending on the industry or sector of the economy, companies have a potential to degrade the natural environment or socio-cultural assets through their business operations (Fakoya, 2014;



Lipunga, 2015). The role that companies play as legal persons and thus citizens of the planet is important in the same way as that the individual person whom society is expecting not to bring danger, to harness the environment and to respect others (Fakoya, 2014) The construction sector involves building various infrastructure such as roads, bridges, pipelines, power gridlines, towers, institutions, housing developments, and etcetera. Such activities are marred by the disturbance of the ecosystems, natural waterways, air circulation and wind directions. Green housing effects and climate changes due to the footprint of manmade built structures and technologies are becoming a serious concern to many governments (Fakoya, 2014; Johannsdottir, et al., 2014; Lipunga, 2015). Without much doubt, the companies that are engaged in changing the natural environment through infrastructure and construction are responsible for these outcomes and they are expected to be responsible together with their funders for the negative outcomes of their activities to the society (Chiu and Hsu, 2010; Efiong, Usang & Inyang, 2013; Alshareef & Sandhu, 2015;

Therefore, generating profitability for the company shareholders without any regard or contribution to the larger stakeholder environment is becoming questionable (Ackers & Eccles, 2015; Battacharya, 2015; Emezi, 2015). This study aims to understand the main implementation drivers that cause companies in the construction sector to become corporate responsible citizens.

## **2.4 Drivers for CSR Initiatives**

In a study conducted by Chiu and Hsu, (2010) on CSR drivers, it was indicated that the concept of CSR was due to corporate and brand image and thus gaining customers trust and making lasting impression were key. The study was set in the telecommunications industry where risks of ecological impact and responsibility caused by the industrialization hazards (e.g. pollution, toxic waste, ozone layer depletion and global warming) are harnessed. Risks associated with electro-magnetic fields are perceived by the society as something that the companies have to solve for the society. In their study, Chiu and Hsu, (2010) reveal that the factors that determine corporate image are a combination of customers' perceptions of corporate entities activities, philosophy of management, traditions and service. These are further guided by feelings,

thoughts, experiences, knowledge about the company and therefore are highly based on subjective judgment. Government and public sector also play a role in presenting signals and messages that categorise the corporations according to their statutory and legislative compliance, adherence to tax laws, destruction to the environment and historical context (Zali & Sheydayee, 2013; Ackers & Eccles, 2015; Michael et al., 2015).

The relationship between company operations and the value given to society is represented in Table 2.1.

**Table 2.1: Relationship between Business and Society**

<b>Society Provides</b>	<b>Business Provides</b>
Means of Exchange	Products and Services
Trained Manpower	Direct and Indirect Employment
Legal and Banking Systems	Income Generations (i.e. wages, dividends, taxes, interests)
Social Infrastructure	Examples are roads, libraries, public schools and public clinics and hospitals

Source: Centre for Corporate Research and Training (2003)

There are various stakeholders that carry the values of society. Companies have to position themselves by considering the desires of the following stakeholders (Pomering & Johnson, 2009; Sandhu & Kapoor, 2010; Yip et al., 2011):

- Customers;
- Employees;
- Shareholders and investors;
- Community members;
- Government authorities;
- Unions;
- Regulatory bodies;
- Suppliers; and
- Competitors and role models.

They are largely driven by the benefits that their strategic intent aims to achieve such as corporate image, ethical standing, quality of life, profitability, quality of goods and services (Giannarakis, 2011; Efiog, 2013; Emezi, 2015). Based on their strategic intent, companies

can therefore initiate or participate in programmes that cover the following areas of the society values (Sandhu & Kapoor, 2010):

1. Educational;
2. Healthcare;
3. Environmental;
4. Employee benefits (e.g., gratuity, provident funds, safety and protection, etc.);
5. Welfare to under-privileged;
6. Rural development;
7. Natural calamities;
8. Sports, art and culture promotion;
9. Empowerment of women and the vulnerable; and
10. Setting ethical standards for the industry.

According to Zali and Sheydayaee (2013), the role of competition is a major driver for companies to providing a CSR strategy. Where there is no competition, companies are less likely to act in a socially responsible manner. In their study Zali and Sheydayaee (2013) propose that financial performance is a determinant of CSR strategy and is one of the factors for survival. Companies have more will to participate in CSR related activities where there is a high competition environment and their dynamic capability is at play (Battacharya, 2015). Reaching purposeful economic profits for the shareholders remains the number one goal of the company's survival. However, continuous acceptance and perception of the wider stakeholders lies at the heart of the future survival and economic profits that can still be generated in the long term (Dahlsrud, 2008) Pursuing long term competitive advantages and sustaining the dynamic capabilities of the company in a volatile environment (Pomering & Johnson, 2009).

When investigating CSR performance Giannarakis (2011) asserts that companies should demonstrate their key strengths and strategy together with opportunities for improvement on their weaknesses. Corporate Social Responsibility performance depends on the commitment of corporate managers the CSR perception of individuals. The research by Giannarakis (2011) was based on the GRI (Global Initiative Reporting) guidelines that are used to ascertain the level of performance using content indices and performance indicators that distinguish the dimensions of CSR as economic, environmental and social. The study also realised that a major

shortfall in some corporations is that their CSR involvement considers the expectations of certain stakeholders because in a financial turndown, companies tend to reduce their CSR projects.

## **2.5 Corporate Social Responsibility as a Strategy or Business Model**

One of the main reasons why companies are implementing corporate social responsibility is described by Michael et al. (2014) as attainment of *business value generation*. Another primary driver for corporate social responsibility that they identify is to ensure sustainable development (Lipunga, 2015). By contributing to the community programmes that provide social, economic and environmental upliftment to society, companies are perceived as driving sustainable development (Michael et al., 2014). The motives and perceptions of CSR has been studied and explained by some authors through the attribution theory (Michael et al. 2014). The attribution theory explains how individuals ascribe and deduce actions or certain behaviour. The theory therefore tries to explain why people do what they do and whether or not they are perceived correctly. Stakeholders attribute the reasons behind the initiatives or the extent of the outcomes that the company was seeking to achieve since the interests of the company and that of society may vary widely (Michael et al., 2014). The effectiveness of a CSR strategy or model is propelled by the diminishing gap that is between the perceptions of stakeholders, the company and society (Olowokudejo et al. 2011). Values alignment between the company and society leads to more positive outcomes from CSR and therefore understanding the true needs of the community should be the starting point for companies that informs the choice of the CSR strategies that they eventually employ (Michael et al., 2014). The choice of CSR strategy varies and has been classified into aggressive CSR, defensive CSR, proactive CSR and reactive CSR as shown in the following table (Michael et al., 2014):

**Table 2.2 Categories of CSR Strategy**

<b>Aggressive CSR</b>	Understanding followed by responding aggressively to the specific needs and yearnings of stakeholders.
<b>Defensive CSR</b>	Company finding ways to escape the consequences of their activities and not facing the negative outcomes by using legal and ethical frameworks to protect themselves.
<b>Proactive CSR</b>	Accommodative initiatives that a company embarks on without being pressurised and without an occurrence of negative outcomes.
<b>Reactive CSR</b>	Company reacting to the occurrence of negative outcomes that are linked to their functions or actions and are therefore facing pressure from stakeholders.

Source: Michael, Min, Ling and Kai (2014)

Companies engage in CSR activities based on underlying goals that vary between (Michael, et al., 2014):

- Survivability and pure economic reasons;
- Competitiveness;
- Maintenance of stability; and
- Improve the image of the company.

## **2.6 Models and Approaches on Corporate Social Responsibility**

The aspirations that companies seek to derive when they engage in corporate social responsibility activities have been explained through various models. Each model addresses the critical drivers that push the companies towards engaging in good citizenship activities that are beneficial to the country, continent or planet at large (Dahlsrud, 2008). According to Lamberry et al. (2014), the United Nations has crafted a model called the Global Compact which embraces four areas that link to social responsibility of companies emanating from the ten universal principles of human rights, these are (Lamberry et al., 2014):

- Human rights;
- Labour;
- Environment; and
- Anti-corruption.

The UN provides that all social responsibility tendencies are driven from these four states of understanding of the society in which the companies operate.

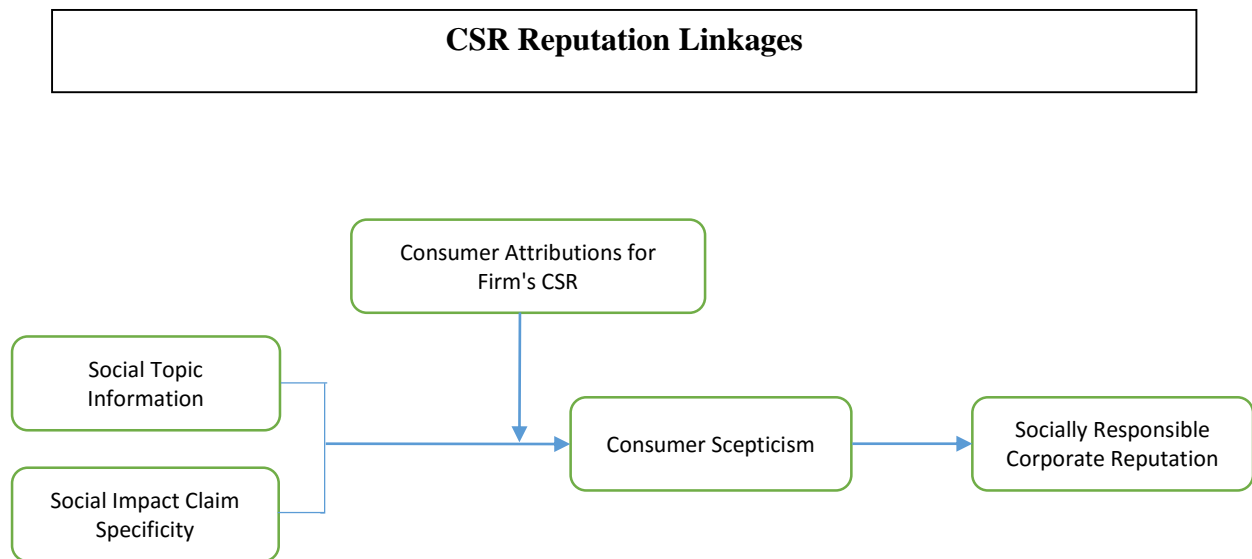
The role of companies in society has been elevated to be accountable and responsible in ensuring that they are benefiting the society as a whole and embrace the communities as key stakeholders (Sandhu & Kapoor, 2010; Efiog, 2013; Michael et al., 2015). Sandhu and Kapoor (2010) assert that in order to sustain its activities and improve its competitiveness, a company needs to contribute to the maintenance of the community where it operates. Sustainable development takes into account the interests of the stakeholders as well as the shareholders through policies and actions that are mapped to achieve the so-called triple bottom line is social, environmental and financial success (Sandhu & Kapoor, 2010).

Schwartz and Carroll, 2003 identified four components of CSR in business management. These four main CSR components that were first identified by Spencer and Taylor (1987) and have been acknowledged by several other authors (Pomering & Johnson, 2009; Porter & Kramer, 2006; Chiu & Hsu, 2010) are:

- Economic;
- Legal;
- Ethical; and
- Discretionary or philanthropic.

While Chiu and Hsu (2010) argued that these four components are subsequent actions that transcend from profit-making decisions. Furthermore, the strategic importance of CSR was discussed by Pomering and Johnson (2009) who are convinced that corporate morality goes a long way in promoting a cumulative effect of its reputation and has a halo effect on the products and service offerings. Strategic management of CSR influences brand differentiation and image. Pomering and Johnson (2009) assert that corporate reputation and image have a strong relationship with financial performance in that consumers, suppliers and shareholders show further interest beyond the products and services themselves, but to how these have been produced. They therefore argue that corporate responsibility and actual organisational

performance are intertwined elements where favourable image makes a business be perceived as more credible and responsible which ultimately works in its profitability favour.



**Figure 2.1: Linkages of Gaining a CSR Reputation through corporate image advertising**

Source: Pomering and Johnson (2009)

Branding and talent management have been investigated as one of the basis behind CSR initiatives in a study conducted by Johannsdottir, Olafsson and Davidsdottir (2014). They investigated companies in the insurance sector. Their study suggests that CSR creates an enabling business environment that contributes in attracting the right kind of talent to the company (Johannsdottir, et al., 2014).

Lamberry et al. (2015) has cited that the CSR approach followed by companies is informed by four factors whose weightings is left at the discretion of the management of the respective company. They realised that these four factors contribute to any CSR approach that the company pursues:

- business ethics;
- quality of life (internally in the company);
- bonding and committing to the development of the community; and
- environmental care and preservation.

### **2.6.1 The Positive Outcomes and Benefits of Corporate Social Responsibility**

Companies that are aligned to the values of the society in which they exist stand to benefit as they become more integrated with the society which can provide a better competitive edge that translate to more profits (Sandhu & Kapoor, 2010). Sandhu and Kapoor (2010) conducted a study on the triple bottom line approach and their key findings reflected the following positive outcomes or key benefits for companies:

1. Improved financial performance;
2. Enhanced reputation and image of the company;
3. Increasing sales and customer loyalty;
4. Increasing employee satisfaction and retained staff with low turn-over;
5. Government support and preferential treatment; and
6. Easier access to capital.

The responsibility of developing, bringing stability and sustaining the community may mean that some of the profits made by the company are directed to practices and programmes on the above CSR-related areas (Johannsdottir, et al., 2014). In the same vein, consumers need to trust the companies in spite of the environmental risks that the products and services are likely to generate and understand that the convenience that the products bring have side-effects due to modernization. Emezi's study (2015) provides that the main positive outcomes of CSR in a company have to do with their long-run profitability and growth in a hostile and competitive environment. The study extends that there are other benefits that can be derived such as (Emezi, 2015):

- Savings in some operational costs;
- Good corporate image of the brand;
- Increase in the ability to attract and retain good quality staff;
- Enhanced and better relations with the government;
- Sharper anticipation and more bolder risk management; and
- Culture of learning and innovation towards continuous self-improvement is inculcated.



One big positive outcome is that CSR and CSR reporting are becoming more important issues in society and there is evidence that CSR reporting is increasing among big companies and organisations around the world (Chiu & Hsu, 2010; Trialogue, 2010). The reporting is either a voluntary disclosure or regulatory and mandatory in nature as shown in the figure above (Chiu & Hsu, 2010; Trialogue, 2010; Ackers & Eccles, 2015). Reports on CSR holds organisations accountable under three dimensions; their social dimension and environmental performance as well as the traditional financial perspective (Ackers & Eccles, 2015). All disclosures on CSR activities are a mechanism for companies to communicate to their stakeholders how they are responding to these issues largely since CSR disclosure affects the perceptions of stakeholders. Good CSR performance and good disclosure patterns are positively viewed by stakeholders (Olowokudejo et al. 2011; Malm, 2012; Ackers & Eccles, 2015; Mueller-Hirth, 2016).

There are common pitfalls and negative outcomes that are associated with CSR resulting in negative connotations whereby shareholders thinking that CSR is an exercise in which management is stealing from them. In his study, Emezi (2015) identified that lack of legitimate standards and oversight processes as well as lack of stakeholder involvement are some of the issues to grapple with. Having no robust processes to measure or report the CSR activities or impact might lead to loss of shareholders trust and thus a strong business case is required that is able to align the CSR involvement of a company to its potential trade-offs and spin-offs realized through CSR (Porter and Kramer, 2006; Johannsdottir, et al., 2014; Michael, et al., 2015).

## **2.6.2 2.6.2 Measuring Corporate Social Responsibility Outcomes**

Defining corporate social responsibility and its role in fulfilling the desires of the society serves as a basis to start measuring the effectiveness of CSR. Internationally there is no one fully developed ‘CSR measurement tool’ because of the dynamic socially driven nature of the course that CSR pursues to fulfil varied societies whose goals and aspirations are not always consistent world over (Sandhu & Kapoor, 2010; Yip, et al., 2011).

Lambarry et al. (2015) has concluded that the outcomes realised can be encapsulated in the following four factors contributing to outcomes of any CSR: business ethics; quality of life;

bonding and committing to the development of the community; environmental care and preservation.

**Table 2.3 The Four Factors Contributing to CSR Outcomes**

	<b>Factor</b>	<b>Contribution</b>
1	Business ethics	The conscience of management and business value are central to business ethics. The demands of moral responsibility and actions that demonstrate ethical commitment, honesty and sincerity are gaining momentum and becoming closely associated with the general earnings and value of a company
2	Quality of life (internally in the company)	The implementation of CSR brings about teamwork and trust in the organisations that show how much they care.
3	Bonding and committing to the development of the community	Partnering with the community members to enhance their development
4	Environmental care and preservation	The value given to the environment and actual environmental preservation projects that ensure the planet is preserved.

Source: Adapted from Lambarry, Fuentes, Trujillo, and Rivas, (2015)

In the same vein, when determining the outcomes, the intensity of each CSR activity is not easy to measure (Sandhu & Kapoor, 2010). The intensity of CSR per activity determines what levels of investment on CSR actions has a company ploughed back vis-à-vis the profits that it has derived in that cycle. According to the study by Chiu and Hsu, (2010), there are three constructs to the study of CSR levels and outcomes; community perception, actual implementation, and managers' perception.

## **2.7 Corporate Social Responsibility in Africa**

The aspect of CSR is embedded in the African vision distilled into the Millennium Development Goals (MDGs) in 2000 where the countries in the continent have agreed to work together in creating an African society that is without hunger, poverty, disease and offering better life with good education for children and equal opportunities for women and healthier environment for all (Malm, 2012 citing Visser 2008). The targets for the MDGs required a favourable measure and facilitation for accountability by both the public and private sectors. Local and multinational organisations have had to work together in contributing to the transformation of the communities under which they operate (Malm, 2012). The MDGs have since been superseded in 2015 and building on the MDGs are the Sustainable Development Goals (SDGs). The SDGs have been adopted globally to allow countries to account on 17 goals as a starting point for national planning and new policy approaches (Horn & Grugel, 2018). The goals encompass the MDGs and add other specific goals that address socio-economic ills that are pertinent to the development agenda of Africa. According to Horn and Grugel (2018), the eradication of hunger, poverty, extreme poverty, inequalities, malnutrition and disease remain very high priorities of the SDGs. However, since sustainability is the crux of SDG-oriented planning, the 17 goals are at the centre of global policy and governance pertaining to environmental pollution, food, water and energy use that cuts across sectoral borders and requires multidisciplinary administrations and governance systems (Biermann, Kanie and Kim, 2017).

Without a universally accepted definition, the development of a framework under which CSR can be perceived and measured becomes impossible and therefore the practices in various parts of the world indicate the activities and methods of recording and measuring CSR. A universally accepted CSR framework that has been couched to meet the needs of the countries could make the assessment of corporate involvement simpler and comparable between countries or stages and years of CSR upliftment as it occurs. Furthermore Werner (2009) asserts that CSR offers a winning way to address the undesirable effects of development in the region and in Africa as a whole by offering a holistic approach, source of opportunity, innovation and competitive advantage.

International corporations that have operations in Africa are forced to understand the various stakeholders because of the broader responsibility towards society that is expected of them (Alshareef & Sandhu, 2015). In a study that wanted to understand the balancing of corporate governance and integrating CSR in African countries, Alshareef and Sandhu (2015) found that there is a shift particularly in emerging countries towards protecting stakeholders' interests and socially responsible business practices. Even though they contend that CSR is under-researched and some researchers have applied a narrow perspective where the socio-economic and environmental matters were not comprehended as an accountability factor for good corporate citizenship for the broader community and not only the interests of the owners (Alshareef & Sandhu, 2015). The study found that the role of boards of directors to enforce corporate citizenship is slowly increasing among those corporations that were studied (Alshareef & Sandhu, 2015). This was impacted by the board diversity characteristics in which they impacted environmental corporate social responsibility (ECSR) mainly in the petrochemical and telecommunication sectors.

A study by Oueslati and Labaronne (2014) on CSR managerial entrenchment was undertaken in Algeria to test what could be the motivating factors for corporations to embark on CSR on a voluntary basis particularly since in Africa the monitoring and enforcement of CSR is not well developed. They found that in their case study of a company operating in the harbour of Algeria, there were no similar studies in North Africa to do a comparative analysis, since there is very little research that has taken place with regards to CSR. The study also revealed that managers used CSR to increase their managerial latitude whereby it was in the interest of some of the shareholders and key stakeholders for the company who were from non-African states abroad.

Another study by Emezi (2015) reflected on the impact of CSR on organisational profitability in the African context. The study focused on oil companies in Nigeria and concluded that in the long-run both profitability and growth of a company are key to continued existence in a competitive business environment. The study found a correlation between CSR and profitability in the long-run. The study by Emezi (2015) concluded that the ultimate goal of CSR-orientated companies is that CSR can contribute towards a better society, not in the

traditional business economics sense as a means of production, but in view of gaining a competitive advantage and sustaining the company through long-term profitability.

This is in sync with Efiong et al. (2015) in their study of the hotel industry in Nigeria. The study concedes that true CSR provides a promise by companies to behave in ethically acceptable ways and to contribute towards economic development, improvements in living conditions for their employees, surrounding communities and society at large. This CSR promise, they concede deals with the core of sustainability and should apply to all businesses and spheres of the economy whether they are small, medium or even large corporations. In this regard, SMEs are just as instrumental in serving their society through CSR because in countries like Nigeria the SMEs carry the highest proportion of economic activity both in the formal and informal markets. Their finding was that SME involvement in CSR is very low in Nigeria. A separate study to that of the hotel industry was conducted in the insurance industry in Nigeria by Olowokudejo et al. (2011) who found that CSR was thriving in Nigeria's insurance industry and there were four forms of CSR that were practised by the insurance sector. Their CSR was therefore classified into business ethics, consumer affairs, urban affairs and the environmental affairs (Olowokudejo et al. 2011).

## **2.8 Corporate Social Responsibility in South Africa**

South Africa faces a myriad of challenges relating to sustainability and holistic development at community level (Hendrikse & Hendrikse, 2004). Since the advent of the democratic South Africa where apartheid policies were done away with in 1994, the transformation agenda of the country has relied on both public and private sectors of the economy to be involved. Uplifting and restoring the dignity of the black South Africans is a fundamental constitutionally driven concept. The CSR agenda has become increasingly important as the situation for the disadvantaged majority people has not improved and there is a massive inequality gap that has to be addressed. Mueller-Hirth (2016) is convinced that South African corporations are doing far more CSR than those in developed countries due to forced policies relating to black economic empowerment (BEE) on private sector.

The investment made by corporations towards social responsibility was estimated by Trialogue (2010) at R5,4 billion by the end of 2010. In 2012 there was R7billion that was dedicated to CSR and the funding was received by non-profit organisations (Mueller-Hirth, 2016). The CSI Trialogue (2004) explained why the South African corporations use CSI and CSR interchangeably and even preferring the term “corporate citizenship”. The use of the word “responsibility” holds the notion that action is taken to recognize the redress that is due to one by knowledge of the situation caused by the apartheid era where human rights were grossly violated. The companies do not want to acknowledge responsibility of these gross actions and therefore any redress is not birthed from that sense of responsibility (Fig, 2007). In that stead the terms “corporate social investment” or simply “corporate citizenship” qualify better for their image because they hold no connotations to legacy, memory, history, ethical compass, justice or moral values.

According to the CSI Trialogue (2005) the landscape for CSR has changed from voluntary to mandatory in South Africa as a result more companies are compelled to adhere. In the same light, the government has introduced legislation and regulations that have oiled the willingness to redress the social imbalance in South Africa. Affirmative action was one of the first government intervention addressing social justice and equality. The advent of BEE scorecards linked to the industry charters has led to broad-based BEE (B-BBEE) that encompasses matters of affirmative ownership and management, procurement, employment equity, skills development, enterprise development and socioeconomic development. The weights that are signified to these aspects are assigned according to the industry specifics and needs. The political and legislative mandates for CSR are encapsulated in various legislation and policy documents. The following are some of the major CSR aligned legislative documents:

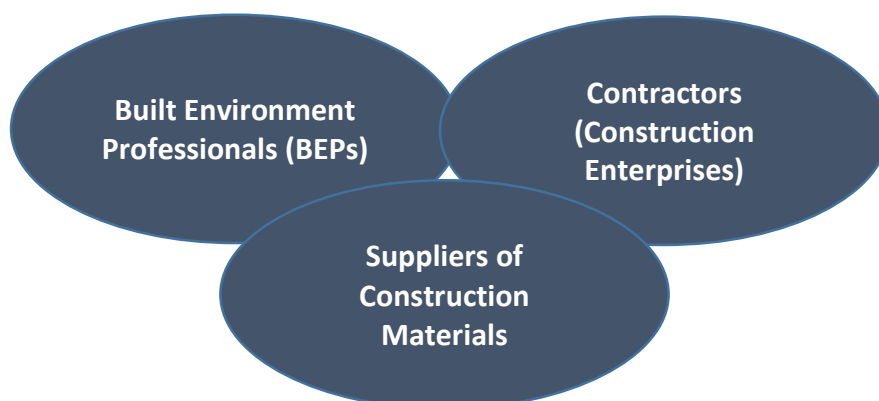
- Broad-based Black Economic Empowerment Act;
- SETA aligned various industry transformation charters;
- The Codes of Good Practice by the Department of Trade and Industry;
- The King II and III report on Corporate Governance;
- The ISO 26 000 Guidance on Social Responsibility; and
- The new Companies Act (effective from 2011).

This discussion will consider some of the above regulations that are being applied in the South African context.

### **2.8.1. The Broad Based Black Economic Empowerment (BBBEE) and Codes of Good Practice**

The context of this study is the application of CSR in the construction sector of the Limpopo Province. The contextual application give rise and impetus to the major CSR aligned legislative tools that direct the overall policy making and modern practices of CSR in South Africa as a whole. The Department of Trade and Industry's 2008 codes of good practice require that specified percentages be met in the different economic sectors in terms of ownership, management control, employment equity, skills development, preferential procurement, enterprise development and CSI (Codes of Good Practice, 2003). This is promoted through the industry-based charters as guided by the Code 2000 series.

The Construction Code of Good Practice was gazetted and passed to South African law in 2009 in terms of the Broad Based BEE Act No 53 of 2003. The effective operation of the Construction Sector Code of Good Practice aims to address the inequalities in the construction sector and unleash economic potential that was inhibited in the past dispensation. The preamble of the Code of Good Practice admits that the racially excluded South Africans are a majority and they have to be provided opportunities of ownership, control, management and access to training to attain strategic skills. The value-chain links of the construction industry is involving three key groups, which are the Built Environment Professionals (BEPs), Contractors and the Construction Materials Suppliers and the Construction Charter governs them.



**Figure 2.2 Key Players of the value-chain-linkage in the construction sector**

Source: Figure devised by the researcher

The application of the Code of Good Practice by these three groups seeks to bring about a vibrant, transforming and much competitive construction sector as a contribution to a more equitable society. The objectives of the Code of Good Practice demonstrate a strong will towards transformation of the construction industry and entrench new norms of operation.

### **Box 2. 1 Objectives of the Construction Industry's Code of Good Practice**

The Construction Sector Code of Good Practice is the framework that is used by the construction sector to address their BBBEE transformation, enhance their capacity as well as increase the productivity of the construction sector so as to meet the world best practice.

The Code supports the objectives of the Transformation Charter and its aims are as follows:

- i. Achieve a substantial change in the racial and gender composition of ownership, control and management in the sector;
- ii. Promote the effective advancement of employment equity in the sector and adherence to principles of non-racialism and non-sexism;
- iii. Provide to the construction sector the first quantitative method through which monitoring and evaluation of the progress of an enterprise towards BBBEE can be ascertained. This will contribute towards ending the malpractices of fronting;
- iv. Addressing skills development in a manner that accelerates the advancement of black people, particularly black women and other designated population groups. Emphasis is on learnerships, technical training and management training;
- v. Increasing the procurement of goods and services from BBBEE enterprises and standardising the preferential procurement methodology; and
- vi. Enhance entrepreneurial development and promote the sustainable growth of micro, medium and small BBBEE enterprises.

Source: DTI, Codes of Good Practice (2009)

Unlike the HDI legislations and policies of the 1990s, the BBBEE has zeroed-in onto Africans, Coloureds and Indians with the exclusion of white women or white disabled people who were also included in the initial BEE Act. The integrated socio-economic strategies that the broad-based black empowerment approach uses is not only different from the initial BEE Act but represents a departure from the notion of empowerment largely by 'ownership' which led to



practices of fronting and window dressing. The broader strategies of black empowerment consider the following issues (Black Economic Empowerment Guide, 2012):

- Increasing the number of black people who are managing, owning and controlling the business enterprise or organisation;
- Facilitation of ownership and management for enterprises and productive assets for the black workers, community members, cooperatives and collective enterprises;
- Aspects of human resources development and skills development for the earmarked population groups;
- Achievement of equitable representation in all workforce levels and occupational categories;
- Preferential procurement in support of businesses that display their good standing and BEE best practice; and
- Investing in enterprises that are owned, managed and controlled by black people.

Codes of Good Practice have been issued by the Minister of Trade and Industry in accordance to Section 9 of the BEE Act. Among other things, these indicators have to provide means and mechanisms to measure and evaluate the BEE activities and the weightings assigned to each of the seven key areas of Broad-Based BEE and thus the Act allows that a charter with a scorecard be developed for each industry sector. Even though one of the fundamental principles for measuring BBBEE compliance is that substance takes precedence over legal form, criteria for exemptions on micro-enterprises and qualifying small enterprises is applied guided by the annual turnover that an enterprise derives. In this study, the professional companies that are in the construction industry are classified to be small enterprises and they are also not listed on the stock exchange.

Scoring well on BEE may not correlate to good CSR reputation as the study by Fig (2007) revealed that corporations that were scoring very high on the BEE aspects were not big spenders of CSR. In fact, another school of thought is that black-owned companies are not active in CSR. Fig (2007) asserts that CSR spending is minimal from black businesses and presents possible reasons why there is very little CSR involvement from these businesses:

- Corporate Social Responsibility may be viewed as distracting the black businesses away from capital accumulation;
- They have an inherent duty to reciprocate and intervene to the dire situations facing the communities that they come from without their contribution being viewed as CSR; and
- There is a myopic view that CSR spending is for big corporations and their means to appease and atone for apartheid sins.

In 2008, Othman and Mia published a study that they carried out in 2007 on CSR among quantity surveying companies with the aim of investigating how it can play a role in curbing the severe housing needs for the poor in South Africa. They alluded that the benefits of a CSR systematic framework are wide because they influence the quantity surveying profession and the South African government for the general good of the poor and society. This framework would support the government initiatives in the provision of housing o the poor.

Further to that Klopper and Fourie (2014) have conducted a study that focuses on the agricultural sector of the economy on CSR and land restitution and they came up with eight areas of alignment and meaning that CSR should resemble and carry in the South African configuration:

1. To reflect on the impacts and activities that a company has on society;
2. To be extra over the normal operations and business activities that are done by the company;
3. To put sustainable development on the map and give assistance to development initiatives;
4. To be beneficial to the local communities where the companies are located as well as benefit the society as a whole;
5. To place economic, legal and ethical responsibility of companies;
6. To become strategically aligned and linked to the overall goals of companies;
7. To address both social and environmental concerns (e.g. arising from the operations of the companies and the effects of climate change); and
8. To embrace sustainability, transparency and demonstrate-able accountability of companies.

### **2.8.2. The King III Report for Corporations**

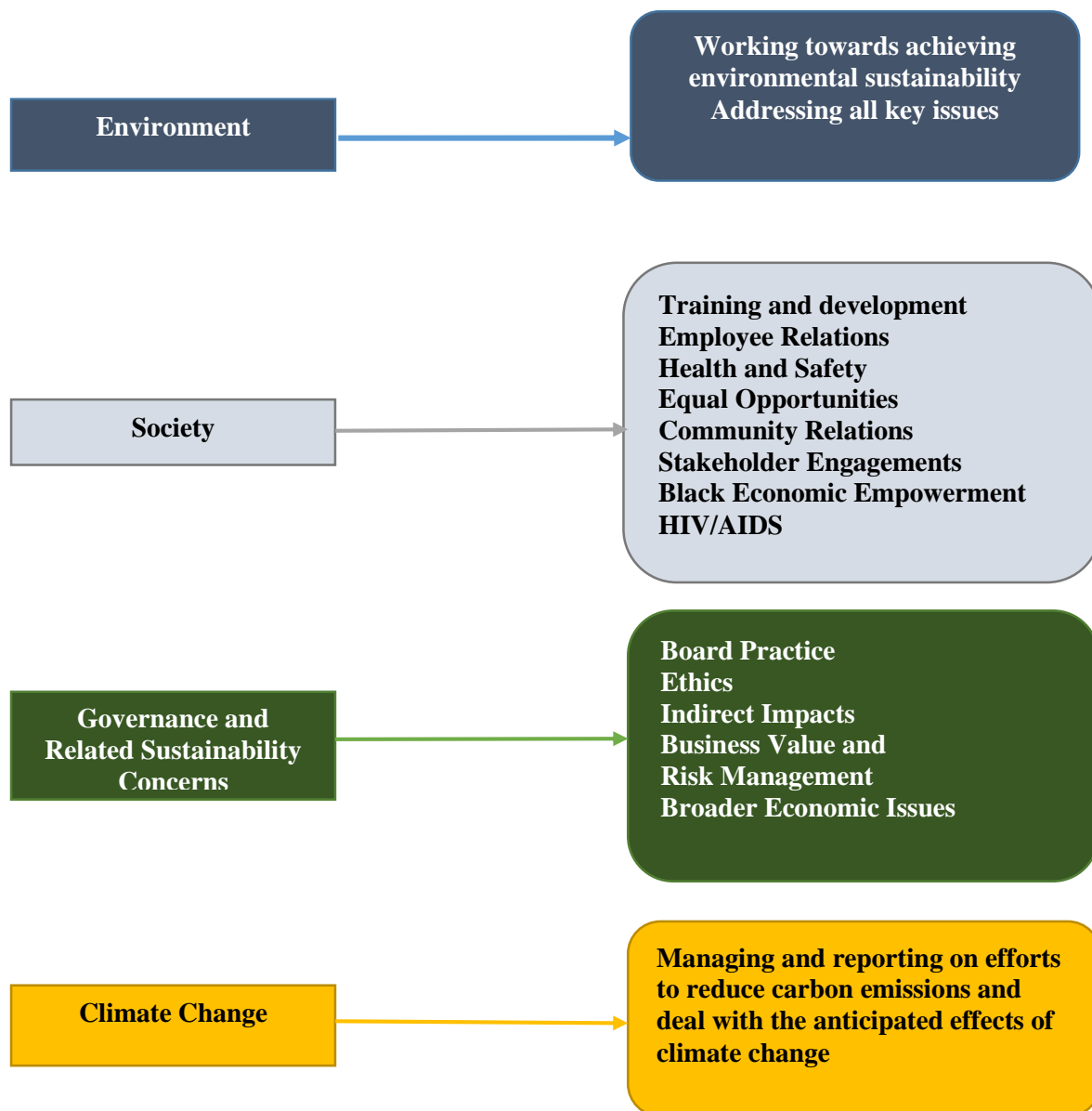
The King III Report on Corporate Governance (2009) stipulates that companies are corporate citizens and therefore are expected to invest to the greater well-being of society. The CSR contributions have to be in response to real social challenges that are faced by the South African society. The JSE Securities Exchange specifically promotes the application of best practice for social and environmental issues as part of the good corporate governance and ethical standards for listed companies. Compliance is prescribed in accordance to the King Report on Corporate Governance, that is, King III to all the listed companies in order to match international standards for listed entities.

### **2.8.3. Socially Responsible Investment (SRI) Index**

The SRI Index is one of the recognised measurement criteria for CSR and CSI in South Africa and is released by the Johannesburg Stock Exchange on an annual basis. The index has four areas of measurement that are exerted on JSE listed corporations. These aspects are environment, society, governance and related sustainability as well as climate change.

These four CSR Areas of Measurement in South Africa are explained in the following diagram (Malm, 2012):

#### Four CSR Areas of Measurement in South Africa



**Figure 2. 3 SRII Areas of Measurement.**

Source: Johannesburg Stock Exchange, JSE SRI Index (2009)

The diagram shows that the area that relates to society measurements carries more performance criteria contributing to it than the other three.

In South Africa, companies are not forced to participate in CSR activities, however they may be motivated by various reasons to be aligned to King III. There are reputational benefits that

are associated with implementing CSR. Good work ethics, contributing to sustainable development, motivated workers and associating with the products and services of the company are some of the known reasons for CSR activities among the listed entities (Bodenberg & Alleter, 2015). A study by Ackers and Eccles (2015) on the impact of mandatory regulatory CSR requirements in South Africa based on the current legislation mentioned above found that the institutionalisation of CSR is eroding the voluntary aspects of CSR. As a result they assert that this impairment is becoming a deficiency that the shareholders have to contend with. The rigour of meeting the legislative requirements is cumbersome and therefore they advocate that a mandatory CSR assurance regime should be introduced.

#### **2.8.4. The National Development Plan**

The President of South Africa established a National Planning Commission in 2010 in order to create the National Development Plan which was adopted as the strategic framework for addressing socio-economic and developmental challenges that are confronting the country (StatsSA Report, 2017). Its overarching vision is to eliminate poverty and reduce inequality in the country by the year 2030.

The NDP seeks to reduce poverty levels, unemployment rate and the inequality co-efficient in South Africa (StatsSA Report, 2017). The NDP aims to ensure that all South Africans attain decent living standards through the elimination of poverty and significant reduction of the inequality found in society. The StatsSA Report (2017) further elaborates on some of the key tenets of what constitutes decent living standards for all (StatsSA, 2017):

- Housing
- Water
- Electricity
- Safe and reliable public transport
- Quality education and skills development
- Safety and security
- Quality health care
- Social protection
- Employment
- Recreation and labour
- Clean environment
- Adequate Nutrition

#### **Box 2.2 Goals of the National Development Plan**

Source: Statistics SA report (2017)

The four major interventions that the NDP has set to deliver are as follows (StatsSA Report on Poverty Patterns in SA, 2017):

- To bring poverty line related to food supply to 0% by the year 2030 (decreasing the lower bound poverty line from 39% to 0%);
- To address the inequality by reducing the Gini coefficient for measuring inequality from 0,7 (in 2010) down to 0,6 (by 2030);
- To increase the share of income that is going to those in the 40% of income earners bracket such that it rises from 6% up to 10%; and
- To eradicate poverty-induced hunger by reducing it from 29% (2006) to 0% (2030).

The table 2.4 depicts the achievements and struggles of the NDP as at 2015.

**Table 2.4 Performance on Poverty and Inequality NDP Targets by 2030**

NDP Target		Baseline	Recent StatsSA Reports	2030 Target
1.	Reduce the portion of persons living below the lower-bound poverty line from 39% (2009) to 0% (2030)	39,0% (2009)	40,0% (2015)	0%
2.	Reduce income inequality from 0,7 (2010) to 0,6 (2030) Gini coefficient income per capita	0,7 (2010)	0,68 (2015)	0,6
3.	The share of income going to the bottom 40% of income earners to rise from 6% to 10%	6,0% (2010)	8,3% (2015)	10%
4.	Reduce poverty-induced hunger to 0% (2030)	21,4% (2011)	25,2% (2015)	0%

Source: Statistics SA Report (2017)

- **Poverty Patterns**

The Statistics SA report on the Poverty Patterns in South Africa (An examination of absolute poverty between 2006 and 2015), has revealed that there has been substantial increase in poverty between 2011 and 2015. This implies that the NDP is struggling to achieve its mandate or goal. Due to the unique situation of South Africa which was engineered by the apartheid era, the country has opted to adopt three poverty line brackets when analysing poverty patterns. The table below clearly shows the profile of poverty between 2006 and 2015 that is, increasing poverty patterns.

**Table 2.5: Poverty Gaps in 2006, 2009, 2011 and 2015 in South Africa**

<b>Poverty Gaps</b>	<b>2006</b>	<b>2009</b>	<b>2011</b>	<b>2015</b>
Poverty Gap for the UBPL (Upper Bound Poverty Line)	35,60%	35,50%	25,50%	27,70%
Poverty Gap for the LBPL (Lower Bound Poverty Line)	22,20%	21,00%	14,30%	16,60%
Poverty Gap for the FPL (Food Poverty Line)	9,30%	12,30%	6,80%	9,00%

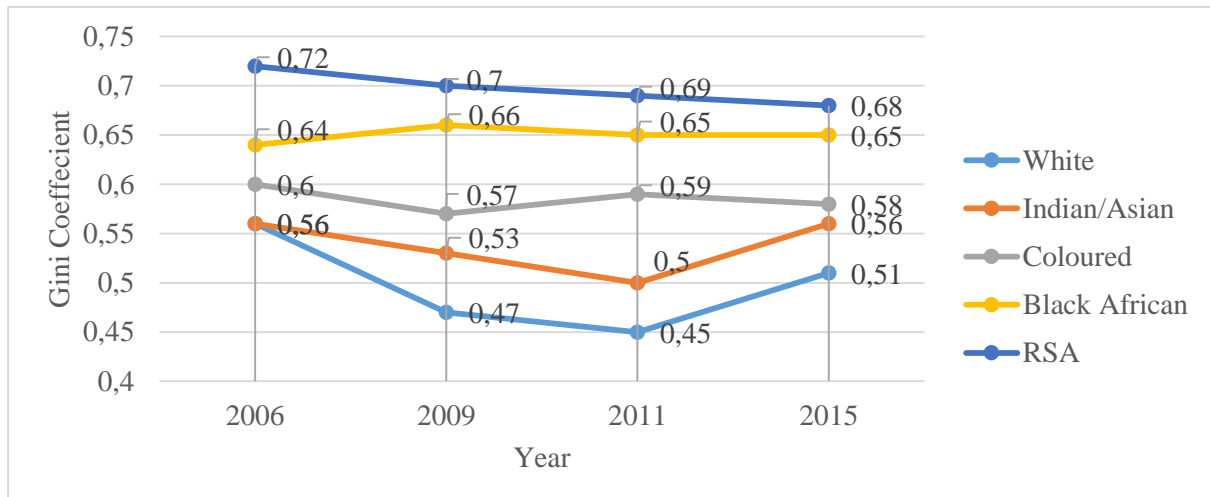
Source: Statistics SA Report (2017)

The StatsSA report indicates that South Africa is no longer winning the war on poverty since 2011 and is not about to recover back to the previous patterns of 2006 to 2010. Meanwhile in this report, in-depth investigations into these figures have revealed that women and children (below the age of 17), people in rural areas such as Eastern Cape and Limpopo are the hardest hit in this losing struggle against poverty in South Africa. With this kind of phenomena, the voluntary CSR initiatives and activities cannot turn a blind eye to the hardest hit victims of poverty.

- **Inequality**

The StatsSA Poverty Patterns in South Africa Report (2017) has established that the inequality gap in South Africa has widened and largely affects the Black African group of the population. The Black Africans also have the highest inequality intra-group. The white population of South

Africa has the lowest level of inequality, with the Gini Coefficient (income per capita) of between 0,45 and 0,47. The Coloureds and Indians population have a Gini Coefficient between 0,50 and 0,58 since 2011 as shown in Figure 2.4:



**Figure 2.4 Gini coefficient (income per capita) by population group for 2006, 2009, 2011 and 2015 in South Africa**

Source: Statistics South Africa Report (2017)

The graph on Figure 2.4 shows that the wedge between those who have and those who lack has been widening, however the CSR efforts have been growing but cannot cover the widening poverty and inequality gaps (Mueller-Hirth, 2016).

A study by the Nedbank Private Wealth's Giving Report (2016) revealed that South African givers are both ad hoc givers and also committed to supporting long-term causes. The philanthropic givers supported beneficiaries over a long period exceeding five years, whereas there were 20% of the givers that supported the same beneficiaries over a lifetime (Nedbank Private Wealth's Giving Report, 2016). In spite of all the giving and support that philanthropic funders participate in, this study established that there were only 5% of them that had formalised their commitment using giving foundations or trusts. This report purports that in South Africa institutionalised philanthropy using vehicles such as foundations and endowed charitable trusts is still at its infancy. According the Nedbank Private Wealth's Giving Report (2016), the role of philanthropic institutions is largely to give support to ventures that seek to provide systemic change to society. Through these formal structures of foundations, the funds are handed over and secured as significant resources that can be managed outside of the funders



or original donors (Nedbank Private Wealth's Giving Report, 2016). The stark reality that was revealed in this report is that the massive needs that are brought about by the inequality gulf between the rich and the poor in society cause all manner of philanthropy to be stretched to its limits. The donors tend to give support out of their individual passions, value system, sense of responsibility and wish to contributing to effective outcomes (Nedbank Private Wealth's Giving Report, 2016).

#### **2.8.5. The ISO 26 000 Guidance on Social Responsibility**

The commitment to ISO26000 conventional requirements and obligatory fulfilment has promoted CSR in the local context. A critical study by Fig (2007) suggests the misuse of CSR by large multi-corporations in South Africa. This study has revealed that environmental issues such as waste management, pollution, destabilising biodiversity and compromise ecosystems are a great concern Fig (2007). However these corporations are regulating themselves as the National Environmental Management Act (NEMA) offers voluntary mechanisms. As a result there are companies that resort to CSR gimmicks by pretending and painting an image that they are good citizens as a way of distraction from their grave environmental violations (Fig, 2007). The industry players that have been found by the study to be severely polluting their surroundings and the ecosystems are the following (Fig, 2007):

- Coal-fired power generation;
- Aluminium and other ore smelting;
- Paper and pulp production; and
- Petroleum refining.

The sad part that the study unearthed is that the burden for the gross health hazards from this environmental pollution is on the unassuming black community whose townships are placed closest to the industries where they are the workforce (Fig, 2007).

Amidst the mandatory climate of most CSR activities on large corporations, research on the promotion of CSR in South African business life conducted by the Royal Embassy of the Netherlands (2011) concedes that the CSR environment is filled with philanthropy and corporate branding on a more voluntary basis. The prescripts of the ISO26000 could avert such attitudes of careless abandon because it is an internationally acclaimed badge. The question is

whether or not South African companies are ready to enlist to ISO26000 standards in order to save the planet.

## **2.9 Theoretical Framework**

The three theoretical framework contributors of CSR discussed in this section are the attribution theory, Carroll's Pyramid and the legitimacy theory. These theories concede that amidst the challenges and ills that come with development, companies have a gap to consider CSR in what they do.

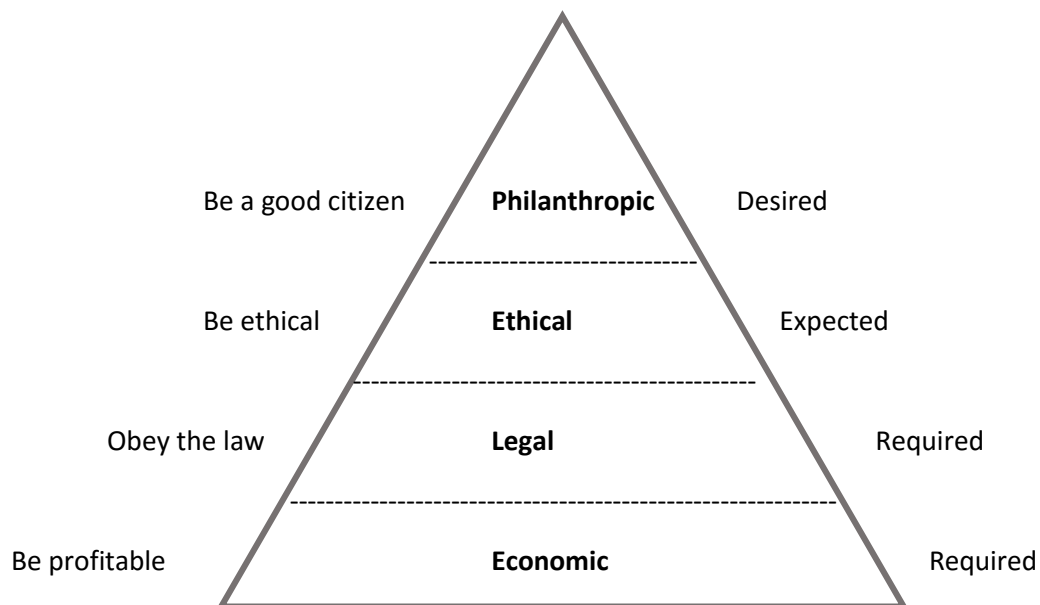
### **2.9.1 Attribution Theory**

The real impact and the outcomes that result from CSR activities executed by a company are not easy to measure. According to Pomeroy and Johnson (2009), both the motivations of CSR and the outcomes generated by CSR are not possible to measure directly and therefore observable processes can be studied. They argue that social impacts of policies, operations or programmes are not visible and the companies' motives are judged through observation and inference. The attribution theory helps to decipher information that an individual assigns to the evaluation of the motives of others due to their influence and response that they are able to invoke. The attribution as a cognitive response is related to the individual social background and prior belief systems that are used to sift and construe related events.

Integrating CSR strategy with the core business strategy can formalise CSR across all operations of the business (Porter and Kramer, 2006; Pomeroy & Johnson, 2009; (Johannsdottir, et al., 2014)). Issues of global warming, carbon taxes, pollution and other environmental concerns have pushed sustainability and the rise of corporate social responsibility right to the fore of mainstream reporting and are being aligned to reports such as the generally accepted accounting practices (GAAP) and the King III Code of disclosure (Yip, van Staden, & Cahan, 2011; Lipunga, 2015). The demands of moral responsibility and actions that demonstrate ethical commitment, honesty and sincerity are gaining momentum and becoming closely associated with the general earnings and value of a company.

### 2.9.2 Carroll's Pyramid of CSR

According to Carroll's Pyramid of Corporate Social Responsibility (Schwartz & Carroll, 2003), the positive outcomes associated with CSR are in accordance to the four main motivations for CSR (economic, legal, ethical and philanthropic as discussed in 2.6) which can either be required from the company, expected from the company or desired by the company. In this model, the ultimate goal is to be a good corporate citizen rather than just being compliant and obeying the laws of the land. They assert that the underlying and fundamental requirement is that the company needs to consider their profitability or economic standing (Schwartz & Carroll, 2003).



**Figure 2.5: Carroll's Pyramid of Corporate Social Responsibility**

Source: Schwartz & Carroll (2003)

The authors assert that this is similar to Maslow's Hierarchy of needs which starts from fulfilling the bottom of the pyramid, the required, and moves towards the peak as the economic situation improves to the desired (Schwartz & Carroll, 2003).

### **2.9.3 Legitimacy Theory**

Through a study on CSR and the legitimacy theory, Battacharyya (2015) found that there is considerable difference between the developing countries to the first world countries in their approach and attitudes towards CSR. The study used the legitimacy theory to prove that due to the socio-economic and technological gaps that exist between these groups of countries, the poor regions are more apt to strongly support CSR whereas in other regions the attitudes for CSR are informed by other external motivating factors, such as pressure from international lending agencies. The legitimacy theory uses the basis of the value system to test whether the company's value system is coherent with that of the society in which it operates. Therefore in terms of this theory, actions of an organisation are perceived as legitimate through the lens of the society in which the organisation operates, thus legitimacy is purely a socially created concept that is subject to change in accordance with the social environment's pace of evolving.

According to Battacharyya (2015) there are four legitimacy types, pragmatic, moral and cognitive. The figure below explains the three-pronged lenses that underpin the legitimacy theory, being pragmatic, cognitive and moral (Battacharyya, 2015) through which CSR could be viewed in a society:

## The Three Lenses of the Legitimacy Theory

Pragmatic Legitimacy	Cognitive Legitimacy	Moral Legitimacy
It is derived from people's perception that organisation is beneficial for themselves. It is thus a form of "exchange legitimacy" serving the needs of self-interested individuals. By addressing stakeholder expectations companies can obtain pragmatic legitimacy.	Cognitive legitimacy is the "mere acceptance of the organisation as necessary or inevitable based on some taken-for-granted cultural account". For example, companies in the food industry are perceived as more legitimate than companies in the tobacco industry because of the different nature of their products. Cognitive legitimacy is not investigative by nature. Cognitive legitimacy emerges, when the society regards an organisation and its output, procedures, structures and leader behaviour as inevitable and necessary. This acceptance is based on mostly public assumptions	Moral legitimacy is described as resulting from "a positive normative evaluation of the organisation and its activities" A morally legitimate company is judged by its accomplishments, its work in accordance with socially accepted procedures, and its capacity to perform well and by having a charismatic leader.

**Figure 2.6 The Three Lenses of the Legitimacy Theory**

Source: Battacharyya Asit, (2015)

Unlike focusing externally on stakeholders legitimacy and acceptance, a study by Zali and Sheydayee (2009) provides that 'CSR should ensue internally from the evolution of the working practices which is thus from a better consideration of the environmental and social impacts of the companies' activities'. A previous study by Bebbington, Gonzales and Moneva-Abadia (2008) held the view that CSR reporting is a standalone that can be subjective and therefore the concepts of legitimacy and reputation should be considered.

Likewise, Susith and Stewart (2014) undertook an exploratory study with a similar aim to this study so as to understand the CSR practices in a developing Asian country. Their study sampled the largest 200 companies that were listed on the local Colombo Stock Exchange and it concluded that the companies focused on socio-economic issues more than the other issues of

legal, environmental and philanthropy. Another study was done that surveyed the petrochemical industry's CSR initiatives found that they contribute positively in the perception of the company by its employees and the industry sector (De Roeck & Delobbe, 2012). These positive relationships are due to the legitimacy and the identification theories.

As indicted from these three theories, CSR is an important aspect of moral responsibility that is exercised by companies in the development space. While the motives will vary, the companies stand to be viewed by society as responsible citizens.

## **2.10 General Review of CSR studies, perspective and approaches**

This section will provide detailed views and expound on what other studies reveal on CSR implementation. This will be done by discussing various approaches and thinking that have been put forward. There are several studies that have been employed to investigate the levels of CSR activities applying various measurement tools and research approaches to suit the nature of the study being conducted. For instance there are studies in which “content analysis” has been used as a technique to codify qualitative information in order to derive quantitative information and thus measure the CSR levels or extent of involvement with the society (an example is the study by Susith and Stewart (2014) which is discussed below.

The responsibility of developing, bringing stability and sustaining the community may mean that some of the profits made by a company are directed to practices and programmes on CSR-related areas. A study by Alshareef and Sandhu (2015) suggested that there is a shift to socially responsible business practices in developing countries. Given that the African developing countries are plagued with intergenerational poverty, drought, disease and mismanagement of natural resources, the problem is that some companies may shy away from CSR or be unaware of rising CSR practices thus leaving vulnerable communities to their own peril. Sandhu and Kapoor (2010) assert that in order to sustain its activities and improve its competitiveness, a company needs to contribute to the maintenance of the community where it operates. There is an international outcry to save the planet and restore the social fabric and moral degeneration of society (King III (2009); Klopper & Fourie (2008); Emezi (2015)). On the other hand the mining and construction sectors are major perpetrators of man-made permanent changes to the

natural environment. In this study an exploration of the main themes surrounding corporate social responsibility is explored within the construction sector in Polokwane.

Results for the study by Hendricks and McIntyre (2014) pointed out on the importance of food and that food assistance and food banks in South Africa are important as poverty pervades millions of people. The study emphasized the importance of the role that is played by CSR in providing food assistance to people who would be starving. Consistent to this study, the research by Klerk and Oolofse (2010) on poor communities as corporate stakeholders provides a bottom up approach to addressing the poverty, unemployment and inequality challenges in South Africa. The study asserts that participation and stakeholder dialogue, strategic communication, business and management communication are lacking.

The results of the Fakoya (2014) study showed that environment, development and sustainability have to be on forced internalisation in order to save the planet. Many municipalities were running a losing battle in waste reduction, treatment of wastewater and the overall environmental management. The study therefore shows that development requires forced internalisation. On the other hand, in a study to determine what is the extent that South Africa is willing to apply CSR as one of the developmental tools in eradicating poverty, Mukwarami, Nyirenda and Fakoya (2017) provide that CSR is one of the fundamental sustainability debates. The study concluded that environmental management is important and should be weighed against the return on assets, particularly in mining companies.

Likewise, a study by Mandina, Maravire and Masere (2014) considered CSR to be an effective key to enhancing the image of a company. Hassim (2008) advocates for social justice, care and development welfare in order to provide a platform for the vulnerable people in the communities. The study concludes that ethical projects such as CSR initiatives should be based on human rights and not the reputational needs of the industry. In addition, the notion that CSR is part of the African ubuntu culture was investigated in the study by Nyaumwe and Mkabele (2007). In consideration of the morals and traditional cultural framework of ubuntu.

## **2.11 Chapter Summary**

The notion that a company cannot just operate in a vacuum and therefore cannot afford to ignore the values and needs that the society presents has become a reality that may lead to sustainability and development in the society. From the literature review it is clear that companies exist as part of the social citizens with ethical and socially responsible behaviour. Times have changed, especially with the advent of triple bottom line reporting in South Africa whereby the King Reporting patterns have to be enforced, particularly for companies that are listed on the stock exchange. Moral responsibility has been legally placed on companies. Whereas in times past, the only factor that management had to consider was the wealth of the shareholders, presently the responsibility of the company has extended to consider other stakeholders, particularly the society and regulations. In South Africa the consideration of the triple bottom line of social, financial success and environmental aspects are being considered holistically as a mandatory condition for companies that are listed in the Johannesburg Stock Exchange. However it is not clear whether the ISO26000 could be made mandatory so as to avert environmental concerns such as pollution. The perceptions that CSR focus tends to spark to management are important as they have a direct or indirect bearing on the future of the company itself, the industry that it operates in. All companies need to be able to strategically manoeuvre to sustain their future existence and be positioned profitably. Invariably, CSR is to grow in a company beyond the short-term as a business policy or an initiative responding to society needs, until it becomes the right thing to do as an overriding business philosophy. The study objectives have been linked to the available literature. The literature will provide supporting basis in seeking to classify any possible relationships or links between these drivers and outcomes attributed to CSR.



## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.1 Introduction**

In this chapter, the research methodology aspects are discussed which form the crucial backbone of the entire study in showing whether the study has been well thought of and can be trusted. Therefore, the qualitative research approach is compared with the quantitative approach, with the conclusion that the qualitative approach was appropriate for the aim and focus of the study. The research strategy that was applied is outlined. It was important that the research method used including the data collection techniques, the population size and sampling process be well thought of and appropriate for the research. A step-by-step process for qualitative analysis is described. Ethical and professional considerations that have been regarded in the study are outlined as well as the limitations that faced the research and how these were addressed.

#### **3.2 The Research Method and Research Methodology**

A research method provides the procedures, schemes and algorithms that are used such as the statistical methods, experimental studies and theoretical procedures that are employed to obtain and manipulate data for a study (Rajasekar, et al., 2013). On the other hand the research methodology consists in the overall systematic way in which the data is collected, analysed and presented or interpreted in order to solve a problem. The aim for this study was to bring to the fore new information in order to reveal the 'state of the industry' in CSR implementation. This study followed the qualitative approach. The research methodology consist in the various steps that are taken systematically so as to be consistent and dependable (Welman, et al., 2010). Welman, et al (2010) describe that research methodology consists of the research design, sampling process and procedure, data collection processes and analysis of the data. It was crucial that the selected research method to fulfil the objectives and overall aim of this research (Creswell, 2013).

During a research, the process, tools and methods are stated under the research methodology (Leedy & Ormrod, 2010). Therefore the research methodology process has to be systematic, detailed and transparent in order to ascertain dependability for the data (Allison, et al., 2016) and it has to be ethics-driven in order to ensure credibility (Welman, Kruger & Mitchell, 2010). According to Sekaran and Bougie (2013) proper research methodology offers “an organised, systematic, data-based, critical, objective, scientific inquiry or investigation into a specific problem undertaken with the purpose of finding answers or solutions to it.” Saunders, et al (2012) refer to the same process as methodological rigor with relevance. There are two main streams of research methodology that the researcher was faced with. The study could have either followed the quantitative or qualitative approach. The qualitative approach was chosen and used in this study on the basis of the motivation that is provided below. A qualitative methodology is usually conducted whereby data collection is using structured in-depth interviews, pictures, video clips and other qualitative data procedures Sekaran and Bougie (2013).

The choice of selecting a qualitative approach for the exploration was also informed by the following contrasts between quantitative and qualitative research (Bryman & Bell, 2013):

**Table 3.1 A comparison between quantitative and qualitative research**

<b>Quantitative research</b>	<b>Qualitative research</b>
Numbers	Words
Point of view of researcher	Point of view of participants
Researcher distant	Researcher close
Theory testing	Theory emergent
Static	Process
Structured	Unstructured
Generalisation	Contextual understanding
Hard reliable data	Rich deep data
Macro	Micro
Behaviour	Meaning
Artificial settings	Natural settings

Source: Bryman and Bell (2013)

The above table testifies that there is richness and depth with the qualitative approach. It can also be seen that the quantitative research methodology is synonymous with the data collection

techniques such as a questionnaire where numerical or statistical methods are used to evaluate the data in order to deduce or make inferences from it. This was found to be inappropriate for this exploratory study. Such an approach was not going to be suitable for an in-depth exploration of new information that this research was seeking. On the other hand, qualitative research methodology seeks to uncover meaning or reasoning behind issues that caused underlying decisions in order to resolve a problem or gap and find out why and how certain decisions were taken that ultimately led to specific actions (Welman, Kruger & Mitchell, 2010). Thus it made sense to the researcher that the qualitative method connected well with the problem statement. Essentially, the greatest winning criteria for the selected methodology was that there would be no statistical analysis of data involved in this approach since this concerns itself mainly on the quality aspects with limited regard to analysis of the quantities.

The following are the main characteristics of the qualitative research methodology, outlining why it was rendered appropriate for this study (Bryman & Bell, 2013):

- It weighs the substance or structure of the issues surrounding the research problem;
- It does not rely on numerical reasoning (numbers, data, quantities) but instead applies reasoning through the use of words;
- It is descriptive and exploratory so as to capture feeling, sentiment and motivations for the situation;
- It aims to use meaning and feeling to describe the research elements; and
- It maps and configures relationships in order to study patterns.

In explaining how qualitative research takes its form, Creswell (2009) provides that the researcher's goal is to construe, make sense or interpret the meanings that others have of the world around them. In this research, during data collection, the researcher used open-ended questions for enquiring and teasing the ideas from the minds of the participants. It was important for this study that patterns and meaning had to be construed or inductively developed from such in-depth enquiry. Creswell (2013) further outlines that the qualitative approach may use methods where open ended questions provide a basis from which the interview data that will be applied through text and image analysis. Therefore, this study was undertaken as an enquiry to a social research problem. As an exploratory study, it sought to discover first-hand

information from the participants using semi-structured discussions that were aligned to the study objectives.

### **3.3 Exploratory Studies**

Cooper and Schindler (2002) provide that exploratory studies are useful when the researcher wants to develop concepts more clearly. This happens on the studies that may be new and vague with many aspects that are unknown or still have to be defined. Even though exploratory objectives can be met with different techniques, both the qualitative and quantitative techniques are applicable (although exploration relies heavily on qualitative techniques). When considering the scope of qualitative research, Orna and Graham (2000) propose several approaches that are adaptable for exploratory investigation:

1. In-depth interviewing (conversational rather than structured);
2. Participant Observation (to perceive first-hand the participants experience);
3. Films, photographs, videotapes that capture the life of a participant under the study; and
4. Projective techniques and psychological testing.

When interviewing a person in an experience survey, the interviewer seeks their ideas about important issues and aspects of the subject in order to discover what is important across the subject or range of knowledge. The investigative format was selected by the researcher because it affords an environment that is flexible enough so that one could explore various avenues that emerges during the interview. A schedule of questions was drawn up in order to coerce information and be able to construe an in-depth understanding with regards to:

- What is being done”?
- What has been tried in the past without success?
- How things have changed?
- What are the change-producing elements of the situation?
- Who is involved in the decisions and what roles does each person play?
- What problem areas, fears and barriers can be seen?

- What are the costs of the process under study?
- Whom can we count on to participate or assist in the research?
- What are the priority areas?

The intention was to extract answers that are addressing the problem statement and the answers must meet each and every one of the research objectives.

### **3.4 Data Collection Techniques**

Exploratory interview sessions were carried out aided by a semi-structured questionnaire. It was important that the research instrument used meets the study objectives (Sekaran & Bougie, 2013). Even though the questions posed in the study were open-ended, by the areas under discussion remained consistent thereby giving a rich element of context in the discussion matters. The advantage was that the semi-structured questions minimized the possibilities of common interviewer biasness, losing focus or other shortcomings that can be found in conducting interviews.

#### **3.4.1 Collecting Data by Means of Semi-Structured Interview Questions**

Semi-structured interview questions were used to guide the interviews which was a more appropriate and relevant data collection tool for this qualitative study. The questions posed were kept open-ended in all the interviewing sessions in order to probe and examine the issues in an exploratory manner giving freedom for discussion so that the information gathered can be substantiated. These semi-structured questions were a justified method for aiding the process of interrogating new information as a means for data collection. The data collection technique was useful because it provided some form of structure for the interviews and at the same time did not confine or channel the participant's thoughts. It was of utmost importance in this study that a participant provide their genuine responses without the undue influence of the researcher.

### **3.5 The Study Population and Sample Selection**

A population encompasses all the things, groups, events or people existing in the space where a researcher will be engaging a study (Sekaran & Bougie, 2013). Another definition of a population was given by Welman, Kruger and Mitchell (2010) as the study object comprising of groups, companies, organisations or individuals and the conditions to which they are exposed. In this instance the study focused on the construction industry in the Polokwane area. The population comprised of the companies that were registered as service providers in the vendor management database of the Independent Development Trust whose operations and offices are located in Polokwane. This vendor management database is not definitive and therefore the population size changes throughout the year. The study was confined to the population size as at 31 January 2017 when the registered members were drawn from the database. There were a total of 96 companies that were in the database as at 31 January 2017 registered to provide various goods or services.

Sampling is the process in which the small number or part of the whole population is extracted in order to estimate some unknown characteristics of an entire population (Zikmund, 2003). The size of an entire population and time constraints make it unfeasible, uneconomical and impractical to undertake a study on the population and therefore information or data is obtained from a sample that had been drawn from that population Sekaran and Bougie (2013). Sampling can either be random, proportional or purposeful (Willis, 2004). The target population according to Sekaran and Bougie (2013) must be defined in terms of elements, a single member or unit of the population that is bound by geographical boundaries and time.

A purposeful approach of filtering the population was conducted in determining the actual sub-population of the study whereby the database was carefully filtered for professional consultants separating them from contractors or builders as well as the exclusion of any other service providers or companies that are non-construction-related who are also part of the overall database. Out of the 96 companies in the database a sample size of 20 professional companies was chosen by the researcher. The 20 was the total number of the professional consultancy companies that were registered at the time of sampling.

This sample size represents 20 percent of the population motivated by the reasonableness and realistic analysis that would be done with useful data. Purposive sampling has enabled the

researcher to base the sample upon appropriate characteristics that were relevant as opposed to a probability-based sampling technique. The list of companies that were interviewed is shown in Table 3.2. The disadvantage that purposive sampling poses is that it is impossible to evaluate the extent to which the sample is representative of the whole (Welman, Kruger & Mitchell, 2010).

The criteria for the purposeful recruiting of participants for the study is summarised below:

1. The study was confined to professional companies offering professional services in construction work that operate in Polokwane and are also in the IDT database for service providers where the researcher is employed.
2. Sample size: Planned interviews of the twenty professionals who operate in Polokwane were administered.
3. These companies were all involved in the construction of projects that are over R12million and have been active in the last five (5) years.
4. Process of contacting the participants: Prospective participants were approached to participate through emails and telephone calls using their information that is contained in the IDT database of suppliers.

In defining ‘what is a research’, Rajasekar, Philominathan and Chinnathambi, (2013) provide that it is a logical way whereby there is a systematic approach in searching for new and useful information that can contribute new knowledge to existing knowledge in a specific topic that advances a particular field or solves problems. According to Rajasekar et al. (2013) the key motivations behind conducting research can be summarised as follows:

- It can uncover new facts about a topic or field;
- For verifying and testing important facts;
- To analyse an event or process or phenomenon to identify the cause and effect relationship;
- To develop new scientific tools, concepts or theories that are useful in understanding or solving either scientific or non-scientific problems;
- Bringing practical solutions to scientific, non-scientific and social problems; and
- Providing solutions or means to overcome real-life problems that occur in society as part of our everyday life.

This study largely sought to explore and uncover new facts, hence the objectives of this research were to use CSR rather than the usual financial accounting bottom to deduce the livelihood of the construction industry. The research setting is centred on the actual CSR related activities that are taking place in Polokwane within the companies that operate in the construction sector of the economy. The interviews took place from the 22 to 29 June 2017.

### **3.6 Determining the Sample Size**

In determining the size of the sample for this study, the following factors had to be considered:

- The population size;
- The available time for undertaking the interviews; and
- The data interpretation to resolve the research problem.

A process of testing the data collection technique or tool is important. The objective would be to verify if this will be reliable enough to yield consistent findings. Saunders (2007) provides the following three questions to be asked in order to test reliability:

1. Will the measures yield the same results on other occasions?
2. Will similar observations be reached by other observers?
3. Is there transparency in how sense was made from the raw data?

The reliability of the sample was done in order to ensure that the data collection tool is measuring what it is meant to. A research instrument's reliability should offer consistency of results and stability over time or various assessments on different participants in the population space because the goodness of measure is normally best determined through reliability (Sekaran & Bougie, 2013).



### 3.7 Data Validation

The questions were prepared towards answering specific objectives of the study. The questions were tested prior with a pilot study and were able to elicit good responses on four intended participants without being directive towards a certain direction of thought. The causal relationship between variables led to improved validity of questionnaire design and to ensure that all the study objectives were covered. In that way, findings should not digress from what the study is all about as highlighted by Saunders, Lewis and Thornhill, (2007).

However, the study targeted companies that comprised of professional service providers considering that Polokwane is a small town and a sample size of 20 was achieved. The following companies were interviewed:

**Table 3.2 Interviews conducted**

	<b>Interview Date</b>	<b>Company of Respondent</b>	<b>Method</b>
1	22 June 2017	Sebokane Management Services	Face-to-face
2	22 June 2017	VCL Consulting Engineers	Face-to-face
3	22 June 2017	MM Sakonda and Associates	Face-to-face
4	22 June 2017	Kwena Management Services	Face-to-face
5	23 June 2017	Yakhisa Design Solutions	Face-to-face
6	23 June 2017	Tshete Project Engineers	Face-to-face
7	23 June 2017	KDSM Quantity Surveyors	Face-to-face
8	23 June 2017	Epilite Project Consultants	Face-to-face
9	26 June 2017	Kagiso Quantity Surveyors	Face-to-face
10	26 June 2017	Red Project Consulting	Face-to-face
11	26 June 2017	Ndidali Quantity Surveyors	Face-to-face
12	26 June 2017	DBMK Consulting Services	Face-to-face
13	27 June 2017	Pasqa Consultants	Face-to-face
14	27 June 2017	Rikhotso Consulting	Face-to-face
15	27 June 2017	Bavela Consulting cc	Face-to-face
26	27 June 2017	Mashilo Architects	Face-to-face
17	28 June 2017	AM Carrim Engineer	Face-to-face
18	28 June 2017	EOB Consulting	Face-to-face
19	29 June 2017	Mahlatsi Tumelo Consulting	Face-to-face
20	29 June 2017	Kgosi Consulting	Face-to-face

Source: Designed by the Author

From these 20 companies the ranking or position held by the participant was critical for this study to gain information regarding to decisions that have been made on CSR. The overall

interviews took approximately 45 minutes because there were consent letters to be signed and biographical details be provided prior to the actual in-depth discussions.

Since the twenty represent a response rate of 100 percent, it is found to be acceptable in order to avert analysis paralysis crises.

### **3.8 Data Analysis**

The thematic analysis of qualitative data was achieved using a computer software called *Mind Map 8.0* which is an effective tool for determining classes of information from coordinating and organising ideas to the efficient arrangement of data (Orna & Stevens, 2000). As an ideas management and mind mapping tool, the visual maps that made it quick and efficient to organise concepts under each theme. This kind of technology to capture, organise and communicate information effectively assisted this study. It provided the information patterns that are deduced from the data collected through the interviews. This tool also brought out the interrelatedness of the ideas. The benefit of envisioning information through *Mind Map 8.0* was that is to be understood in a mental-activity rich and eloquent manner are discussed by Orna and Stevens (2000). The authors also stated that creating mental models in the interpretation of interactions and links between issues is important. Not only does it provide presentational enhancement, but it further brings about ease of visualising patterns within themes thus yielding benefits to the researcher.

The following step-by-step process was used in the qualitative analysis and processing of data (Creswell, 2014):

- **Step 1: Producing and Annotating the Transcripts**

The process started with transcribing the interviews whereby the notes taken and recording were utilised. Transcribing the data to become a proper transcript was imperative in this qualitative investigation. The analysis of data followed a thematic qualitative and descriptive approach.

- **Step 2: Identify common concepts**

The notion for a thematic study was to undertake a content analysis that looked across the entire data that was collected in order to identify common issues and recurring ideas.

- **Step 3: Collating Information**

The views that were expressed had to be summarised and grouped in a listing format. The transcripts were interpreted to the kind of detail that they revealed and triggers that they brought out. Data collation involved the amalgamation of the information that was collected during the course of the interviewing sessions in such a way that it is synthesisable. The aim of presenting the collated data enabled the process of analysis to be able to reveal any corresponding patterns and themes to be unearthed.

- **Step 4: Coding**

The transcribed interview notes were re-arranged to be in terms of the themes that emerged from the data. Under the specific themes within which they become classified, the overview of the data gave a feel of the highlights on the data. This step considered aspects of “what is the interviewee all about here?” especially where illustrations and examples were given. Notes were set on the transcripts using a different colour. This classification of ideas was similar to that of a brainstorming session, thus *Mind Map 8.0* became useful. Through *Mind Map 8.0* the assigning of triggers was enabled.

- **Step 5: Thinking and Noticing**

Thinking on how the details will be narrated and supported through diagrams and tables was done. The process required that the similarities and differences evident in the qualitative data be discovered or noticed. Patterns, parts and elements be assembled forming a tapestry of ideas which had to be conveyed through narration. The disassembling and reassembling of the qualitative data made was in consideration of the following three analysis concepts (Orna & Graham, 2000):

1. Item-wise analysis: the types of tools and initiatives;
2. Decision-wise analysis: the motivation and rationale; and
3. Subject-wise analysis: what are the themes and outcomes.

Firstly, the item-wise analysis revealed that 100 percent of the companies that were interviewed are engaged in both voluntary and mandatory CSR activities on the environmental, ethical, legal and socially inclined outcomes area.

Secondly, the decision-wise analysis revealed that the firms were all small sized and the decisions for engaging on CSR or the extent of their involvement was not informed by any particular structure or company policy because they were managed by one or two people at top management who were the ultimate decision makers for their respective companies. The subject-wise and decision-wise analysis formed the main gist of the study in respect of the investigation of corporate social responsibility implementation in Polokwane. Lastly, subject-wise analysis was a desktop analysis of the themes that emerged from the responses on the subject and decisions made by the respective professional company management. The effects and outcomes that are brought about by the initiatives, interventions and activities were considered holistically.

- **Step 6: Qualitative narrative**

Proper narration of the findings and data analysis was achieved in which discussions of each and every theme was done. There were tables prepared to support the discussions.

- **Step 7: Interpretation of the Findings**

In interpreting the findings, consideration of the reviewed literature and theories relevant for the study was done. From the known ground of literature, the unknown was unearthed by integrating the two.

- **Step 7: Interrelated Themes**

The coding process managed to channel ideas by the themes that were emerging through de-clustering the ideas and information that that was shared by interviewees. The emerging four themes were considered:

- CSR implementation tools and activities;
- Motivations and reasons behind CSR implementation;

- Areas of challenges and problems experienced due to CSR implementation; and
- Outcomes and effects of CSR.

- **Step 8: Interpreting Meaning of the Themes**

The interpretation of findings was inevitably a fairly subjective process that depended on the researcher's understanding, assumptions and logical reasoning processes. Themes emerged from the underlying meaning of data. In this study, inductive reasoning was largely employed. The researcher was allowed to use the interviewed sample of companies to draw conclusions and make inferences about the larger population from which the sample had been taken. Deductive reasoning and logic were not be applied since they begin with one or more premises as a statement or a hypothesis (Creswell, 2014). Whatever a deductive reasoning study does, has to unveil the truth by either supporting or disproving the initial premise that was held. Therefore, in this instance there were no hypothesis to be tested and thus deductive reasoning that proves or disproves assumptions and theories was not applicable.

These studies suggest that CSR responses presented by the management of the companies reflect their true social actions of CSR implementation.

### **3.9 Validity**

Validity deals with finding out if what this study sought to discover about the construction industry was actually going to be being measured or tested to be fit before it was to be used (Orna & Stevens, 2000). This study has followed the qualitative approach and statistical analysis of data did not apply, therefore narratives have been used to investigate the validity of the research propositions. Attitudes and behavioural patterns in terms of perceptions and convictions were gathered on a Likert scale during a pilot study as the instrument for measuring validation.

Criterion-related validity uses a list of expected participant behaviours, some of which may be objective, such as the number of items produced, or subjective, such as the view of a supervisor

(Orna & Stevens, 2000). Content validity ensures that the technical or practical activities involved are tested, therefore the responses that were given by respondents were supposed to be information that is relevant to the issues being discussed (Orna & Stevens, 2000). Construct validity is more complex and involves taking psychological characteristics such as emotional intelligence and linking them to events or activities which may be observable and also measurable (Orna & Stevens, 2000). For this study, content validity was sufficient in linking whether the discussions to the questions were relevant. The participants were professionals and did not struggle with understanding and providing the relevant discussions to the correct questions posed to them.

### **3.10 Ethical Considerations**

The research methodology, research methods and rationale of the research were discussed in this chapter. These have to be carried out with consideration of the ethical issues that encompass the research undertaken. In today's world where there is widespread technological advancements, ethical considerations have to be factored throughout the different stages of the research: during data collection, analysis of data and conclusion (Saunders, et al. 2012). Access to research information by feasibility and sufficiency as well as data protection play a great part of the ethical sensitivity circumstances under which the study should be conducted. Prior to conducting the study, consent was obtained at two levels, the employer's consent was secured and the university's ethical clearance committee's consent was sought (attached Appendix 3). It is also procedural to approach the university's committee for ethical clearance to ensure that the study is approved.

A letter of consent from the IDT was obtained, allowing the researcher access the Vendor Management System (VMS) where suppliers' information is stored, including the details of the directors or key managers based in Polokwane. Permission was requested from the participants to record the interviews.

During the actual conducting of the study, informed consent was obtained from the participants as there had to be willingness to be part of the study. According to Leedy & Ormrod, (2010) informed consent takes place in the situation where there was full information about the rights

of the participant and the use of the data shared and therefore on that basis a person participates freely. The ethical principles upheld in this research are as follows:

- Participants to the study were not compelled, coerced or pressurised and they willingly and freely agreed to be interviewed;
- Personal details were not necessary for the study and therefore not recorded;
- Information was processed for the purposes of the study according to the prescripts and rights granted by the ethical clearance committee and nothing further; and
- The data has to be kept securely and not be transferred in accordance to the university's ethical code of conduct.

Strict confidence that the information will not be used to cause harm to anyone is guaranteed. The informed consent letter confirming confidentiality and anonymity of the study was given to each and every one of the participants before they took part in the interviews. Maximum level of care for protecting the anonymity of the research participants was maintained. Apart from the fact that the identity of the participants was useful for considering and ensuring that the interviews were done with the correct management levels, there were no specific requirements for the full personal details in the study. Personal data that was required in the study was only on the basis of gender, age group, level of management and experience. The ethical codes of the professions applicable in the construction sector space were considered in this study and therefore the questions do not concern aspects of the professional job description but focus only on the business aspects of the operations.

### **3.11 Chapter Summary**

The research methodology, research methods and rationale of the research were discussed in this chapter. The interview process that was conducted was guided by a semi-structured questionnaire posed ten questions for further discussion or interrogation. In that way there was a standard approach being employed and therefore the information solicited was standardised, making the ease of comparing, classification, collating and categorising inputs to be possible.

The semi-structured questionnaire as a research instrument was presented, why the interviews aided with a semi-structured questionnaire was considered to be an effective data collection

tool in a research and how it is administered. The chapter also deals with the population that the study focuses on and the sampling from the population and the analysis to be followed. In a qualitative study the reliability and validity of data is not statistically determined, however it is crucial that the connection between the research questions and the objectives should ultimately be addressing the research aim. The limiting factors of the study were also highlighted. The next chapter provides data that was derived from the interviews and a deductive analysis yielding the actual results and findings of the study.



## **CHAPTER FOUR**

### **RESEARCH FINDINGS**

#### **4.1 Introduction**

The research findings from of the interviews conducted of the investigated companies that are in the construction sector of Polokwane relating to their CSR management are presented in this chapter. The statistical overview of the participants is presented first which indicates the general information of the participants. The participants' views and the key observations arising from the interviews were briefly noted. The analysis and conclusion from the findings were left to the final two chapters.

#### **4.2 Section A: Biographical Data of the Participants**

The study collected qualitative information through conducting interviews with twenty participants representing the different respective companies This section provides is the biographical information regarding the characteristics of the participants.

##### **4.2.1 Gender Analysis**

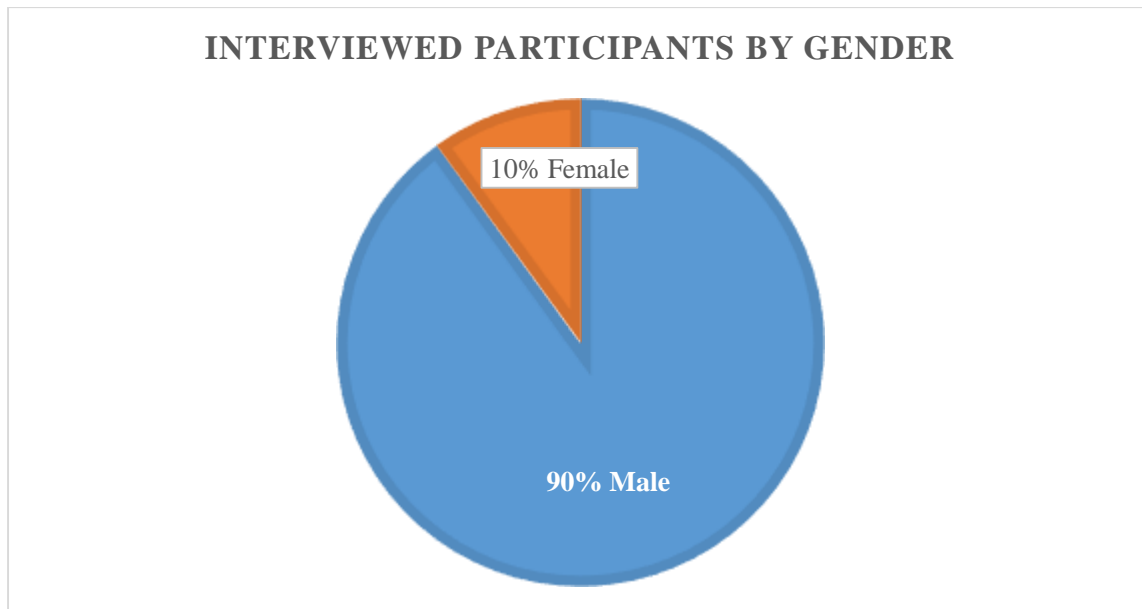
The following table depicts the frequency of the gender that participated in the interviews:

**Table 4.1: Gender representation of the interviewees**

	Item	Frequency	Percentage
Gender	Male	18	90%
	Female	2	10%
	<b>Total</b>	<b>20</b>	<b>100%</b>

Source: Table devised by the researcher

As seen on Table 4.1, there was a strong male dominance in the interview process and information provided was largely by male participants who are either the owners, managing directors or holding senior management positions in the companies that they are representing.



**Figure 4.1: Distribution of the interviewed participants by Gender**

Source: Graph devised by the researcher

The gender distribution for interviewed participant is also shown in Figure 4.1 which indicates a ratio of male-to-female participants of 9:1.

#### **4.2.2 Age and Ethnic Analysis**

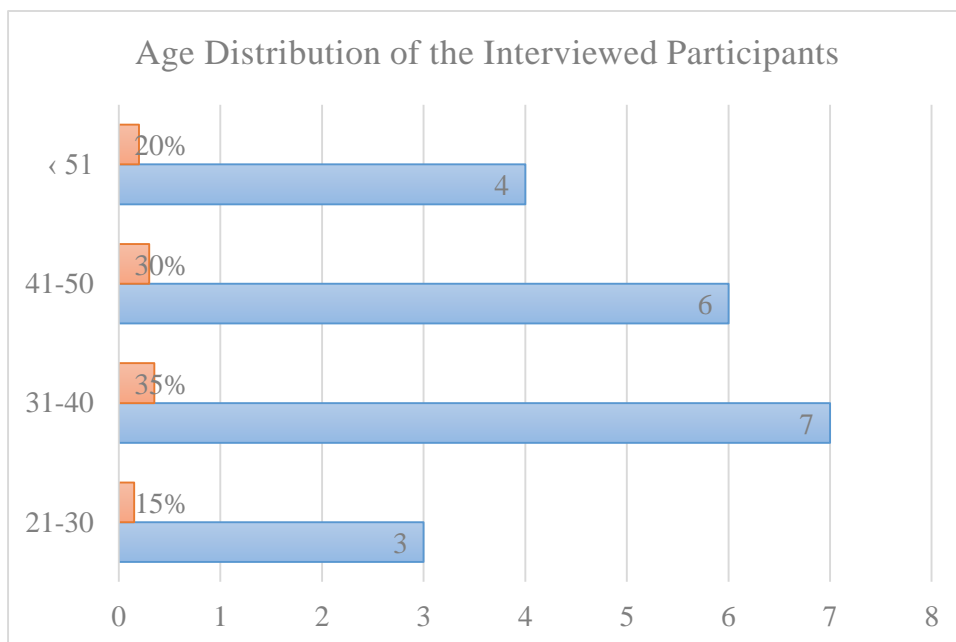
The ages of the participants has been profiled so as to reveal the age groups that were represented in the study.

**Table 4.2: The Distribution of Interviewed Participants In Terms of Age Groups**

	Item	Frequency	Percentage
Age profile of participants	21-30	3	15%
	31-40	7	35%
	41-50	6	30%
	< 51	4	20%
	Total	20	100%

Source: Table devised by the researcher

Table 4.2 shows that most of the participants fell between 31-50 years old, which is the middle age group.



**Figure 4.2: The Distribution of Interviewed Participants in terms of Age Groups**

Source: Graph devised by the researcher

The age group distribution indicated on the Figure 4.2 suggests that these were mature managers predominantly between 31 and 50 years old.

#### **4.2.3 Ethnic Backgrounds**

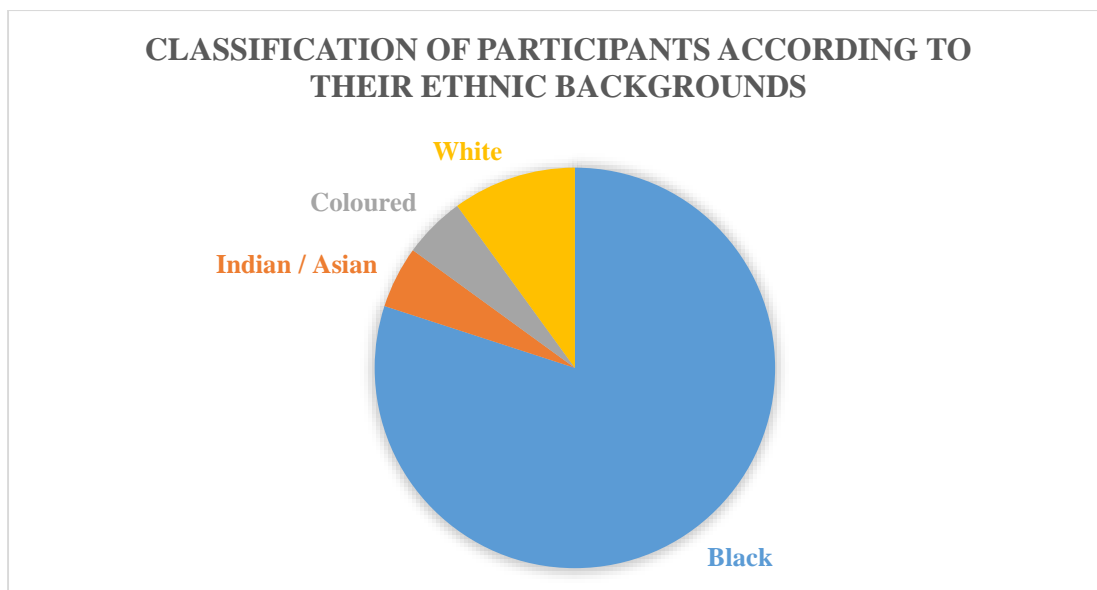
The participants were further profiled according to the ethnicity. The analysis below shows whether the participant belongs to the Black, Indian/Asian, Coloured or White groups of society.

**Table 4.3: The Distribution of Interviewed Participants In Terms of Ethnicity**

	Item	Frequency	Percentage
Ethnicity of participants	Black	16	80%
	Indian / Asian	1	5%
	Coloured	1	5%
	White	2	10%
	Total	20	100%

Source: Table devised by the researcher

Table 4.3 indicates the number of blacks that participated in the study was the highest.



**Figure 4.3: Distribution of the interviewed participants in terms of their ethnicity**

Source: Graph devised by the researcher

The graph in Figure 4.3 indicates that the majority of the participants were black (80 percent).

#### **4.2.4 Professional Registration**

All the 20 participants were registered professionally according to their respective professional bodies or councils that regulate the professions. The following distribution shows the spread of the professionals according to the different mainstream councils that regulate the construction industry professionals:

**Table 4.4: The Professional Registration Status**

	Item	Frequency	Percentage
Professional Registration Status	Yes	20	100%
	No	0	0%
	Total	20	100%

Source: Table devised by the researcher

All the 20 participants have been professionally registered and operate as professionals under various disciplines that are guided by the code of ethics of the respective councils. Some of the professionals hold two memberships and therefore they are governed by more than one council. Therefore 100 percent response confirmation was received on the professional registration of the participants. The common pattern is that they hold an additional professional status of project management. As a result there are 29 professional statuses reported for the 20 participants therefore there are nine who have more than one professional status.

**Table 4.5: The Professional Affiliations of the Participants**

	Item	Frequency
Professional Affiliations	CIDB	0
	ECSA	4
	SACQSP	7
	SACAP	6
	SACPCMP	9
	SACPLAN	2
	SAACPP	1
	Total	29

The requirement that the directors of professional companies be registered members with relevant gazetted councils was well met in the study. The directors were also owners of the companies and they were decision makers who understood the work that they do and the environment that they are operating under.

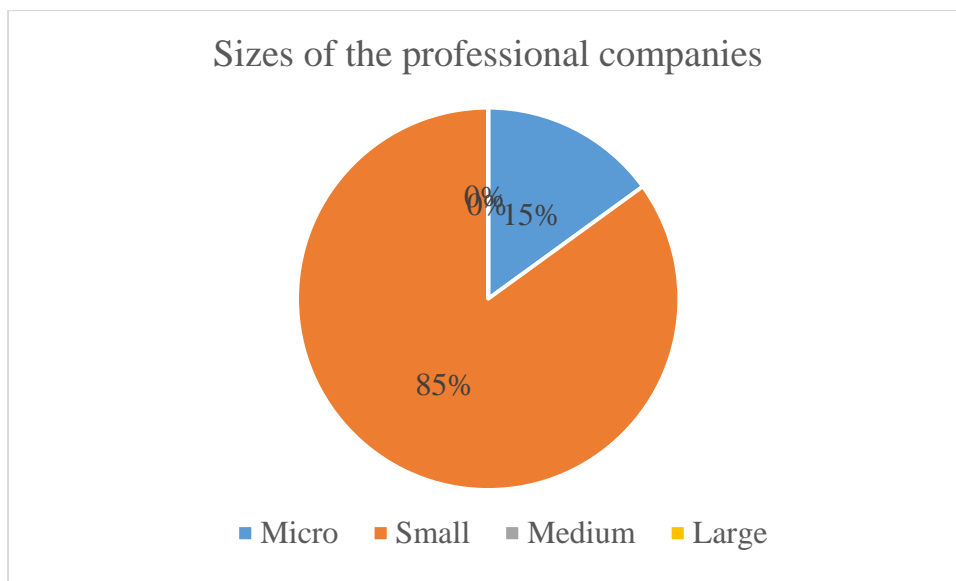
#### **4.2.5 Size of Company**

The company sizes were determined and the table below indicates that they are operating as small and micro business entities.

**Table 4.6: A Consideration of the Company Sizes**

Variable	Item	Frequency	Percentage
Size of the Company	Micro	3	15%
	Small	17	85%
	Medium	0	0%
	Large	0	0%
	Total	20	100%

Source: Table devised by the researcher



**Figure 4.4: Sizes of the companies which interviewed participants represented**

Source: Graph devised by the researcher

Figure 4.4 shows that there were no large firms interviewed. The participants were mainly coming from small firms or micro firms which had very limited turnover, as informed by the Department of Trade and Industry's classification of company sizes (Department of Trade and Industry Codes of Good Practice on BBBEE, 2009) This is the acceptable classification that is applied during BBBEE verification, therefore all the participants were clear under which class of company sizes their firms belonged to.

#### 4.2.6 Level of Management of the Participants

All the 20 participants held senior management positions and played key decision-making roles for their respective companies. The table below depicts 95 percent top management representation.

**Table 4.7: Management Level Distribution**

Variable	Item	Frequency	Percentage
Level of Management	Top	19	95%
	Middle	1	5%
	Lower	0	0%
	Total	20	100%

Source: Table devised by the researcher

Table 4.7 signifies that it is safe to say that there was very good representation by top management of the companies and therefore of the built environment or construction sector in Polokwane.

#### 4.2.7 Corporate Social Responsibility Culture

A simple assessment of the perception on whether or not the companies held any specific CSR culture that they have aligned to their company was made. There were 90 percent of the responses that indicated that there is still uncertainty on the position or culture that the company has fostered towards CSR. Only 10 percent were sure of their CSR cultural stance, as shown in Table 4.8.

**Table 4.8: Company Culture on CSR**

	Item	Frequency	Percentage
CSR Company Culture	Yes	2	10%
	Not Really	17	85%
	Not Sure	1	5%
	Never	0	0%
	Total	20	100%

Source: Table devised by the researcher

#### 4.2.8 Corporate Social Responsibility Policy or Guideline for the Company

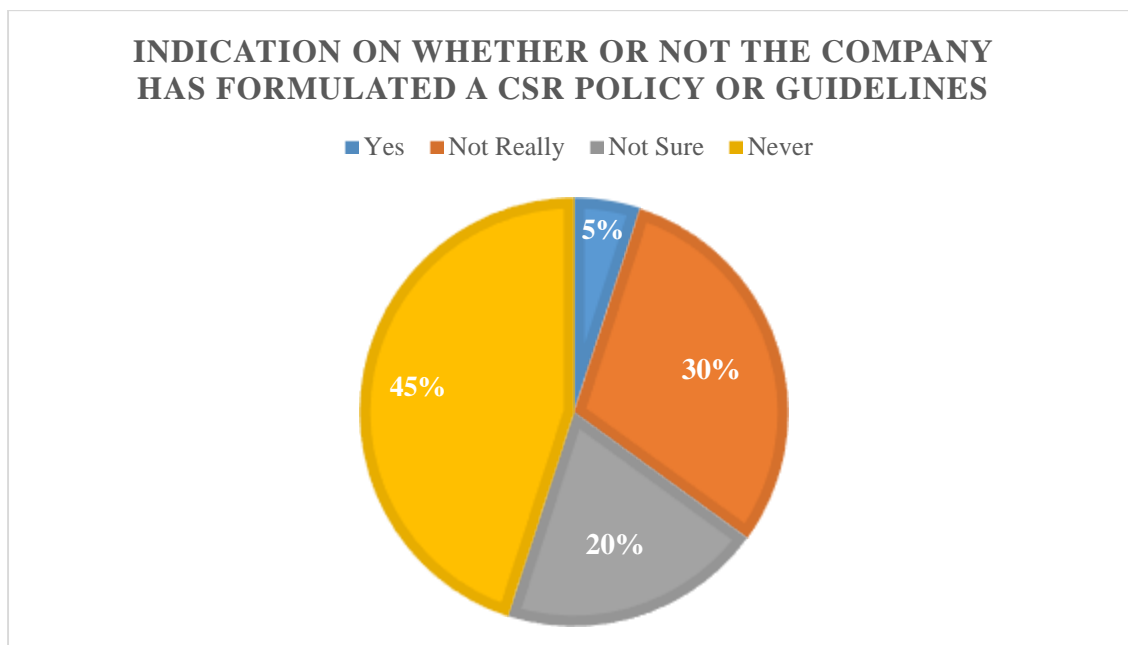
There was only one (1) company that was sure of the company policy that is followed in their CSR ventures or initiatives. The fact that 50 percent of them were not having any awareness of the need to develop a guideline or policy for CSR was significant. An overwhelming 45 percent admitted that there has never been an effort towards the formalisation of CSR into a policy or guidelines to be developed for their businesses. This is depicted in the following table:

**Table 4.9: An Indication of the Use of a Policy or Guideline for CSR**

	Item	Frequency	Percentage
CSR Guideline or Policy	Yes	1	5%
	Not Really	6	30%
	Not Sure	4	20%
	Never	9	45%
	Total	20	100%

Source: Table devised by the researcher

Clearly, in almost all the instances represented in Table 4.9 above, CSR was not being undertaken under policy driven motivations has been revealed to be an enabler in the literature in Chapter Two.



**Figure 4.5: The presence of a formal document guiding CSR in the professional company**

Source: Graph devised by the researcher



There was one (1) company, which is five (5) percent of the participants, that had clear guidelines regarding CSR management out of the twenty companies interviewed. Forty five percent of the professional companies did not have any CSR document in place. Due to the mandatory and formal submissions that are made by the companies to various entities (e.g. Department of Labour, South African Revenue Services, Charter BBBEE rating and verifications and accountants), the remaining 50 percent of the participants interviewed were not sure of whether or not they have a document that supports CSR management in their respective companies. It was therefore found that the CSR management is not a formalised strategic intent of the participants that has been brought into writing as policy was absent.

### **4.3 Section B: Themes**

The four themes that emerged in the study are covered in this section.

#### **4.3.1 Theme No. 1: Types of CSR Tools and Initiatives Employed by the Professional Companies**

The question on what corporate social responsibility tools and initiatives are used by the respective companies in implementing CSR falls under the first theme of the study. This question drew out various but similar responses that have considerable alignment on the empowerment and development goals of South Africa. The purpose of this question was to explore what is it that the companies for professionals were busy doing for CSR since this is a very wide concept. These similar experiences and activities were therefore grouped into categories.

The following table captures the implementation initiatives and activities that the participants in the study mentioned as part of what was being carried out by their respective companies.

**Table 4. 10 Corporate Social Responsibility Initiative Types**

Item	Intervention Type	Participants Attitudes & Sentiments
1	Poverty and hunger	Providing food parcels, supporting agriculture projects
2	Inequality and human rights	Working with poor communities for survival; Upliftment for the less privileged; serving the poor
3	HIV/AIDS interventions	Supporting NPOs for people affected by HIV/AIDS
4	Environmental pollution, ecosystem preservation, climate change	Maintenance of facilities; planting trees and vegetable gardens; cleaning the streets
5	Children welfare	Paying fees for educating children; Donating learning tools and toys; Donating towards school functions
6	Care for the aged and vulnerable	Support for retirement projects; donations for people living with disabilities
7	Youth Unemployment	Internships; Job opportunities; On-the-Job Training
8	Women's advancement	Donations for women projects, hygiene for girls
9	Other: Donations, sports and culture; marketing of the company, legally mandatory functions	Donating money, providing food, sponsoring NPOs and co-operatives projects

Source: Table devised by the researcher

Under this theme, there were seven core performance areas and aspects for the framework of social responsibility and sustainable development (Lipunga, 2015) that were used in classifying the responses from the participants. Some responses from the study interviews are shown.

The main areas of CSR activities have been grouped and interviewee responses included the following:

**Table 4. 11 Some Core Areas of CSR Implementation Activities**

Area	Excerpts from the participants
Consumer issues	<ul style="list-style-type: none"> <li>• <i>We have been donating money, food, clothing to the poor communities especially women and children. (Participant No. 3)</i></li> <li>• <i>Paying school fees for needy children even tuition at tertiary level (Participant No. 5)</i></li> <li>• <i>Donating to the schools functions – kit for soccer team and trips (Participant No. 11)</i></li> <li>• <i>Uplifting communities with different things because I know where I come from (Participant No. 1)</i></li> </ul>
Labour practices	<ul style="list-style-type: none"> <li>• <i>Allowing students to come and practice or be interns for a limited time (Participant No. 8)</i></li> <li>• <i>The gap in skills development is wide because of the high unemployment, young people are not readily getting absorbed into the work streams so that they gain skills and contribute meaningfully to the economy of this country. (Participant No. 7)</i></li> <li>• <i>The company has 8 tertiary level learners and they are receiving mentorship and apprenticeship. Hands-on experience cannot be traded. It is good that they can start from the bottom and be nurtured in order to become something and better their lives. (Participant No.17 )</i></li> </ul>
Human Rights	<ul style="list-style-type: none"> <li>• <i>By assisting with the supply of feminine hygiene products we are giving back the dignity and self-esteem to the girls who have been affected on a month-to-month basis. (Participant No. 12)</i></li> <li>• <i>Food kitchens help our community a lot so we felt the need to support them starting with the gardens and the food parcels, particularly for the old people and children. These people are innocent souls that we have a duty to take care of. (Participant No. 11)</i></li> </ul>

Area	Excerpts from the participants
	<ul style="list-style-type: none"> <li>• <i>Donations are made for the underprivileged learners in earmarked schools in the Province (Participant No. 2)</i></li> <li>• <i>The company has assisted with the maintenance of a building used to house the aged by an NPO. (Participant No. 15 )</i></li> </ul>
The Environment	<ul style="list-style-type: none"> <li>• <i>My passion in indigenous trees and ecosystem management has led to the contributions that we have been making in supporting projects that are saving the planet against alien species, soil erosion and pollution. We ensured that there are gabions built up so that the erosion is contained. We have assisted in planting of trees, and removal of the unwanted trees that are not good for the ecosystem. Remember that the other parts of nature like birds and animals need the biodiversity protected for their survival and sometimes people ignore their natural surroundings to their own peril because we depend on each other. (Participant No. 20)</i></li> <li>• <i>Limpopo can be very very hot and we have seen children fainting. We recently played a small part to give back to the community and donated air-conditioning units to six crèches and old age homes in the Sekhukhune district. (Participant No. 9)</i></li> </ul>
Fair Operating Practices	<ul style="list-style-type: none"> <li>• <i>Education is the key and my company is giving study opportunities and sponsorships for children at different levels both boys and girls. (Participant No. 6)</i></li> </ul>
Organisational Governance	<ul style="list-style-type: none"> <li>• <i>As you know that as professionals in the built industry we interact a lot with the communities where ever there is development, so we usually take advantage of those interactions and we have been able to do refurbishments, mainly re-painting and flooring for about 9 facilities. These are operated by NPOs for crèches, social centres, skills and knowledge impartation. It is wonderful to see that the communities themselves are hands-on and very eager to do the work. People have a sense of pride in their projects and</i></li> </ul>

Area	Excerpts from the participants
	<p><i>ventures even if they are deemed to be small. We are honoured to be part of that. (Participant No. 10)</i></p>
<p>Development of the community and society</p>	<ul style="list-style-type: none"> <li>• <i>We are working with the poor communities whose survival is at stake on various projects that can put food on the table, even though they may not be sustainable ventures. We are contributing in a small way to serve the poor. (Participant No. 4)</i></li> <li>• <i>There are NPOs that we have partnered with and have been supporting because they keep the youth occupied and this ensures that crime rate is low in the area since the youth have to be part of the sports and cultural activities that are on-going throughout the year. The creative energy is harnessed and all in all in a nutshell no one is left to idle or be bored and resort to criminal activities. (Participant No. 10)</i></li> <li>• <i>We were providing transportation of learners to the nearby farm schools using a mini-bus which we service and contribute fuel. (Participant No. 9)</i></li> <li>• <i>Wherever we are involved in the construction of schools we have managed to donate some computers for the teaching staff to use. (Participant No. 14)</i></li> <li>• <i>Last year we donated toys and learning inputs for the Grade R children in two communities and that made the playground more alive and brought joy to our people as young children are seeking for stimulation and fun. (Participant No. 15)</i></li> <li>• <i>The piggery and poultry projects in the Capricorn area was in dire need so we assisted them with some of the infrastructure, mainly borehole and fencing. (Participant No. 16)</i></li> </ul>

Source: Table devised by the researcher

The question that followed was about what other activities and initiatives that they still wish to pursue. This question was extended in order to interrogate into whether the participants viewed the status quo as the end of their efforts or their appeal for more CSR existed and what format it would take. Some participants were happy with what they were already doing in CSR and would not wish to change or improve anything except to do it in more volume or quantity. There were participants who passionately viewed their role as follows:

- *“We can provide scholarships for the children one learner at a time, if more companies could join forces.”(Participant No. 5)*
- *“No one should go hungry, we need proper soup kitchens and feeding schemes for the vulnerable and homeless in these days of instability and rampant diseases.” (Participant No. 7)*
- *“Proper schools have to be built.” (Participant No. 10)*
- *“The roads and services are not proper” (Participant No. 4)*
- *“Access to clinics and schools need companies that have more muscle to bring the change.” (Participant No. 20)*
- *“Let us do more good and change our villages and towns” (Participant No. 17)*

On the other hand, there were those who believe that they are not doing enough as the CSR activities are barely scratching the surface in meeting the challenges of society. It was clear that more resources would be welcome to extend to other more serious ventures.

#### **4.3.2 Theme No. 2: The Motivations for these CSR Tools and Initiatives Employed by the Professional Companies**

The second theme that emerged concerned the motivations behind the companies in undertaking CSR interventions. The question posed was to establish what motivates the professionals when engaging in CSR. The reasons behind the activities were investigated in order to ascertain what were the promptings leading companies in Polokwane to engage in CSR implementation as these are voluntary.

When asked about what is the motivation that prompted their benevolent acts, many the participants expressed their desire to give back to society. An inspection of the answers that were provided to this issue would indicate that for the majority of the participants, their awareness and sensitivity to the socio-economic issues in the communities that they are working within day-to-day prompted their CSR initiatives. The view that the government is not the only vehicle in addressing the harsh reality of problems that face communities and embracing that the companies are after all citizens of the land are considered to be major attributes of the existence of CSR by these small companies. The narrative of some responses during the interview discussions include the following:

- *“Knowing your roots and keeping your ear on the ground” (Participant No.8 )*
- *“Not forgetting where you come from” (Participant No. 2 )*
- *“Giving back to those who are less fortunate” (Participant No. 6)*
- *“Belief that God will bless my company for the giving’ (Participant No. 3)*
- *“Satisfaction that the next person’s needs are being met” (Participant No. 9)*
- *“Love for the country and loving your neighbour” (Participant No.19 )*
- *“I am from the village and I know what they are experiencing there (Participant No.14)*
- *“In many instances people steal or do petty crime because they are unemployed and in need of basic support.” (Participant No. 15)*
- *“Youth that have the energy to pursue their dreams should not be stopped if we can help, even if it’s little. There are many things that can uplift the youth besides paying tuition for the needy ones.” (Participant No. 18)*

Unsurprisingly, these motivations indicate that the companies consider themselves as recognised existing corporate citizens who are operating in the surrounds of the Limpopo province. The professionals in rolling out their projects, were not blinded by the dire needs that are in the communities where some of the construction projects took place.

The question relating to the four P’s of society’s needs required for the participants to indicate their top two priorities between the demanding and competing forces of People, Planet, Profit and Political networks. The study found that there was an overwhelming indication that the professional companies regards their CSR implementation as a means to contribute to the People and the Planet. In as much as the Profit and Political associations are important, however, it was evident that the CSR discourse considered the people and the planet outmost.

The conversations that attest to the kind of initiatives that are used by the firms to participate in CSR in society were characterised by these conversations:

- *The donations that we give to the poor in society vary. We have donated to the schools some computers, photocopiers and furniture. In the few past years there is money that we have given to the youth groups that are facilitating sports and cultural recreation such as singing and dance groups. Those are the main areas where we donated. There are also instances that we have supported an old age home and a crèche with money and basic resources, which they were asking donations for.*
- *Food parcels that we have provided go a long way to sustain the lives of the old mamas and little ones especially where there are squatter camps and basic needs are not available. It is a painful way of growing up if everyday you are not sure where the next meal is coming from. The food that we are giving is nothing extra ordinary from the basic mealie meal, mabele, beans and soup. It is a very humbling experience to be doing something to help other fellow country men and women. We are not a big company but we try to have a big heart and see what we can contribute from our side.*
- *Our company has been giving scholarships to children whose parents or guardians cannot afford to send them to institutions of higher learning. We are paying the tuition fees for the learners and do not expect anything in return because it is our small way of making a difference to the future generation of this country.*

**Table 4.12 The Motivation behind CSR Implementation Priorities**

<b>Motivating Factors</b>	<b>Four Basic CSR Classes</b>
People – highest CSR motivation among respondents	Socio-economic
Planet – second highest consideration for CSR	Environmental
Political – fairly considered as the reason for CSR	Legislative
Profit – least motivation factor	Philanthropy

Source: Table devised by the researcher

The responses indicated that the inclinations of CSR implementation in Polokwane are bordering on redressing the woes of poverty and unemployment patterns of society that is so



common in South Africa. The responses articulated were showing that many activities or initiatives that were implemented were largely geared towards the marginalised African people especially children, youth, the elderly and women. The activities were based on benevolence and they can be classified into the four main streams of CSR considerations that were discussed in the Literature Review. This was a key finding of the study.

#### **4.3.3 Theme No. 3: Challenges of CSR Implementation in Polokwane**

This aspect of the study dealt with understanding the key challenges that hinder the companies in their CSR implementation efforts. The challenges faced by the companies that emerged from the study were multifaceted. Responses indicated that challenges they are facing arose from five key areas:

- Financial constraints, doing too little and not covering the scope of the needs;
- The risk of mismanagement of donations and criminal tendencies;
- Time consuming, protocols demands and unnecessary formalities;
- Lack of consistent buy-in from the community members to execute CSR projects;
- Creating a culture of dependency; and
- No recognition from government.

The following are some of the responses that were given by the participants expressing their challenges and utmost disappointment encountered in some of the CSR implementation initiatives:

- *'More can be achieved if only people knew how to account, so rather than give my money to an individual with the hope that they will look after the children properly, I have to think twice.'* (Participant No. 4)
- *'It can be challenging to work in the villages because once they realize that you are coming from a private company and you want to donate into a project, the chief will also want some of the money for themselves, saying that you cannot just come to their area without greeting them with a payment.'* (Participant No. 16)

- *‘Following up on people when you have a business to run and your own family to take care of is time consuming. It’s about sacrifice of your own resources and time.’ (Participant No. 11)*
- *‘When I came in to show them about cleaning their surroundings I thought they will continue on their own, but I got it all wrong.’ (Participant No. 13)*
- *‘Well, I am not a saviour, I can only do so much and expect that the government will also reach out or the big mines here in the Province, but it seems like those people are neglected up to now.’ (Participant No. 1)*

Notably, these challenges tend to dent the spirits of the participants and in order to keep implementing CSR, the company managers are expected to overcome these hindrances and rise above the challenges.

#### **4.3.4 Theme No. 4: The Outcomes of Corporate Social Responsibility**

The fourth theme was the outcomes emanating from the CSR implementation that are linked to the objectives of this study and other incidental or unforeseen spinoffs that came about due to the CSR activities. The manner for deriving the CSR outcomes was guided by the last research question that was posed to the participants, enquiring what the outcomes of their CSR implementation efforts were. Ideas and phrases that were used have been grouped into various achieved outcomes.

There was a force of internally derived outcomes that was echoed in all the interviews. Participants attested that CSR first and foremost has changed them internally as individuals. They consider the privilege of changing someone else’s life as impactful and deeply satisfying. One respondent stated this succinctly in saying that:

*‘Whilst you think you are making a difference to the lives of others CSR is making a difference in yours’ (Participant No. 3)*

Notwithstanding the fact that the interventions were exercised outside of their companies’ normal operations for profit, there was a sense of achievement that was derived. When serving others there was fulfilment derived from it. As another participant, would say:

*‘You become fulfilled and want to do more every year’ (Participant No. 9)*

This attests to the fact that there is satisfaction in CSR implementation which is an internal outcome to the management and staff of the companies. The heart of giving to others was identified as a driving factor for CSR implementation.

The participants pointed to the fact that since outcomes and resultant effects come at the end of the exercise or implementation process they bring a more lasting effect because of the change that they bring to society. Even though this study did not attempt to perform an extensive independent measure of the outcomes, it is interested in taking into cognisance those outcomes that were already felt during the time of the study and have been captured from the interviews. In gleaning through the interviews, the following effects of CSR were mentioned in the interviews:

- Promoting the ethos of excellence in the schools in the township;
- Bringing stability and maintaining the stable environment;
- Improving the company’s image;
- Surviving and becoming more competitive;
- Cleanliness and hygiene in the surroundings of the poor improve self esteem;  
and
- Dignity and ubuntu upheld.

Some outcomes are long-term in nature or far-fetched and may not be determined using a once-off study. There were responses that connected to the outcomes that were hoped for in the future through CSR management and not necessarily effective at the time of the study such as environmental rehabilitation. There were participants who wanted to bring a smile and make a difference to the lives of those they were extending their benevolence to. The donations and support were largely of a socio-economic nature aimed to bring courage and hope to the more needy communities in assisting them and supporting them.

## **4.6 Summary of the Chapter**

The research results have been presented in this chapter. The participants that were approached for the study and were interviewed as representatives of their companies have been reflected in terms of their statistical information. In order to present the responses captured under each of the themes, these have been coded and classified according to the intervention.

Overall, the results indicate that all twenty companies are consciously engaging in CSR activities and there is an appreciation of the role that is played by companies using CSR or CSI in the context of the South African socio-economic state. Using open ended questions to probe the company management, the ease of considerable explanations was achieved as the answers provided were categorised. As the elements emerged, these were ranked into the four themes. The sense of satisfaction from participating in endeavours that are beyond financial gain is achieved by the companies. This study looked for the elements that drive their CSR endeavours in order to ascertain what propels CSR in Polokwane and what is derived as outcomes from these activities. The study revealed that there is a strong biasness towards socio-economic related interventions which is consistent with the National Development Plan discussed in the literature review. The research results are analysed and discussed in Chapter Five.

## **CHAPTER FIVE**

### **DISCUSSION**

#### **5.1 Introduction**

The purpose of this study was to investigate CSR implementation applied to the construction industry in Polokwane. In this chapter, the findings from the qualitative data in respect of the research questions and objectives are analysed and discussed. The relevance and significance of the literature is weighed against the findings. Therefore this chapter discusses each of the research questions and answers them. All the findings were reviewed in detail, connecting their relevance and applicability to the research questions in Chapter One and to the literature review in Chapter Two. The aim of this Chapter is to either refute or concur with the previously done works and make meaningful contributions to the field of CSR implementation in South Africa.

#### **5.2 Assessment of the CSR management initiatives used by companies in the construction industry**

The assessment of the first objective about the initiatives, activities or tools that companies applied in the implementation of CSR was addressed using the first question during the open-ended interviews. This assessment criteria yielded direct responses to the information that was envisaged by the question. Participants were able to share the kind of activities, projects or programmes that they have embarked on in order to meet their CSR goals. The answers that were provided have been unpacked in Chapter Four of the study. The literature provided in the present research was construed from the perspective provided by other studies that were done previously, which this assessment seeks to affirm or dispel in the light of what this study revealed.

As highlighted in the literature review, there is no one definition for CSR, therefore personal discretion of the participants has to be applied in what they consider as CSR activities or not.

The view and definition put forward by Malm (2012) is best suited for this study as it considers CSR to be contributions that private sector makes toward development initiatives for no profit taking place in their work environment and society as a whole. All the participants in this research revealed that they do make CSR contributions as shown in detail in Table 4.11. This finding dispels the school of thought that was asserted by Fig (2007) that black-owned companies are not active in CSR, since the majority of the managers interviewed were from the black population group. As discussed in literature, the ISO26000 brings seven core performance areas and aspects of CSR of a voluntary nature (Lipunga, 2015). Similarly, this study has shown in Table 4.1 that the companies did encompass these seven areas in the responses received regarding their CSR activities.

In spite of the fact that the choice of CSR strategy varied from company to company, it is apparent from the literature reviewed that Michael et al., (2014) has classified the activities into four categories; as aggressive CSR, defensive CSR, proactive CSR and reactive CSR (as provided in Table 2.2). In this study, it was evident that the participants were mainly following the proactive route, whereby initiatives that a company embarks on are not pressurised and without an occurrence of negative outcomes. The research findings indicate that there were also several interventions where the participants mentioned that their activities were sparked by reactions to the dire situations of the communities where the companies were busy working. Therefore the CSR was aimed as part of managing stakeholders, which therefore belong to the reactive CSR classification.

It was interesting to note that the CSR activities and interventions were covering the society values on all the ten areas that were mentioned by (Sandhu and Kapoor, 2010) when providing strategic intent in CSR, as follows:

1. Educational;
2. Healthcare;
3. Environmental;
4. Employee benefits (e.g., gratuity, provident funds, safety and protection, etc.);
5. Welfare to under-privileged;
6. Rural development;
7. Natural calamities;

8. Sports, art and culture promotion;
9. Empowerment of women and the vulnerable; and
10. Setting ethical standards for the industry.

The interviews reveal that these activities were all purposeful which means that they were deliberate actions that shared the view of Sandhu and Kapoor (2010) who argued that the needs of stakeholders can inform the choice of CSR activities that a company will follow and Lipunga (2015) attested that the primary choice of activities is in ensuring sustainable development. The reasons for the choices of the CSR activities were pursued under the second objective of this study and will be discussed in the following section.

### **5.3 Assessment of the motivations for CSR implementation by companies in the construction industry**

The second objective of this study was to assess the motivations that led to the implemented CSR initiatives and interventions that have been applied by the companies. This was made possible through the second area of discussion which was prompted by the question why companies had selected their choice of CSR. The responses from participants indicated that the initiatives were well thought out and not haphazardly applied. They each knew the reasons that they had chosen the activities were carried out in the communities and the motivation behind was laid out. Moreover, from the study the responses augur within the four the main drivers for CRS implementation that were provided in the literature by the Schwart and Carroll, (2003) pyramid. It is thus interesting that the results were consistent with the literature as presented by the Schwart and Carroll pyramid revealing that CSR is driven by the following four motivations:

- Economic;
- Legal;
- Ethical; and
- Discretionary or philanthropic.

The study revealed that all the four motivation categories were met by the companies in Polokwane. The study indicated a high prevalence of ethical or moral motivations and legal motivations were viewed least in the responses given.

### **5.3.1 Economic Motivations**

With regard to the motivations of CSR initiatives, according to Zali and Sheydayaee (2013), the role of competition is a major driver for companies to providing a CSR strategy. This is attested by Michael et al. who commented that one of the main reasons why companies implement CSR was attainment of business value generation.

In as much as the respondents mentioned that profit is the first consideration for their existence in business, its attribution to CSR activities was not emphasized. However, while this was outlined as an underlying business driver and principle, the study revealed that most of the respondents did not align profitability to their CSR motivations. As a result, there is a wide rift between literature because the responses from the Polokwane companies were not aligning to the views from the studies that attribute profitability and economic drivers to be the number one strategy for CSR. Many authors (Pomeroy & Johnson, 2009; Sandhu and Kapoor, 2010; Zali & Sheydayaee, 2013; Emezi, 2015) consider that reaching purposeful economic profits for the shareholders remained the number one goal of the company's future, survival and economic profits. They attest that pursuits of CSR can act as a catalyst in bringing some of the answers in pursuing long term competitive advantages and sustaining the dynamic capabilities of the company in a volatile environment. Battacharya (2015) states that without the survival factors and presence of competition, companies would not be embarking in any CSR related activities, thus asserting that CSR implementation was geared for 'acting' responsible to the stakeholders and gaining their favour and recognition. However, in contrast to the literature reviewed, this study has shown a different attribution to the main motivations for CSR that are not inward driven nor economic in nature and therefore not informed by these international literature expectations. In the interviews, none of the participants mentioned profitability as their motivation for embarking on CSR projects. It was apparent that the view that CSR promotes the survival factors has been refuted because these companies had been in existence for a while and were not newly formed.



On the other hand, the attribution theory is important in unlocking how the company management ascribe and deduce their actions amounting to certain behaviour or patterns of actions (Michael et al., 2014). The literature behind this theory reported that a sound CSR strategy is crafted on the basis of attributions and meaningfulness to the company's stakeholders, management, employees or business environment that it exists in (Michael, et al., 2014; Battacharya, 2015). This study has revealed that the companies attribute their actions and behaviour to the stakeholders and community circumstances under which they are operating and not to profitability. The attribution theory has been met as there is a positive correlation between the effectiveness of CSR and the circumstances of the surrounding environment or wider society (Michael, et al., 2014). The results of the study indicated clearly that almost all of the CSR involvement took place in the communities and was addressing real needs of society. The results corroborate or were compatible with the literature study by Sandhu and Kapoor (2010) who concede that in order to sustain its activities and improve its competitiveness, a company needs to contribute to the maintenance of the community where it operates. Furthermore, there were some participants who pointed to the need for improving the construction industry as an economic sector and ensured that they played a part to the upliftment of the industry through CSR initiatives. Consequently, these participants extended their CSR implementation to providing employment and training for learners so that they pursue courses that will promote or improve the construction sector. It is thus evident that cosmetic CSR that is self-serving could not be found in this study, which invariably proves that the goals of CSR in Polokwane differed in approach from the international trends, where CSR is viewed as a business strategy for attaining competitive advantage.

### **5.3.2 Mandatory or Legal Motivations**

South Africa's business landscape is littered with its fair share of legislation and mandatory framework that makes it possible for companies to operate (Hendricks & Hendricks, 2014). This study discussed the main regulations that affect CSR implementation and the environment. The results of this study reflect a few participants who were motivated by the statutory and legislative compliance, adherence to tax laws, destruction to the environment laws and historical context, which is in contrast to the studies that emphasize legal compliance and regulations (Zali & Sheydayee, 2013; Ackers & Eccles, 2015; Michael et al., 2015) because

this was frequently mentioned by the participants. Interestingly, there were those participants who made donations which brought about tax concessions, however the study could not link that the motivations for the donations were on the grounds of legal compliance to the tax laws. Instead, some mentioned the tax benefits in passing. Nevertheless the attitude of adoption of CSR for mandatory motives was confirmed by a study done by Ackers and Eccles (2015) on the impact of mandatory regulatory CSR requirements in South Africa. That study was based on the role of legislation and found that the institutionalisation of CSR is eroding the voluntary aspects of CSR. For instance, in South Africa, the JSE Securities Exchange and King III frameworks specifically promote the application of best practice for social and environmental issues as part of the good corporate governance and ethical standards for listed companies. However, this legislative framework and disclosures do not apply to small and medium companies because they are not listed on the JSE, as was the case in this study. For instance, in this study, it was found that BBBEE compliance did not play any part to drive CSR implementation as most of the participants were from the black social group that the BBBEE framework is looking after, therefore their CSR initiatives were not motivated from the premise of the accreditation of their BBBEE level. Consequently, it was evident in this study that CSR remains a voluntary driven initiative and not motivated by the mandatory frameworks since these were all SMMEs companies operating in Polokwane. These findings confirm that mandatory and legislative drivers are insignificant in the motivation for CSR in Polokwane. This finding is in contrast to the study by the CSI Trialogue (2005) which found that as more and more companies are compelled to adhere to BBBEE legislation, CSR has evolved from being voluntary and has become mandatory in South Africa.

### **5.3.3 Ethical Motivations**

Ethical motivations are important because the attitudes of management in both local and multinational companies have to play their part in contributing to the transformation of the communities in which they operate (Malm, 2012). From this study, such transformation is not just for the sake of being seen to practice good corporate citizenship, as alluded by Alshareef and Sandhu (2015) but because the companies act on their inner moral obligation which is due to ubuntu, as shown in the study by Nyaumwe and Mkabele (2007).

In explaining the ethical perceptions of CSR, Michael et al. (2014) used the attribution theory and argued that understanding the true needs of the community should be the starting point for companies that informs the choice of the CSR strategies that companies employ. This was highly evident and significant in the results of this study, whereby there were many strong responses from the participants displaying their ethical allegiance to people and the planet and in essence, showing that they were highly morally moved towards CSR. The results in a nutshell have proven that ethical motivation played a large role in the CSR implemented because through their CSR projects participants were ploughing to communities they worked in or those that the company management (CSR decision makers) know about out of the sheer empathy of their hearts. Essentially, the CSR projects were considered based on the aspects of the community wherein there was a dire need to add value to the community.

Furthermore, the legitimacy theory applies to the ethical motivations because the theory uses the basis of the value system to test whether the company's value system is coherent with that of the society in which it operates (Battacharya, 2015). The legitimacy theory that relates to CSR was discussed and literature showed that the third world countries respond different from first world countries (Battacharya, 2015). That study laid out that what is legitimate in one region or economic group might not appeal in the other groups, simply because all regions hold distinct attitudes and the companies' value systems are coherent to the larger society's evolving values and norms in terms of legitimacy. Therefore there is a clear correlation between this study and Battacharya's three legitimacy types: pragmatic, moral and cognitive (2015) in explaining the ethical motivations of this study. The results in this study are consistent to this theory because Polokwane falls in the third world category and there was high ethical motivation in these managers who identified themselves with the beneficiaries than the literature suggested could be found in overseas scenarios. The Polokwane companies displayed their willingness to devote to CSR ventures was highly a moral attitude supported by their pragmatic and cognitive attitudes towards the communities that they operate from, or find themselves conducting projects in. This finding strongly agrees with the study by Bebbington, et al. (2008), which showed that the concepts of legitimacy are hand-in-glove connected to reputation, thus ethical motivation could be explained using the legitimacy theory.

#### **5.3.4 Discretionary of Philanthropic Motivations**

As highlighted in the literature discussion on drivers for CSR initiatives, being corporate and promoting brand image as a leading factor of discretionary motivations (Chiu & Hsu 2010). However, most of the respondents in the current research have indicated philanthropic motives such as moral imperative, or patriotic drive, or religious beliefs. These responses did not embrace the corporate and brand image motivation. This is in spite of the expected economic benefits that are linked to improved brand image, as the construction sector in which our respondents participate is competitive, however, business branding within these communities is not critically important. Clearly, the divergent view of this study from that held by Chiu & Hsu, (2010) is found in the fact that the concept of CSR being driven by gaining customers trust and making lasting impression did not apply to the participants simply on the basis that social infrastructure is provided by the government to these customers and therefore they largely play the role of end-users. On the other hand, having CSR initiatives that drive brand image seeking loyalty from customers would have been more befitting in a situation where these communities were responsible in the appointments of the professional teams, which was definitely not the case here.

As the StatsSA report (2017) alluded to the fact that South Africa is no longer winning the war on poverty since 2011, the participants expressed that the urgency of the communities' needs was starkly evident for all to see and the results synthesize this reality very well. However, findings by the study conducted by Chiu and Hsu, (2010) revealed that the factors that determine corporate image are a combination of customers' perceptions of corporate entities activities, philosophy of management, traditions and service. The authors acknowledged that these are further guided by feelings, thoughts, experiences, knowledge about the company and therefore are highly based on subjective judgment. This study found that these factors apply wider and broader than in pursuing corporate image because there were thoughts, feelings, experiences, knowledge of the communities and subjectivity fully applied in the current study, where discretion was used to motivate the implementation of CSR.

Therefore, the current study concurs to the body of literature which shared the view that companies have to position themselves by considering the desires of their stakeholders

(Pomering & Johnson, 2009; Sandhu & Kapoor, 2010; Yip et al., 2011) and CSR implementation provided by these participants to the needs of communities met this call.

#### **5.4 Assessment of the challenges faced by companies with regards to CSR implementation**

Several issues were raised that frustrate and cause the possible failure of CSR implementation. However the main of two reasons mentioned by participants were the lack of trust and accountability as well as co-ordination failure by stakeholders. .

##### **5.4.1 Financial Constraints: Doing too little**

Whilst the participants were applying themselves in implementing CSR to the communities around Polokwane and across the Limpopo Province, the feeling that these efforts were too small was shared by many participants. This result is similar to the findings of the StatsSA Report on poverty patterns in South Africa (2017) which showed that the Eastern Cape and Limpopo Provinces were the most affected in the lost battle against poverty. It was common that the challenges faced by one family of school are present in many other scenarios and the lack of money and resources in general limited the scope of the CSR intervention.

##### **5.4.2 The Risk of Mismanagement of Donations and Criminal Tendencies**

Where there are no accountability rules or consequences are not meted, criminal tendencies are rife and therefore it was found in this study that participants were reluctant to simply donate money or valuable items such as computers and televisions in some instances without the necessary follow ups. Consequently, the study revealed that mismanagement risks have limited the level of support that the communities were receiving. These results concur with the

#### **5.4.3 Time Consuming Protocols, Demands and Unnecessary Formalities**

Too many formalities or protocols can ground a project from eventually surfacing and moving forward because projects cannot be made to suit and please everyone. The bigger picture matters more than accommodating all feelings and thoughts that come especially where the needs are immediately felt and dire. Participants raised that having no robust processes to measure or report the CSR activities or impact could eventually lend itself as a contributor to loss of stakeholder trust. Some of the tribal authorities are too stringent and not relaxing to CSR interventions.

#### **5.4.4 Lack of Consistent Robust Involvement by the Community Members**

There were instances whereby there was poor co-ordination and lack of co-operation among the communities. There was a lackadaisical attitude shown in some of the CSR projects. Meanwhile, the competition driven society that we live in obstructs joint planning and implementation because each person is looking out after their own interests, thus lack of buy-in was frustrating those who were bringing the interventions to the community. To support this finding, there is a similar challenge in literature whereby Emezi (2015) identified that lack of legitimate standards and oversight processes as well as lack of stakeholder involvement are some of the issues to grapple with during CSR implementation.

#### **5.4.5 Creating a Culture of Dependency**

A culture of dependency stems from lack of ownership and a sense of entitlement. This view was shared by Werner, (2009) who wrote that in as much as CSR aims to assist with some of the undesirable elements caused by lack of development in the community, these intervention require that the relevant community members take ownership of the interventions. He further argued that in those CSR projects where ownership is absent, there is no integrated action from all relevant stakeholders. This study found that, much as it is a challenge, yet it is important that the relevant stakeholders within the community where CSR projects are taking place becomes integrated and coherent.

#### **5.4.6 No Recognition from Government**

The role of CSR implementation has to make sense to the government development plans of the day. There was no mechanism to link the CSR projects to any government programmes as there is weak policy alignment in government. Considering that the Millennium Development Goals of 2000 promote a better life and equal opportunities to be provided for all Africans (Malm, 2012), this study unearthed that there is no form of monitoring and evaluation once the projects have been initiated. Measuring, facilitation and accountability are some of the tenets of the MDGs that have not been upheld in the CSR implemented projects. Unfortunately, the findings showed that some of the negative elements may be arrested if there was a means to report CSR projects ahead of their implementation to the responsible community authorities and they too support the efforts made by the private sector through CSR implementation. This finding is in line with the study by Oueslati and Labaronne (2014) on monitoring and enforcement of CSR projects in Africa. This research concurs that the systems are not well developed in Africa.

#### **5.5 Assessment of the outcomes realised by companies due to CSR implementation**

The last theme in this study relates to the specific outcomes emanating from the CSR implementation that transpired in this study. During the interviews, participants were asked to point out and describe the contributions or outcomes that emanated from their CSR initiatives. Whilst there is a view that the general driving outcome for CSR is to contribute to sustainable development (Kloppers, 2014), this view finds support in the background of the South African context where enabling job creation is at the core of the development agenda, in order to empower the less fortunate, address the community's poverty-related needs particularly for the vulnerable people especially children and the aged (National Development Plan; Trialogue, 2010). Participants in this present study alluded to the woes of the needy communities, most of which are intangible and determining the outcomes would require expert studies to be conducted. However, the present study picked up that there was a distinct difference in the CSR outcomes that the companies considers as the ultimate goal or outcome and those realised by themselves as they seek to implement CSR. Nevertheless, the companies in Polokwane were happy to engage in CSR in order to provide such intangible results and outcomes to the

communities, which cannot be quantitatively measured as easily like profitability. This assessment rather considers what the participants knew for a fact to be the outcomes because of what they qualitatively deduced with regards to the internal surroundings of their situations.

### **5.5.1 Positive Internal Outcomes**

The study brought out that the positive nature of CSR implementation leads to satisfied stakeholders. However there was no investigation on the satisfaction levels of stakeholders because the satisfaction was deduced by a considerable number of the participants from affirmations received during the course of CSR implementation. Moreover, this study concurs to the literature and supports previous research which pointed out that good CSR performance and good disclosure patterns are positively viewed by stakeholders (Malm, 2012; Ackers & Eccles, 2015; Mueller-Hirth, 2016).

### **5.5.2 External Outcomes**

There were five (5) outcomes of CSR implementation that came out from the study.

- Outcome No. 1: Promoting Agility and Excellence to meet community needs

The patterns that were transpiring came about largely due to the fact that these were professionals of companies that were all classified as SMEs where there is increased interaction of the customers and community members with the relevant professionals who are in the management level of these companies. This accessibility of the community members to the relevant professionals who were also the decision makers presented an opportunity for the professionals to venture into CSR whilst imparting excellence.

- Outcome No. 2: Stability and Strengthened Internal Stakeholder bonds

While extending CSR, the morale of the company, being a corporate citizen, increases as the beneficiaries' needs in the communities are also being fulfilled and the sense of achievement is shared by both the giver and their receiver. The CSR initiatives are also key to staff morale and retention. The employees are a main component of the internal stakeholders that the



companies are consisting of. CSR further strengthens the bond between the company and its respective stakeholders, such as the clients, social groups and service providers. External stakeholders consider them as being part of the society in which they are operating and support the CSR participation.

- Outcome No. 3: Strong positive image acquired by identifying with the community

Business objectives are enlarged beyond the profits that a business seeks to realize when the vision becomes bigger in a quest to embrace other non-core activities that deal with aspects of the needs that the broader society is facing. The entrepreneurial acumen of exploiting resources in order to attain bigger gains is sharpened by CSR initiatives that are used to benefit the greater good of the society and reinforce a strong positive image and business identity for the company. Consequently CSR became a vehicle to achieve sustainability goals from both ends of the spectrum.

- Outcome No. 4: Opportunities to test diversification

The companies were both profit-driven and also inclined towards fulfilling societal needs which is a much bigger goal than the company's livelihood. By adopting a holistic view to their strategic intent, these companies opted not to operate in a vacuum but to let their presence be felt in the very communities that they work with. This is attested by the ISO2600 prescripts that the willingness of a company to venture into CSR activities to match their economic objectives compels the company to further metamorphoses into a more holistic entity.

- Outcome No. 5: Dignity and Ubuntu upheld

The view stated in the African saying that "a person is a person by the community" summarises what ubuntu stands for. This view finds is consistent with findings from other studies (Nyaumwe & Mkabele, 2007; De Roeck & Delobbe; 2012) who purport that philanthropy contributes positive relationships and favourable perception of a company. People need each other in order to survive and one can only earn recognition from others and not by merely declaring it over themselves. This was found to be the reality of the communities in Polokwane.

## **5.6 Chapter Summary**

This Chapter discussed the objectives of the study and answered the research questions by establishing what the results mean. The first objective considered found that all the companies were purposefully involved in CSR implementation and the range of initiatives covered the ten areas that were mentioned in literature (Sandhu & Kapoor, 2010). The second objective found that the responses from the participants augured well with the Carroll Pyramid of CSR (Carroll & Schwartz, 2003) in respect to the four main motivations for CSR. On the third objective, the responses that were obtained from the interviews echoed the National Development Plan and StatsSA Report (2017). Unlike the view from literature, this study CSR was not implemented solely as a spin-off in order to gain competitive advantage or driven by sustaining the company's desire for long-term profitability.

## **CHAPTER SIX**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 Introduction**

The study sought to investigate corporate social responsibility implementation in companies within the built environment in Polokwane. Firstly, as the final chapter, the conclusions that have been drawn from the research are encapsulated in this chapter. Secondly, in concluding the research the contributions made by the research are presented and also taking into cognisance the limitations that were encountered in the study. Lastly, the recommendations for any prospective future research that could be carried out within the CSR field are also provided. A summary of the chapter is provided.

#### **6.2 Conclusions**

The study has met three objectives adequately, however the last objective was not strongly addressed.

The first conclusion that can be delineated in this study is that the power and autonomy given to companies to operate and participate in society as corporate citizen does bear good results. The companies are taking up a stand and their place as good citizens who are indebted to stakeholders in the communities. The study results show that all the participants (100 percent) were involved in CSR activities or initiatives and this was taking place in Limpopo. Nonetheless, there was a bigger focus on initiatives that were people and planet inclined and less towards profit motivations and political associations. This was because the professionals work on daily basis with projects that are located in the villages and townships. It is therefore natural that their focus was entirely on the disadvantaged populations. Firstly, the construction industry attracts more unskilled and semi-skilled people, these professionals are in touch with their issues. Secondly, government and municipality construction projects mostly take place in

the rural or peri-urban areas where the socio-economic needs are rife. Thirdly, by virtue of the fact that almost all the participants were black Africans, it was found that they believed that CSR has a strong element of giving back or ploughing to the communities that nurtured their humble beginnings in the spirit of *ubuntu* and supported by the legitimacy theory.

The second conclusion that reinforces the first conclusion above, is that there is a concern on the general welfare of the planet and the people in society with a strong bias towards children, the youth and women who are viewed as society's most vulnerable groups. The study also advanced four themes that were analysed. The theme on motivations driving the CSR contributions: environmental, socio-economic reasons were consistently mentioned, whilst legal and philanthropy drivers were not enshrined. There was also very little motivation displayed that was arising from marketing and brand image drivers. These are consistent with the literature drawn from international sources. There is a bent towards meeting the people and planet needs as the socio-economic and the environmental welfare factors were very high on the CSR agenda, far more than the other motivating factors. Furthermore this study provided evidence to the extent that the socio-economic factors raised by the National Development Plan (StatsSA Report, 2017) pointing to poverty, inequality and unemployment ills pervading the country are very serious and ravage the communities.

The last conclusion that is drawn up in the study is that the outcomes of CSR were all positive. Even though the actual activities may seem relatively small-scale, however, they were assisting in making the life of someone else bearable. The CSR contributions provided hope to people in the communities. This theme on the outcomes was related to the last objective of determining the outcomes of CSR was not strongly addressed by the study. The information received was lacking as many professionals were not documenting their CSR initiatives as it was not a formalised strategy and intent of their companies. They provided information based on what they remembered and how they felt rewarded through CSR. Therefore the real outcomes to the beneficiary communities or individuals were not established. Moreover, studies on outcomes are closely related to impact measurement which draws on quantitative analysis, and this study was purely exploratory with no intent to measure parameters relating to outcomes.

### **6.3 Contribution of this research**

The study started with the purpose of determining the key drivers for CSR management in the construction sector. There was no previous study found regarding CSR implementation in the built environment in Polokwane. Thus this study has addressed the gap as well as contributed to the CSR literature for developing countries and small cities since Polokwane falls in the rural province of Limpopo in South Africa. Ultimately this study has laid the groundwork on the value that CSR implementation brings to the communities by the construction sector professionals of Polokwane.

### **6.4 Limitations of this study**

The study was conducted in Polokwane and focused on the Limpopo Province. There are no similar studies on CSR in the built environment that were conducted in the other provinces in South Africa that can be used for comparison. This was a qualitative study that used in-depth interviews as the means for data collection to probe for insights and seeking what inspires the participants and thus it did not consider the CSR disclosures that have been made in annual reports and other submissions that are linked to implementing social responsibility initiatives. The publishing of studies on CSR are lagging behind in South Africa as there was much more literature available for the international studies as compared to the local context.

The sampling in this study focused to companies operated by built environment professionals (BEPs) and did not extend to construction companies (contractors) or suppliers for construction materials since these three are sub-sectors of the entire industry governed by one Construction Charter. The constraints of this research were largely related to the limited time that the study had to be undertaken. This study was kept in a small scale and introduces the themes on the topic of CSR to the construction sector. Thorough understanding of qualitative data may require longer forms of study such as a longitudinal study in order to draw strongly conclusive findings and conclusions. This exploratory study therefore basically scratches the surface on the topic of CSR for the construction sector in Polokwane. It would also be useful to have a

broad understanding of the same issues at a nationwide scale in order to know how CSR is being applied by the various players of the construction industry.

## **6.5 Recommendations**

**Recommendation 1:** The research problem pointed to the fact that there is a dire need for studies to be undertaken in order to gain understanding on whether or not companies contribute to the interests of the stakeholder communities in saving the planet and its people through corporate social responsibility.

**Recommendation 2:** The role of CSR needs to be emphasized and encouraged among the companies that interact closely with communities. The government needs to spearhead training on CSR and not leave it to private sector.

**Recommendation 3:** In as much as CSR is purely on voluntary basis, the poverty, unemployment and inequality gaps that are being addressed by CSR must be declared and documented so that they become recognised. This can foster a culture of understanding the motivations of CSR clearly

**Recommendation 4:** The study captured the essence of the frustrations, challenges and barriers that are experienced by the companies when implementing CSR. These companies must be supported in some instances when they reach a dead-end so that they overcome and therefore not only the government is trying to close the gap but there are community level CSR activities and interventions driven by professional companies that are busy addressing the gap in remote rural and peri-urban areas, particularly in the Limpopo Province. The types of interventions are within the categories that were found in literature: socio-economic, legal, ethical and philanthropic (Schwartz & Carroll, 2003).

**Recommendation 5:** There is a need to develop methods of measuring the effectiveness, impact and outcomes of CSR. The gauging and measurement of CSR effectiveness as a means to determine outcomes and impact are also not quite straightforward. Through the literature reviewed the concepts of CSR were provided and it was clear that there is no standard or globally accepted definition for CSR. On the same vein, the intensity of each CSR activity is not easy to measure (Sandhu & Kapoor, 2010). A useful recent study has been conducted where outcomes were determined in relation to the intensity of CSR per activity, which was used to determine what levels of investment on CSR actions were ploughed back vis-à-vis the profits or based on the return on investment that had been derived by a company in a financial cycle (Mukwarami, 2017).

In order to bring out more understanding in the CSR methods, the tools and techniques that have been used in other studies have been outlined through this study both abroad, in Africa and locally in South Africa.

**Recommendation 6:** This study is useful in gauging the CSR livelihood of the construction sector professional companies. Therefore future studies should consider enlarging the sample in order to give a livelier picture of the construction industry and can be carried out in many other parts of South Africa, as this research only focused in Polokwane. The approach of analysing the disclosures made in the websites, annual reports, submissions for tax, and so forth can be useful as sources of data whose results could bring out more depth and quality to the understanding of the industry's role and involvement in CSR. Empirical and longitudinal studies comparing sector-specific advancements in CSR management are recommended in order to determine changes over a period of time. Benchmarking the local findings to international standards is recommended for further research.

## **6.6 Chapter Summary**

This chapter provided conclusions and recommendations based on the problem statement, research questions, literature reviewed, study findings and discussions of the previous chapters.

The conclusions revealed the success of the study according to each of the four themes. Recommendations were also summarised for each of the themes. The gap identified in the research problem was met by the study because the implementation of CSR in Polokwane was successfully qualitatively investigated.



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# **APPENDIX 1**

## **SEMI STRUCTURED INTERVIEW SCHEDULE**

### **MBA RESEARCH PROJECT**

**Researcher:** Philile Hlophe (Cell: 072 129 2242 Email: philile.hlophe@gmail.com)

**Supervisor:** Ms Xoliswa Majola (Tel: 031 260 8887 Email: Majolax@ukzn.ac.za)

**Research Office:** Ms Mariette Snyman (Tel: 031 260 8350 Email: Snymanm@ukzn.ac.za)

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Dear Participant

### **INVITATION FOR COMPANIES TO PARTICIPATE IN THE STUDY**

You are hereby invited to take part in the study in a form of an interview that is seeking to establish what the Construction Industry / Built Environment is busy doing towards the implementation of Corporate Social Responsibility in Polokwane.

The data collection interview for the study is conducted by Philile Hlophe who is an MBA student registered with the University of KwaZulu Natal (UKZN). This study is being conducted in fulfilment of the requirements for a Master of Business Administration degree.

The Project Title is:

**An Exploration of Corporate Social Responsibility (CSR) Implementation in Companies within the Built Environment in Polokwane**

The purpose of the study:

The aim of the study is to contribute to a better understanding of the motivations, nature and choices of CSR activities and strategies applied by companies in the South African construction sector by finding patterns and links between their behaviour and activities. The study is carried out in the Polokwane area.

Your participation in this study is important in shedding light to the current strides linking corporate social responsibility to the built environment sector.

Please note the following:

- This study is voluntary and anonymous and there are no names required in the Interview.

- The answers you provide will remain strictly confidential and will not be used for other purposes other than only for academic purposes.
- The semi-structured questions are few and should take only 15 to 30 minutes of your time.
- The findings and results of the study may be published in an academic journal.
- All the data will be handled in accordance with the research ethics of the UKZN.
- The due date for the completion of these interviews is Friday 29 June 2017.
- You will be provided with the findings of the study if you are interested. Please do not hesitate to contact me at: [philile.hlophe@gmail.com](mailto:philile.hlophe@gmail.com)

Kindly note that participants may withdraw their participation at any time, should they desire to do so and the withdrawal will not result in undesirable consequences. Thank you in anticipation for your voluntary participation.

Yours Faithfully

Researcher's Signature:

\_\_\_\_\_

Date: \_\_\_\_\_

**Philile Hlophe**

Email: [philile.hlophe@gmail.com](mailto:philile.hlophe@gmail.com)

Cell: 072 129 2242

PO Box 12488 Centurion 0046

**APPENDIX 2**  
**INFORMED CONSENT**

**UNIVERSITY OF KWAZULU-NATAL**  
**Graduate School of Business and Leadership**

**MBA RESEARCH PROJECT**

**Researcher:** Philile Hlophe (Cell: 072 129 2242 Email: philile.hlophe@gmail.com)

**Supervisor:** Ms Xoliswa Majola (Tel: 031 260 8887 Email: Majolax@ukzn.ac.za)

**Research Office:** Ms Mariette Snyman (Tel: 031 260 8350 Email: Snymanm@ukzn.ac.za)

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**CONSENT**

I \_\_\_\_\_ (full name of participant)  
hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project. I understand that I am at liberty to withdraw from the project at any time, should I so desire.

---

Signature of Participant

---

Date

## APPENDIX 3

### SEMI STRUCTURED INTERVIEW SCHEDULE

#### Section A: Biographical Information

##### RESPONDENT'S INFORMATION

Gender: 

Male	Female
------	--------

Age: 

20 <	21-30	31-40	41-50	< 51
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Respondent's Position in the Company:

Top Management	<input type="text"/>
Middle Management	<input type="text"/>
Lower Management	<input type="text"/>

##### COMPANY INFORMATION

Professionally Registered Company? 

Yes	No
-----	----

*If yes:*

Does the company follow a Code of Ethics ? 

Yes	No
-----	----

For which body? 

CIDB	ECSA	SACQSP	SACAP	
SACPCMP	SACPLAN	SAACPP		

Role of Company:

Builder/ Contractor	Architect	Engineer	Quantity Surveyor	Land Surveyor
Contractor / Builder				
Other: Specialists	State: _____			

Size of company 

Micro	Small	Medium	Large
-------	-------	--------	-------

How old is the company? 

3 year <	4 - 6	7 - 10	11 - 15	< 15
----------	-------	--------	---------	------

What is your B-BBEE rating?

##### CSR OPPORTUNITIES

Is CSR part of your company's culture? 

Yes	Not Really	Not sure	Never
-----	------------	----------	-------

Who is driving CSR in your company?

Top Management	<input type="text"/>
Middle Management	<input type="text"/>
Lower Management	<input type="text"/>
Everyone	<input type="text"/>

Is there a CSR guideline or policy? 

Yes	Not Really	Not sure	Never
-----	------------	----------	-------

## **Section B: Open-ended Questions**

1. What are the main specific activities and initiatives that your company is doing when implementing corporate social responsibility (CSR) in Polokwane?
2. What motivates your company to carry out each of these CSR initiatives, as you have just mentioned them?
3. What is the fulfilment that your company derives from CSR? Why are CSR activities important to your company?
4. Were there any challenges or hindrances that your company encountered when implementing CSR? Please elaborate on what those challenges were and whether you have overcome them?
5. What are the challenges/ barriers that your company has encountered when doing CSR (if any)?
6. What are the outcomes that have been realised or effects that came about as a result of CSR interventions by the built environment consultancy companies in Polokwane?

---

Thank you for participating in this study

## APPENDIX 4

### ETHICAL CLEARANCE APPROVAL LETTER



13 June 2017

Ms Philile Hlophe (213572596)  
Graduate School of Business & Leadership  
Westville Campus

Dear Ms Hlophe,

Protocol reference number: HSS/0625/017M

Project title: Investigating Corporate Social Responsibility (CSR) within the Built Environment companies in Polokwane

#### Full Approval – Expedited Application

In response to your application received on 24 May 2017, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and FULL APPROVAL for the protocol has been granted.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

**PLEASE NOTE:** Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Xoliswa Majola  
Cc Academic Leader Research: Dr Muhammad Hoque  
Cc School Administrator: Ms Zarina Bullyraj

---

Humanities & Social Sciences Research Ethics Committee

Dr Shenuka Singh (Chair)

Westville Campus, Govan Mbeki Building

Postal Address: Private Bag X54001, Durban 4000

Telephone: +27 (0) 31 260 3597/8360/4557 Facsimile: +27 (0) 31 260 4609 Email: [ximbo@ukzn.ac.za](mailto:ximbo@ukzn.ac.za) / [smmanm@ukzn.ac.za](mailto:smmanm@ukzn.ac.za) / [mohunp@ukzn.ac.za](mailto:mohunp@ukzn.ac.za)

Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)



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22 February 2018

Ms Philile Hlophe (213572596)  
Graduate School of Business & Leadership  
Westville Campus

Dear Ms Hlophe,

Protocol reference number: HSS/0625/017M

New Project title: An Exploration of Corporate Social Responsibility Implementation in Companies within the Built Environment in Polokwane

**Approval notification – Amendment Application**

This letter serves to notify you that your application for an amendment dated 22 February 2018 has now been granted Full Approval as follows:

• **Change in Title**

Any alterations to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study must be reviewed and approved through an amendment /modification prior to its implementation. In case you have further queries, please quote the above reference number. PLEASE NOTE: Research data should be securely stored in the discipline/department for a period of 5 years

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

Best wishes for the successful completion of your research protocol.

Yours faithfully

Professor Shenuka Singh (Chair)  
Humanities & Social Sciences Research Ethics Committee

/pm

Cc Supervisor: Xoliswa Majola  
Cc Academic Leader Research: Dr Muhammad Hoque  
Cc School Administrator: Ms Zarina Bullyraj

**Humanities & Social Sciences Research Ethics Committee**

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Website: [www.ukzn.ac.za](http://www.ukzn.ac.za)



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# APPENDIX 5

## TURNITIN ORIGINALITY REPORT

 <b>Turnitin Originality Report</b> An Exploration od CSR Implementation in Companies within the Built Environment in Polokwane by Phillile Hlophe From Dissertation (MBA 2018)	<table border="1"> <tr> <td data-bbox="805 510 933 577">           Similarity Index  <b>6%</b> </td> <td data-bbox="981 492 1233 577"> <b>Similarity by Source</b>            Internet Sources: 6%            Publications: 3%            Student Papers: 5%         </td> </tr> </table>	Similarity Index <b>6%</b>	<b>Similarity by Source</b> Internet Sources: 6% Publications: 3% Student Papers: 5%
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5	< 1% match (publications) <a href="#">"Encyclopedia of Corporate Social Responsibility", Springer Nature, 2013</a>		
6	< 1% match (Internet from 01-Nov-2012) <a href="http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1206&amp;context=aabfi&amp;sei-">http://ro.uow.edu.au/cgi/viewcontent.cgi?article=1206&amp;context=aabfi&amp;sei-</a>		
7	< 1% match (student papers from 12-Mar-2012) <a href="#">Submitted to University of KwaZulu-Natal on 2012-03-12</a>		
8	< 1% match (Internet from 30-Aug-2011) <a href="http://denvermulligan.com/Business_Research_Methods_Chapter06.pdf">http://denvermulligan.com/Business_Research_Methods_Chapter06.pdf</a>		
9	< 1% match (Internet from 24-Nov-2017) <a href="http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.946.244&amp;rep=rep1&amp;type=pdf">http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.946.244&amp;rep=rep1&amp;type=pdf</a>		
10	< 1% match (Internet from 28-Sep-2015) <a href="http://www.publications.parliament.uk/pa/cm201415/cmselect/cmbis/188/188.pdf">http://www.publications.parliament.uk/pa/cm201415/cmselect/cmbis/188/188.pdf</a>		

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	Info	Dates			Similarity	
Dissertation		Start	15-Jan-2018	9:12AM	6%	<input type="button" value="Resubmit"/> <input type="button" value="View"/> <input type="button"/>
		Due	31-Dec-2018	11:59PM		
		Post	23-Jan-2018	12:00AM		